Registered number: 05528602 (England and Wales)

Gutteridge Haskins & Davey Limited

Annual report and consolidated financial statements for the year ended 30 June 2021

CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

COMPANY INFORMATION
FOR THE YEAR ENDED 30 JUNE 2021

Directors	Aoife Hunt Simon Light Craig Stockton
Company secretary	Rachel Ann Todd
Registered office	Level 1, Building 49 Thornton Science Park Pool Lane, Ince Chester CH2 4NU United Kingdom
Registered number	05528602 (England and Wales)
Statutory auditors	PKF Littlejohn LLP 15 Westferry Circus London E14 4HD United Kingdom
Bankers	HSBC Bank Plc 4th Floor, City Point 29 King Street Leeds LS1 2HL United Kingdom

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2021

The directors of Gutteridge Haskins and Davey (the "Company") and its subsidiaries (the "Group") present their strategic report.

Review of business

Revenue increased 16% or £3,656,349 to £26,359,248 (2020: £22,702,899); gross profit margin increased to 57% (2020: 53%) while loss before tax for the year was £2,233,142 (2020: £1,774,317)

2021 can be characterised as a year of continued business turnaround and transformation activity, investment in capability development and new business lines, the integration of Movement Strategies and continued management of the business through COVID-19.

With increased revenues and enhanced gross profit, the focus for the business was to continue strengthening the pipeline of new work, closing out several legacy low-margin projects and executing targeted cost reduction to drive the business back towards sustained profitability. The recently acquired Movement Strategies group reacted to a significant drop in their addressable market during the first 12 months of COVID-19, by developing a series of new offerings to market, limiting the year on year decrease in gross profit delivery.

The ongoing uncertainty created by the COVID-19 pandemic continued to constrain growth in all sectors, with particular impact felt during the year in sports, events and property, as health measures were maintained across the UK. Notwithstanding the challenging market conditions, 2021 was a year of continued investment in the business, focused on capability development and diversification of our service offerings, with a specific focus on building scale in our future energy, movement consulting, business advisory and digital offerings to clients. The strategy continues to be one of developing the technical breadth, business consulting and digital capabilities of the business to serve targeted sectors and clients in the UK market. We have continued to invest in project management training for our teams with a view to ensuring our projects are delivered effectively and efficiently. This will position the Group to deliver sustained profits, in years to come.

The directors are pleased to note the direct impact our future energy solutions is having on reducing our clients' carbon footprint, with the incorporation of renewable energy, lean design techniques and continual design innovation at the forefront of our client value propositions.

The cash position of the Group has decreased from £3,190,541 at 30 June 2020 to £2,063,155 at 30 June 2021. Funding used in operations was £2,653,073 (2020: £994,632 generated).

The Group's key financial and other performance indicators during the year were as follows:

Key performance indicators

	2021	2020
Utilisation	66.3%	73.2%
Average headcount	290	286
Revenue	£26,359,248	£22,702,899
Gross margin %[1]	57%	53%
EBITDA[2]	(£1,136,223)	(£409,268)
Net loss after tax	(£2,085,761)	(£1,875,284)

1. Sales revenue less direct labour and project related disbursements, divided by sales revenue, expressed as a percentage.
2. Loss before net finance costs, tax, depreciation, amortisation, investment impairment and profit or loss on disposal of fixed assets.

Principal risks & uncertainties

The ongoing principal risks to the business are securing new workload on larger programmes of work, improving project profitability and optimising working capital. Continuing economic uncertainty created the COVID-19 pandemic has served to increase these risks through a lengthening of decision making in relation to awarding new contracts, competition at bid/tender stages and a noticeable delay in payments from certain clients.

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021

These risks are being mitigated through:

- appointment of market sector leads and a client relationship manager programme for the proactive selection of clients and identification of new opportunities with both existing and new clients;
- rationalised and focused market selection;
- creating an improved commercial awareness in relation to project profitability via the project management accounting system and via ongoing project management training; and
- improved engagement and focused training programme for existing and emerging project managers for reducing the working capital cycle through enhanced communication with clients, supported by efficient invoicing practices and enhanced commercial awareness of payment terms.
- Continued investment in business consulting and digital offerings to increase client relevance and value;
- Leveraging the existing client relationships across GHD's global footprint to support those clients in the UK market

Going concern

As at 30 June 2021, the Group had net assets of £11,433,639 (2020: £12,740,013) and accumulated losses of £1,419,361 (2020: £112,987). *In the current year, the Group recorded a loss of £2,085,761 (2020: £1,875,284).*

Assessment of COVID-19 impact has been disclosed in the Directors' Report. GHD Group Limited, the ultimate parent of the Group, 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 management of GHD Group Limited, have formed a judgement at the time of approving the financial statements, that GHD Group Limited is able to provide the support required and the directors have no reason to believe that material uncertainty exists that may cast significant doubt about the ability of GHD Group Limited to continue as a going concern.

For this reason, the directors have adopted the going concern basis in preparing the financial statements.

Section 172 statement

In discharging our section 172 duties, Directors are required to have regard, among other matters, to the:

- likely consequences of any decisions in the long-term;
- interests of the Company's employees;
- need to foster the Company's business relationships with suppliers, customers and others;
- impact of the Company's operations on the community and environment;
- desirability of the Company maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members of the Company.

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole but having regard to a range of factors set out in section 172(1)(a)-(f) in the Companies Act 2006. In discharging our section 172 duty, we have regard for these factors taking them into consideration when decisions are made.

Stakeholders

What is GHD's vision?

The Power of Commitment is our brand promise to our clients, employees and the communities we serve. As an employee-owned company, we have a determination to address humanity's most urgent needs through a forward-thinking mindset, technological innovation and a deep understanding of our markets, assets and client's business needs.

We are restless in the pursuit of solving our client's changing needs and express this in our vision of 'Water, Energy & Urbanisation made sustainable for generations to come.'

What is GHD's purpose?

GHD has a purpose that guides everything we do: Together with our clients, we create lasting community benefit. 'Together' means we work in partnership, with our clients, industry peers and ecosystem partners, to bring leading capability and knowledge to deliver required client value drivers. 'Create' means that we come up with new ideas and innovative solutions to meet the challenges that our clients face. 'Lasting community benefit' means we have, at our core, a deep sense of responsibility to make the world in which we live and work a better place.

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021

Who we are for our clients

In a world that is providing increasingly complex social, economic and environmental challenges for clients and communities, we continue to be invested in developing, innovating and applying our market, asset and industry knowledge alongside our business consulting, technical expertise and digital capability.

We strive to deepen our client relationships by transforming our business with more efficient systems and metrics, supporting our integrated portfolio better than ever before. Our ongoing digital business transformation provides the necessary means to strengthen our execution discipline, create new forms of client value and ultimately drive a more data informed approach to effective client decision making. As a truly integrated offering to market, focused on leveraging global knowledge and capability into local client and market need, we have a unique value proposition that continues to elevate our reputation in each of our target markets.

Developing Our People and Culture

We believe keeping our employee-owned status is essential to our long-term success. It is the foundation of our organisation and creates the environment, culture and values we consider important to compete as a leader in our industry. We continue to open up opportunities for everyone in the GHD family to fulfill their potential and personal ambitions. We want everyone to be proud of the place in which they work and where everyone can thrive in a highly inclusive environment.

We continue to invest in and develop the talent we already have and add to it wherever is necessary. With a focus on employee experience and becoming a client focused learning organization, we maintain our pursuit of making client championship a driving force of our growth strategy.

The inter-generational knowledge transfer and mentoring that our structure offers is invaluable for people development and in the generation of smart innovative solutions. Quite often on projects we can have professionals with more than 20 years' experience with the company working alongside graduates – this is a powerful combination, and one that emphasises our learning culture and commitment to development of leading practitioners in all aspects of the business.

Shareholders – Proud to be employee-owned!

Our robust and dynamic business model has enabled the global GHD Group (GHD Group Limited, incorporated in Australia is the ultimate parent) to grow into one of the world's leading engineering, architecture, environmental consulting and construction services companies. We are one of the top five 100 percent employee-owned companies in our industry and are proud to be unique in this way.

With one in every four of our GHD Group people being a shareholder in the ultimate parent GHD Group Limited (GHD does not have any external ownership), the sustained growth, direction and success of our company is determined by the people who work at GHD Group.

The GHD brand has been protected through multiple inter-generational changes in leadership over the course of our history. Our shareholders feel strongly that they are temporary custodians of the company, so our model of employee ownership is highly sustainable. We provide a distinctive alternative for talented people who are not satisfied with just working for a great company but are also keen to be a part of creating an enduring legacy of ownership for themselves and younger colleagues.

Suppliers

Building trusted partnerships with industry peers, specialists and our suppliers is a key aspect of our integrated approach of enabling us to provide the best solutions for our customers and provides a great platform for our eco-system partners to reach their own business objectives.

This Strategic Report, including the non-financial reporting statements, which has been prepared in accordance with the requirements of the Companies Act 2006, has been approved and signed on behalf of the Board.

Approved by the Board on 30 June 2022 and signed on its behalf by:

Simon Light
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2021

The directors present their report with the audited financial statements of the Company and the Group for the year ended 30 June 2021.

Principal activity

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

Dividend

The Company did not declare any dividends during the year (2020: £nil).

Directors

The directors listed below have held office at any time during the period from 1 July 2020 to the date of this report.

Aoife Hunt (appointed 16 September 2021)

Simon Light

Craig Stockton

Employees

At GHD, we strive to be an inclusive community where everyone can feel that they belong. Our culture celebrates the brilliant diversity of our people and the varied perspectives they bring to our clients' challenges. By definition, inclusion pulls diversity into how we listen to, consider and shape our work environment and outcomes for our clients. GHD recognises the power of heterogeneity including Age, Culture and Faith, Disability, Gender, LGBTI+, Race and Neurodiversity. GHD is an equal opportunity employer and the basis for consideration of all employee appointments is the suitability of each applicant with regard to the knowledge, capabilities and experience required to perform the duties of the position.

In the event candidates demonstrate all the requirements of the position and have been shortlisted or offered the position but owing to a disability require additional support such as office and desk access, appropriate training for staff required to provide assistance from time to time, or the provision of flexible working arrangements, GHD will consider such provisions where reasonable and possible. In the event a current employee becomes disabled, whether through illness or injury, the Company is committed to working with the employee and their medical providers, to ensure their safe and productive return to work.

GHD's greatest asset is its people and the skills, knowledge and experience they bring to the performance of their position. Accordingly, GHD values its employees and consults regularly with them on current matters effecting the performance of the business and as they effect employees.

Employees are kept informed and through regular team and office meetings, monthly newsletters and one-on-one conversations. Further, employee participation is invited in the business planning cycle, regular discussions regarding individual's and team's performance and contribution to business objectives. Staff are further engaged and encouraged to participate in the business through the purchase of shares in the GHD Group.

Details of the number of employees and related costs can be found in note 7 and 8 to the consolidated financial statements.

Environmental, Social, and Governance (ESG) Performance

The GHD Group of companies ("Enterprise"), including the Company, has been a signatory to the UN Global Compact since 2010 and is committed to continually improve its contribution to relevant UN Sustainable Development Goals.

GHD has formally adopted an Enterprise ESG Strategy, developed following wide consultation across the business. The strategy focuses on integrating environmental and social performance into decision-making processes and business relationships and driving ownership and accountability for sustainability across the enterprise. The GHD Group Board's ESG Committee has oversight of the strategy.

The Enterprise continued to advance the delivery of its commitment to environmentally and socially responsible operations through the global Enterprise Sustainability Leader. An Enterprise wide cross-functional ESG Working Group is leading work on other key actions for the Enterprise ESG Strategy. The working group has developed a draft set of guiding principles and commitments to help achieve the sustainability commitments of the Enterprise.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021

A priority action of the Enterprise ESG Strategy is achieving carbon neutrality by 2025. This requires integrating consideration of greenhouse gas emissions into decisions related to office spaces, energy use, vehicle fleets and air travel, among other operational decisions. The Enterprise HSE team collected data for 2020/21 Scope 1 and Scope 2 emissions for each region as a baseline for establishing emissions reduction targets in every region. GHD is committed to achieving carbon neutrality for Scope 1 and Scope 2 emissions by 2023, and Scope 3 emissions by 2025. To further support our carbon neutrality commitment, GHD appointed an Enterprise Environmental Manager who is responsible for the ongoing tracking of Enterprise-wide greenhouse gas emissions data and driving the implementation of emissions reduction activities across the Enterprise.

The integration of environmental and social performance across our business extends to GHD's corporate citizenship. GHD addresses this through its support for the volunteering efforts of "GHD in the Community" and its support of GHD Foundation.

Energy and carbon reporting

We have reported on all sources of greenhouse gas ("GHG") emissions and energy usage as required under The Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended.

During the year ended 30 June 2021, Gutteridge Haskins & Davey Limited recorded greenhouse gas emissions from:

	2021	2020
Emissions from Business Mileage in Pool cars (Scope 1 – tonnes of CO2e)	12.978	35.000
Emissions from purchase of electricity, purchased for own use (Scope 2 – tonnes of CO2e)	18.914	24.569(1)
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3 – tonnes of CO2e)	19.629	39.581
Total CO2e based on above	**51.521**	**99.150**
Total business mileage in pool cars - miles	48,883	130,718
Total business mileage in employee-owned cars - miles	69,972	-
Energy consumption used to calculate emissions - kwh	89,076	170,628
Intensity ratio for total gross emissions for scope 1 and 2 emissions combined (emissions divided by Full Time Equivalents) - tonnes of CO2e per FTE	0.18	0.2922

(1) Adjustment made in the comparison reporting year for electricity purchased to reflect only Manchester and Leeds directly purchase their electricity.

Reporting boundary and methodology

Emissions result from a variety of activities, like heating and cooling buildings, traveling to meeting and customers' sites. Direct (scope 1) emissions are emissions within a company's organisational boundary from sources that the Company owns or controls, like business travel in a company car. Indirect (scope 2 and 3) emissions result from a company's activities but from sources owned or controlled by another company.

We have followed the 2020 UK Government environmental reporting guidance. We have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2021 to calculate the above disclosures.

General formula to calculate CO2 equivalent (CO2e) emissions is activity data multiplied by GHG Conversion Factor, where activity data is quantitative measure of a level of activity (litters of fuel consumed, miles travelled, electricity kWh consumed) that results in GHG emissions and GHG Conversion Factors as per GHG Conversion Factors for Company Reporting 2021.

Impact of COVID-19

COVID-19 and the resulting travel and workplace restrictions have had some impact on the Groups financial results for the current year, as discussed in the Group Strategic Report. The active management of employee health and safety, and deployment of enhanced information technology platforms have enabled most employees to work effectively from home. The Group completed the year with 10% year on year increase in reported total backlog.

There have been no major debt write offs, or major impairments indicated, as at the date of issuing this report. In preparation of this financial report GHD has considered COVID-19 in its entirety in assessment of provisions, impairment and recoverability of receivables, goodwill and other assets.

As a member of the GHD Group Limited consolidated group, the Company has access to unused financing facilities available globally to the GHD Group of GBP 171 million (71% of facilities) at 30 June 2021.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021

Future developments

The Company will continue to drive services diversification and build deeper capability across a more extensive UK network of professionals.

Developing a new range of digital services and applying new business advisory services to current, deep relationships will expand GHD's capability in the UK, with the expansion of this team occurring in 2020, including the acquisition of Movement Strategies. Increased collaboration with the operations of GHD in the Middle East continued during 2021 which will support and increasing pipeline of work moving forward. This will assist in enhancing our geographical footprint, supported by a specific UK focus on client engagement, and will allow a suitable strategy to be developed around the most appropriate mix of public and private investment in projects within the business.

Financial risk management

The directors of the Group have overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's principal financial instruments comprise receivables, payables, bank loans and cash. The Group manages its exposure to key financial risks, credit risk, liquidity risk, interest risk and foreign currency risk. The Group 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 assessments of market forecasts for interest risks and foreign exchange rates. Ageing analyses are undertaken to manage credit risk. Liquidity risk is monitored through future cash flow forecasts as part of standard working capital management processes.

Going concern

The financial statements have been prepared on the going concern basis, the assessment for this is disclosed in the strategic report.

Matters subsequent to the end of the financial period

There are no subsequent events since 30 June 2021 that may significantly affect the Group's operations or the financial results in future financial years.

Auditor

Each of the persons who is 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 Group's auditor is unaware; and

(b) the director has taken all the steps that he or she ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

In accordance with Section 487 of the Companies Act 2006, for the year ended 30 June 2021 PKF Littlejohn LLP was appointed as auditor for the Company. PKF Littlejohn LLP has signified its willingness to continue in office as auditor.

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

Approved by the Board on 30 June 2022 and signed on its behalf by:

Simon Light
Director

DIRECTORS' RESPONSIBILITIES STATEMENT FOR YEAR ENDED 30 JUNE 2021

The directors are responsible for preparing the Annual Report, Directors' Report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standards 101 "Reduced Disclosure Framework". 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 Group and the Company, and of the profit or loss of the Group for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 and UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group, 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 the Group and 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

Opinion

We have audited the financial statements of Gutteridge Haskins & Davey Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2021 which comprise the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statements of Financial Position, the Company Statements of Financial Position, the Consolidated Statements of Changes in Equity, the Company Statements of Changes in Equity, the Consolidated Statements of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2021 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included review of forecast and its key assumptions.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GUTTERIDGE HASKINS & DAVEY LIMITED (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the group and parent company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group and parent company financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GUTTERIDGE HASKINS & DAVEY LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements (continued)

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management and application of our audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the group and parent company in this regard to be those arising from UK employment and tax legislation and Companies Act 2006.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent company with those laws and regulations. These procedures included, but were not limited to: enquiries of management, review of minutes, review of legal or regulatory correspondence and completion of a disclosure checklist.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, the risk of fraud related revenue recognition, and the posting of unusual journals. The potential for management bias was also identified in relation to the impairment of goodwill, impairment of subsidiaries and valuation of work in progress. We addressed this by challenging the assumptions and judgements made by management when auditing that significant accounting estimate.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

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

PKF Littlejohn LLP

Timothy Herbert (Senior Statutory Auditor)

For and on behalf of PKF Littlejohn LLP

Statutory Auditor

5 July 2022

15 Westferry Circus

Canary Wharf

London E14 4HD

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021	2020
		£	£
Revenue from contracts with customers	5	26,359,248	22,702,899
Cost of sales			
Direct labour costs	7(d)	(8,199,021)	(8,608,836)
Subcontractors and project disbursements		(3,130,737)	(2,066,487)
Gross profit		**15,029,490**	**12,027,576**
Administrative expenses		(17,406,122)	(13,706,785)
Impairment of financial and contract assets		-	64,877
Other operating income	6	308,444	97,963
Other (loss)/gain	7(a)	(4,353)	32,416
Operating loss		**(2,072,541)**	**(1,483,953)**
Finance costs net of finance income	7(c)	(160,601)	(290,364)
Loss before income tax		**(2,233,142)**	**(1,774,317)**
Income tax credit / (expense)	9	147,381	(100,967)
Loss for the year		**(2,085,761)**	**(1,875,284)**
Other comprehensive income / (loss)			
Items that may be reclassified subsequently to profit and loss			
Remeasurement of post employment retirement obligations	24	316,000	(270,000)
Income tax on remeasurement of post employment retirement obligations		(60,040)	(36,170)
Prior year adjustment to post employment retirement obligations		-	21,490
Items that will not be reclassified subsequently to profit and loss			
Distribution received from common controlled trust		647,495	421,776
Income tax on distribution received		(124,068)	(76,412)
Other comprehensive income for the year		**779,387**	**60,684**
Total comprehensive loss for the year		**(1,306,374)**	**(1,814,600)**

The above results were derived from continuing operations.

The accompany notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	2021 £	2020 £
Non current assets			
Intangible assets	10	9,038,002	9,108,227
Property, plant and equipment	11	525,480	1,062,988
Right-of-use assets	12	2,550,693	3,122,183
Security deposits		31,362	64,656
Total non current assets		**12,145,537**	**13,358,054**
Current assets			
Trade and other receivables	15	8,139,475	6,826,336
Work in progress	16	2,342,802	2,183,200
Prepayments		769,740	643,978
Cash and cash equivalents		2,063,155	3,190,541
Total current assets		**13,315,172**	**12,844,055**
Total assets		**25,460,709**	**26,202,109**

The accompany notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021 (CONTINUED)

	Note	2021 £	2020 £
Equity and liabilities			
Shareholders equity	17	12,853,000	12,853,000
Accumulated loss		(1,419,361)	(112,987)
Total equity		**11,433,639**	**12,740,013**
Non current liabilities			
Trade and other payables	18	300,000	1,050,000
Borrowings	19	4,000,000	4,000,000
Lease liabilities	20	2,091,809	2,616,259
Retirement benefit obligations	24	72,000	431,000
Provisions	23	202,338	198,224
Total non current liabilities		**6,666,147**	**8,295,483**
Current liabilities			
Trade and other payables	18	4,833,399	3,311,596
Unearned revenue	16	848,198	1,155,518
Borrowings	19	805,329	-
Lease liabilities	20	625,148	699,499
Provisions	23	248,849	-
Total current liabilities		**7,360,923**	**5,166,613**
Total liabilities		**14,027,070**	**13,462,096**
Total equity and liabilities		**25,460,709**	**26,202,109**

The consolidated financial statements of Gutteridge Haskins & Davey Limited (registered number: 05528602) were approved by the Board on 30 June 2022 and signed on its behalf by:

Simon Light

Director

The accompany notes form part of these financial statements

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	2021 £	2020 £
Non-current assets			
Intangible assets	10	679,669	681,967
Property, plant and equipment	11	379,383	388,576
Investments	13	12,972,814	12,972,814
Right-of-use assets	12	1,936,257	2,406,989
Security deposits		27,339	22,389
Total non current assets		**15,995,462**	**16,472,735**
Current assets			
Trade and other receivables	15	10,167,459	10,465,407
Work in progress	16	1,893,469	945,265
Prepayments		362,558	368,124
Cash and cash equivalents		-	559,603
Total current assets		**12,423,486**	**12,338,399**
Total assets		**28,418,948**	**28,811,134**

The accompany notes form part of these financial statements

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021 (CONTINUED)

	Note	2021 £	2020 £
Equity and liabilities			
Shareholders equity	17	12,853,000	12,853,000
(Accumulated loss) / retained earnings		(2,167,792)	41,847
Total equity		**10,685,208**	**12,894,847**
Non current liabilities			
Trade and other payables	18	300,000	1,050,000
Borrowings	19	4,000,000	4,000,000
Lease liabilities	20	1,572,166	2,006,934
Retirement benefit obligation	24	72,000	431,000
Provisions	23	160,606	157,353
Total non current liabilities		**6,104,772**	**7,645,287**
Current liabilities			
Trade and other payables	18	9,791,372	7,198,043
Unearned revenue	16	390,166	488,395
Borrowings	19	805,329	-
Lease liabilities	20	514,673	584,562
Provisions	23	127,428	-
Total current liabilities		**11,628,968**	**8,271,000**
Total liabilities		**17,733,740**	**15,916,287**
Total equity and liabilities		**28,418,948**	**28,811,134**

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Company's statement profit or loss and other comprehensive income. The loss for the Parent Company for the year was £2,209,639 (2020: £1,566,830).

The financial statements of Gutteridge Haskins & Davey Limited (registered number: 05528602) were approved by the Board on 30 June 2022 and signed on its behalf by:

Simon Light

Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

	Note	Share capital	Accumulated loss	Total Equity
		£	£	£
Balance at 1 July 2019		7,500,000	(945,387)	6,554,613
Loss for the year		-	(1,875,284)	(1,875,284)
Post employment retirement obligations, net of tax		-	(284,680)	(284,680)
Distributions received from common controlled trust, net of tax		-	345,364	345,364
Total comprehensive loss for the year		**-**	**(1,814,600)**	**(1,814,600)**
Cancellation of share capital	17	(2,647,000)	2,647,000	-
Issue of ordinary shares	17	8,000,000	-	8,000,000
Balance at 30 June 2020		**12,853,000**	**(112,987)**	**12,740,013**
Loss for the year		-	(2,085,761)	(2,085,761)
Post employment retirement obligations, net of tax		-	255,960	255,960
Distribution received from common controlled trust, net of tax		-	523,427	523,427
Total comprehensive loss for the year		**-**	**(1,306,374)**	**(1,306,374)**
Balance at 30 June 2021		**12,853,000**	**(1,419,361)**	**11,433,639**

The accompany notes form part of these financial statements

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	Note	Share capital	(Accumulated loss) / Retained Earnings	Total Equity
		£	£	£
Balance at 1 July 2019		7,500,000	(735,880)	6,764,120
Loss for the year		-	(1,566,830)	(1,566,830)
Post employment retirement obligations, net of tax		-	(306,170)	(306,170)
Prior year adjustment		-	3,727	3,727
Total comprehensive loss for the year		**-**	**(1,869,273)**	**(1,869,273)**
Cancellation of share capital	17	(2,647,000)	2,647,000	-
Issue of ordinary shares	17	8,000,000	-	8,000,000
Balance at 30 June 2020		**12,853,000**	**41,847**	**12,894,847**
Loss for the year		-	(2,465,599)	(2,465,599)
Post employment retirement obligations, net of tax		-	255,960	255,960
Total comprehensive loss for the year		**-**	**(2,209,639)**	**(2,209,639)**
Balance at 30 June 2021		**12,853,000**	**(2,167,792)**	**(10,685,208)**

The accompany notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 £	2020 £
Cash flows from operating activities			
Receipts from customers		28,312,085	28,117,178
Payments to suppliers and employees		(27,330,171)	(24,970,813)
Other revenue and income		303,374	97,963
Interest paid		(160,601)	(290,365)
Net VAT paid to tax authorities		(3,692,034)	(2,033,599)
Defined benefit pension contributions		(49,000)	(20,000)
Income tax (paid) / refunded		(36,726)	94,268
Net cash (used in) / generated by operating activities	21	**(2,653,073)**	**994,632**
Cash flows from investing activities			
Proceeds from sale of plant and equipment		498,650	19,823
Payments for intangible assets		-	(8,308)
Payment for plant and equipment		(153,633)	(199,460)
Payment for controlled entity, net of cash acquired	14	-	(3,713,425)
Net cash generated by / (used in) investing activities		**345,017**	**(3,901,370)**
Cash flows from financing activities			
Proceeds from borrowings		805,329	1,000,000
Advances received from / (repaid to) associated parties		1,016,189	(2,664,071)
Receipts from shareholders loans		-	30,172
Repayments of vendor loans		-	(30,172)
Proceeds from issue of shares		-	8,000,000
Payments for lease liabilities		(640,848)	(559,532)
Net cash generated by financing activities		**1,180,670**	**5,776,397**
(Decrease) / increase in cash and cash equivalents		(1,127,386)	2,869,659
Cash and cash equivalents at beginning of year		3,190,541	320,882
Cash and cash equivalents at end of year		**2,063,155**	**3,190,541**

The accompany notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

Gutteridge Haskins & Davey Limited (the 'Company' or the 'Parent') 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. The ultimate parent entity is GHD Group Limited, a company registered in Australia.

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

2. Significant accounting policies

Statement of compliance

The consolidated financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, The Company's financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of a cash flow statement, standards not yet effective, certain disclosure is respect of revenue from contracts with customers, impairment of assets, certain comparative presentations, certain leasing disclosures and certain related party transactions.

The principal accounting policies adopted by the Company and its subsidiaries (the "Group") are set out below.

Historical cost convention

The consolidated financial statements have been prepared on a going concern assumption under the historical cost convention.

Functional currency

The functional and presentation currency of the Group is British Pounds.

Going concern

As at 30 June 2021, the Group had net assets of £11,433,639 (2020: £12,740,013) and accumulated losses of £1,419,361 (2020: £112,987). In the current year the Group recorded a loss of £2,085,761 (2020: loss of £1,875,284).

The impacts of COVID-19 are discussed in the Directors' Report.

GHD Group Limited, the ultimate parent of the Group, 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 management of GHD Group Limited, have formed a judgement at the time of approving the financial statements, that GHD Group Limited is able to provide the support required and the directors have no reason to believe that material uncertainty exists that may cast significant doubt about the ability of GHD Group Limited to continue as a going concern. For this reason, the directors have adopted the going concern basis in preparing the financial statements.

(a) Principles of consolidation

The Group financial statements consolidate the results of the Company and its subsidiary entities. The results of subsidiaries acquired are consolidated for the periods from which the control passes to the Group. Transactions and balances between Group entities are eliminated.

(b) Revenue recognition

Sales revenue

The Group derives sales revenue from delivery of consulting and construction management services under both cost plus and fixed fee contracts. Revenue for each performance obligation is measured based on the consideration specified in a contract with a customer.

A performance obligation is a promise in the contract to transfer a distinct service to the customer. A contract's transaction price is allocated to each distinct performance obligation and recognised as revenues when, or as, the performance obligation is satisfied. Most of the Group's contracts have a single performance obligation as the promise to transfer individual services is not separately identifiable from other promises in the contracts and, therefore, not distinct. Any modifications or variations to contracts in progress are assessed to determine if they fall under the scope of the existing contract performance obligation or form part of a new performance obligation.

Consulting services revenue is typically recognised over time as the asset created has no alternative use to the Group and the Group has a right to payment for performance completed to date in line with contracted terms. Construction management services revenue is recognised over time as the client controls the property on which the service is performed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2 Significant accounting policies (continued)

(b) Revenue recognition (continued)

Sales revenue (continued)

Revenues and profits from cost-plus contracts with a maximum limit and fixed fee contracts are recognised progressively applying an input method based on a percentage-of-completion method.

Revenues from cost-plus contracts without stated maximum limits are recognised when costs are incurred and are calculated applying an input method based on billing rates for the services performed.

Certain costs incurred by the Group for subconsultants and other project expenses that are recoverable directly from customers are billed to them and, therefore, are included in revenues. The value of goods and services purchased by the Group, when acting as a purchasing agent for a customer, are not recorded as revenues.

The effect of revisions to estimate revenues and costs, including the impact from any modifications or variations to contracts in progress, are recorded when the amounts are known and can be reasonably estimated. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

If the Group has recognised revenues but has not issued an invoice, the entitlement to consideration is recognised as a contract asset presented as "work in progress", which is transferred to trade receivables when the invoice is issued. If invoices are issued to a customer or payments are received from a customer prior to the rendering of services, the Group recognises a contract liability presented as "unearned revenue", which is transferred to revenue once related services have been rendered.

The Group does not expect to have any contracts where the period between the transfer of the promised services to the customer and the collection represents a financing component. Consequently, the Group does not adjust transaction prices for the time value of money.

Revenues are shown net of value-added tax and after eliminating sales within the group.

The Group disaggregates its revenue from contracts with customers by the major geographical regions (note 5).

Dividends and distributions

Dividend and distribution revenue is recognised in profit or loss when the right to receive a dividend or distribution has been established, unless received from common controlled discretionary trusts, which are recorded directly in equity.

Interest revenue

Interest revenue is recognised on a time basis, taking into account the effective interest rates applicable to the financial assets.

(c) Intangible assets

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 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 from which the goodwill arose.

Business combinations - controlled entities

When the business of a subsidiary is transitioned into the Parent, the goodwill arising on consolidation of that entity is recognised in the statement of financial position of the Parent, reducing the investment carrying value of the subsidiary and is treated as an asset of the Parent.

Intangible assets with finite useful lives

Intangible assets with finite useful lives are measured on initial recognition at cost and amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The expected useful lives are as follows:

Software	4-10 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2 Significant accounting policies (continued)

(d) Property, plant and equipment

Land and buildings held for use in the supply of services, or for administrative purposes, is stated at cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Depreciation is calculated using the straight-line method.

Freehold land is not depreciated.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the item. Where the Group has legal obligations to restore certain of its leasehold premises on departure from those premises and the cost of restoration can be reliably estimated, a fixed asset is recorded and depreciated.

Depreciation is calculated on a straight-line basis to write off the net cost of plant and equipment to its expected residual value over its expected useful life to the Group. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. The expected useful lives are as follows:

Buildings	50 years
Plant and equipment	4 - 10 years

The cost of improvements to leasehold properties is amortised over the unexpired period of the lease, or the estimated useful life of the improvement to the Group, whichever is the shorter. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(e) Taxation

Income tax expense

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

Current income tax expense or revenue is the tax payable or recoverable in respect of the taxable profit or loss for the year, based on the income tax rate for each jurisdiction Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Current and Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill, unless there is an amortisation deduction in the jurisdiction.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2 Significant accounting policies (continued)

(f) Goods and service and sales taxes

Value-added tax

Revenues, expenses and assets are recognised net of the amount of associated taxes, unless the tax incurred is not recoverable from the taxation authority, when it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of taxes receivable or payable.

Cash flows are included in the consolidated cash flow statement on a gross basis. The tax component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

(g) Foreign currencies

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.

(h) Financial instruments

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a partyto the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributableto the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Financial assets

Financial assets at amortised cost

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'at amortised cost'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short term receivables when the effect of discounting is immaterial.

They arise when the Group provides services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the reporting date, which are classified as non current assets. Loans and receivables are included in receivables in the statement of financial position (note 15).

Investments

Investments not eliminated on consolidation or equity-accounted are stated at fair value through profit or loss.

Measurement and recognition of expected credit losses ("ECL")

The measurement of expected credit losses is a function of the probability of default, loss given default and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information as described above. The exposure at default is represented by the asset's gross carrying amount at the reporting date.

Where lifetime ECL is measured on a collective basis, the financial instruments are grouped on the following basis:

(i) Nature of financial instruments
(ii) Past-due status
(iii) Nature, size and industry of debtors.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through the loss allowance account and does not reduce the carrying amount of the financial asset in the statement of financial position.

Credit impaired financial assets

A financial asset is credit impaired when one or more events that have detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(i) Significant financial difficulty of the issuer or the borrower
(ii) A breach of contracts, such as a default or past due event
(iii) It is probable that the borrower will enter bankruptcy or other financial reorganisation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2 Significant accounting policies (continued)

(i) Financial assets (continued)

Impairment of trade receivables

The Group applies the simplified approach to impairment for trade receivables, measuring expected credit losses ("ECL") using a lifetime expected credit loss allowance. The expected credit losses are estimated using a provision matrix based on the Group's historical loss experience. The historical loss rates are adjusted for factors that are specific to the general economic conditions and an assessment of the current and forecast direction of economic conditions at the reporting date.

The Group writes off a trade receivable when there is information indicating that a counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures. Any recoveries made are recognised in profit or loss.

When a payment of trade receivables is in doubt due to factors other than credit risk, the contractual considerations are reassessed under IFRS 15 Revenue from Contracts with Customers and revenue may be reduced accordingly.

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

(j) Cash and cash equivalents

Cash in the statement of financial position comprises cash at banks and on hand, net of outstanding bank overdraft.

(k) Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Contributed equity

Contributed equity consists of ordinary shares.

Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2 Significant accounting policies (continued)

(l) 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.

(m) Subsidiary investments

Investments in subsidiaries are stated at cost less accumulated impairment losses. On the disposal of the investment in subsidiaries, the difference between proceeds and the carrying amounts of the investments are recognised in profit or loss.

(n) Provisions

Provisions are recognised when the Group 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 on departure from those 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.

Professional indemnity claims excess

Provision is made for the estimated liability on professional indemnity ("PI") claims notified at reporting date. The amount of the provision is the estimated cash flows required to resolve the claims payable under the PI insurance policy, having regard to the PI claims experience over the last 90 years and the risk management profile of the Group. The provision is not discounted to its present value as the effect of discounting is immaterial.

(o) 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 Group accounts for pensions and similar benefits under IAS 19 "Employee Benefits". In respect of defined benefit plans (pension plans that define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation), obligations are measured at discounted present value whilst plan assets are recorded at fair value. As required under IAS 19, the liability valuation has been undertaken on the Projected Unit method.

The liability recognised in the statement of financial position, in respect of defined benefit pension plans, is the net of the plan obligations and assets. No allowance is made in the past service liability in respect of either the future expenses of running the schemes or for non-service related death in service benefits which may arise in the future. The operating costs of such plans are charged to operating profit and the finance costs are recognised as financial income or expense as appropriate. Service costs are spread systematically over the lives of employees and financing costs are recognised in the periods in which they arise. Actuarial gains and losses are recognised immediately directly to equity.

Payments to defined contribution schemes (pension plans under which the Group pays fixed contributions into a separate entity) are recognised in profit or loss in the period in which they become payable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2 Significant accounting policies (continued)

(p) Leases

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Motor vehicles and other equipment	3 to 6 years
Premises	3 to 10 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The Group applies IAS 136 Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Leases liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the value of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are disclosed in note 20.

Short-term leases and leases of low-value assets

The Group applies the lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(q) Research and development expenditure

Research and development ("R&D") is expensed as incurred and the incentive is not recognised until the claim value can be reliably estimated.

(r) Retained earnings / Accumulated losses

Retained earnings / accumulated losses consist of the historic cumulative profits and losses, including other comprehensive income/losses after payment of dividends and other adjustments.

(s) Comparatives

When required by Accounting Standards and interpretations or changes in application of accounting policies, comparative figures may be adjusted to conform to changes in presentation for the current financial year. 2020 comparatives for Current trade receivables (decrease £470,564), work in progress (increase £392,137) and VAT liabilities (decrease £78,427) have been reclassified along, refer notes 15, 16 and 18.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3 Critical accounting judgements and key sources of estimation uncertainty

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

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

(a) Critical accounting judgements

There are no critical judgements, apart from those involving estimations, that management have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

The key assumptions about the future and other key sources of estimation uncertainty at the reporting period end, that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are discussed below:

Work in progress

The calculation of work in progress and unearned revenue relies on accurate forecasts of contract costs at completion which, generally, are difficult to ascertain. In making their judgement, management considered the detailed criteria for the recognition of revenue set out in note 2. The directors are satisfied that work in progress and unearned revenue are appropriately determined. At 30 June 2021, work in progress was £2,342,802 (2020: £2,183,200) and unearned revenue was £848,198 (2020: £1,155,518). Refer to note 16.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

The Group tests at the end of each reporting period whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units are determined based on value-in-use or fair value less costs to sell calculations. These calculations require the use of assumptions. Refer to note 10 for details of these assumptions and the potential impact of changes to the assumption.

Investment impairment

Investments are tested for impairment at the end of each reporting period date or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment loss is recognised for the amount by which the investment's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair-value-less-cost-to-sell and value-in-use.

Defined benefits pension scheme

The valuation of the defined benefit pension scheme liability requires a number of estimates to be made in respect of the appropriate discount rate to apply and the life expectancy of members. The directors engage a professional firm of actuaries to assist them in this area.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4 Adoption of new and revised accounting standards and interpretations

(a) Amendments to IFRSs and the new Interpretation that are mandatorily effective for the current year

The following new and revised Standards and Interpretations have been adopted in these consolidated financial statements and have had only some minor impact on the reported results, financial position or disclosures in the current year.

- Amendments to IFRS 3 Definition of a business
- Amendments to IAS 1 and IAS 8 Definition of materiality
- Amendments to References and the Conceptual Framework in IFRS Standards
- IFRIC Interpretation Configuration or Customization Costs in a Cloud Computing Arrangement - IAS 38 Intangible Assets
- The Group has revised and applied the accounting policies under the adopted accounting standards.

(b) Standards and Interpretations in issue not yet adopted

At the date of authorization of the financial report, the Standards and Interpretations applicable to the Group listed below were in issue but not yet effective.

Standard / Interpretation	Expected to be initially applied in the financial year beginningon or after
Amendments to IFRS 3 – Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract	1 January 2022
Amendment to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendment to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates	1 January 2023
Amendment to IAS 12 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IAS 1 – Classification of Liabilities as Current or Non-current	1 January 2023

The directors of the Group do not anticipate that the application of these amendments will have a material impact on the Group's consolidated financial statements.

5 Revenue

	2021 £	2020 £
Consulting revenue from contracts with customers by region		
United Kingdom	19,793,198	18,465,382
Middle East	1,775,442	1,950,508
Europe	1,447,159	595,045
Australia	636,380	338,333
North America	1,224,849	303,299
Other	534,971	519,721
	25,411,999	**22,172,288**
Other revenue		
Support service charges – related parties (note 28)	947,249	530,611
	26,359,248	**22,702,899**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6 Other operating income

	2021	2020
The analysis of the group's other operating income for the year is as follows:	£	£
Government incentives	87,674	97,963
Rental COVID-19 subsidy	5,071	-
Other operating income	215,699	-
	308,444	**97,963**

7 Other income and expenses

(a) Other gains and losses

	2021	2020
	£	£
Net gain / (loss) on disposal of fixed assets	60,300	(65,325)
Net (loss) / gain on foreign exchange transactions	(64,653)	97,741
	(4,353)	**32,416**

(b) Other expenses by category

Amount charged to profit/(loss) before income tax included:

	2021	2020
	£	£
Service charge (note 28)	106,331	68,517
Depreciation and amortisation	996,618	951,783
Occupancy costs	581,236	647,178

Fees payable to the Company's auditor (2021: PKF Littlejohn LLP; 2020: Deloitte LLP) for the audit of Group's financial statements and its subsidiary, GHD Livigunn Limited, are below:

	2021	2020
	£	£
For the audit of Group's consolidated financial statements	53,200	40,000
For the audit of Company's subsidiary	27,800	23,835
	81,000	**63,835**

(c) Finance income and costs

	2021	2020
	£	£
Finance costs		
Interest and finance charges paid / payable - banks	(89,327)	(92,573)
Interest cost discounting (note 23)	(4,123)	(4,037)
Interest paid / payable - related parties (note 28)	-	(115,905)
Net finance cost in respect of defined pension scheme (note 24)	(6,000)	(4,000)
Unwinding of discount on lease liabilities (note 20)	(61,151)	(73,849)
	(160,601)	**(290,364)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7 Other income and expenses (continued)

(d) Staff costs

Consolidated

The aggregate payroll costs (including directors' remuneration) were as follows:	2021 £	2020 £
Wages and salaries	18,229,195	16,009,888
Social security costs	2,187,576	1,860,032
Other pension costs	767,581	699,549
	21,184,352	**18,569,469**

Staff costs are split by direct labour (project delivery activity) and indirect labour, reported in the statement of profit and loss and other comprehensive income in cost of sales and administrative expenses respectively.

	2021 £	2020 £
Direct labour cost	8,199,021	8,608,836
Overhead labour cost	12,985,331	9,960,633
	21,184,352	**18,569,469**

Company

The aggregate payroll costs (including directors' remuneration) were as follows:		
Wages and salaries	11,505,425	9,119,585
Social security costs	1,480,395	1,203,841
Other pension costs	555,741	468,244
	13,541,561	**10,791,670**

Staff costs are split by direct labour (project delivery activity) and indirect labour, reported in the statement of profit and loss and other comprehensive income in cost of sales and administrative expenses respectively.

	2021 £	2020 £
Direct labour cost	4,345,910	3,724,245
Overhead labour cost	9,195,651	7,067,425
	13,541,561	**10,791,670**

Consolidated

The average number of employees (including directors) during the year were as follows:	2021 No.	2020 No.
Directors	2	2
Professional and technical	250	249
Administration and management	38	35
	290	**286**

Company

The average number of employees (including directors) during the year were as follows:		
Directors	2	2
Professional and technical	124	111
Administration and management	32	30
	158	**143**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8 Directors' remuneration

In the current year, the key management personnel comprise the Board of Directors of the Company.

	2021	2020
Directors' remuneration for the year was as follows:	£	£
Remuneration	**470,777**	**311,936**
In respect of the highest paid director:		
Salary	**322,343**	**125,094**

The amounts are for the period which the directors are in the office.
At 30 June 2021, the directors did not participate in a defined contribution scheme (2020: none).

9 Income tax

Analysis of income tax expense / (benefit)

	2021	2020
Current taxation	£	£
Current year tax	(356,742)	129,890
Adjustment to current tax of prior period	16,148	21,663
Total current tax (benefit) / expense	**(340,594)**	**151,553**
Deferred taxation		
Deferred tax	183,938	(137,052)
Adjustment to deferred tax of prior period	9,275	86,466
Total deferred tax expense / (benefit)	**193,213**	**(50,586)**
Total tax (benefit) / expense in profit or loss	**(147,381)**	**100,967**

Reconciliation of income tax expense

	2021	2020
Income tax expense/(benefit) differs to the enacted rate of tax for corporations due to:	£	£
Loss before income tax	(2,233,142)	(1,774,317)
Prima facie tax on loss at 19% (2020: 19%)	**(424,297)**	**(337,120)**
Adjusted for:		
Expenses not deductible for tax purposes	55,477	123,668
Under provision in prior years	25,423	108,129
Deferred tax not recognised	(114,284)	(9,495)
Tax losses not recognised	413,463	300,008
Utilisation prior year carry forward tax losses	(103,163)	(84,223)
Income tax (benefit) / expense recognised in profit or loss	**(147,381)**	**100,967**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9 Income tax (continued)

Deferred tax

Deferred tax assets are not recognised due to uncertainty due to uncertainty over recoverability. This includes a potential deferred tax asset of £2,200,902 (2020: £1,974,433) in respect of carry forward tax losses.

Consolidated	**2021**	**2020**
Non current asset:	**£**	**£**
Balance at beginning of year	-	167,936
(Charge) / credit to statement of profit or loss	(193,213)	8,359
Credit / (charge) directly to equity	68,210	(69,800)
Utilisation of prior year carry forward tax losses	(103,163)	(58,495)
Deferred tax assets and liabilities not recognised	228,166	
Government incentive receivable balance reclass	-	(48,000)
Balance at end of year	-	-

Company	**2021**	**2020**
	£	**£**
Non current asset:		
Balance at beginning of year	-	58,166
Charge the statement of profit or loss	(308,409)	(21,996)
Charge directly to equity	68,210	(69,800)
Pension liability transferred from subsidiary	-	33,630
Deferred tax assets and liabilities not recognised	240,199	-
Balance at end of year	-	-

10 Intangible assets

Consolidated	**Goodwill**	**Software**	**Other intangible assets**	**Total**
Cost or valuation	**£**	**£**	**£**	**£**
At 1 July 2020	10,242,710	93,961	565,000	10,901,671
Disposal	-	(83,673)	-	(83,673)
Balance at 30 June 2021	**10,242,710**	**10,288**	**565,000**	**10,817,998**
Amortisation and impairment				
Balance at 1 July 2020	(1,654,840)	(82,104)	(56,500)	(1,793,444)
Amortisation charge	-	(506)	(67,886)	(68,392)
Disposal	-	81,840	-	81,840
Balance at 30 June 2021	**(1,654,840)**	**(770)**	**(124,386)**	**(1,779,996)**
Net book value				
Balance at 30 June 2021	**8,587,870**	**9,518**	**440,614**	**9,038,002**
Balance at 30 June 2020	**8,587,870**	**11,857**	**508,500**	**9,108,227**

Other intangible assets consist of proprietary software separately identified in the acquisition of the Movement Strategies group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10 Intangible assets (continued)

Company	Goodwill £	Software £	Total £
Cost or valuation			
Balance at 1 July 2020	1,288,256	85,655	1,373,911
Disposal	-	(83,632)	(83,632)
Balance at 30 June 2021	**1,288,256**	**2,023**	**1,290,279**
Amortisation and impairment			
Balance at 1 July 2020	(609,840)	(82,104)	(691,944)
Amortisation charge	-	(506)	(506)
Disposal	-	81,840	81,840
Balance at 30 June 2021	**(609,840)**	**(770)**	**(610,610)**
Net book value			
Balance at 30 June 2021	**678,416**	**1,253**	**679,669**
Balance at 30 June 2020	**678,416**	**3,551**	**681,967**

Impairment tests for goodwill

Goodwill is allocated to the cash generating units (CGUs) identified according to business reporting unit being on the basis of location. 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 ("VIA") or fair value less costs to sell ("FVLCS").

In its impairment assessment, the Group 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 -10 years using a long-term growth rate of 2.5%.

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. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transition between market participants at the measurement date.

Discount rates

Post-tax discount rates reflect the Group'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. Pre-tax discount rate used was 7.8%.

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.

Budgeted 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11 Property, plant and equipment

Consolidated

	Buildings	Improvements to property	Plant and equipment	Total
	£	£	£	£
Balance at 1 July 2019	433,194	411,768	532,777	1,377,739
Adjustment on transition to IFRS 16	-	(141,771)	-	(141,771)
Additions	-	1,255	194,392	195,647
Additions from acquisitions (note 15)	-	-	28,483	28,483
Disposals	-	(52,015)	(33,133)	(85,148)
Depreciation charge	(11,424)	(68,006)	(232,532)	(311,962)
Balance at 30 June 2020	**421,770**	**151,231**	**489,987**	**1,062,988**
Additions			153,633	153,633
Disposals	(419,928)	(4)	(16,583)	(436,515)
Depreciation charge	(1,842)	(56,070)	(196,714)	(254,626)
Balance at 30 June 2021	**-**	**95,157**	**430,323**	**525,480**
At 30 June 2020				
Cost	567,057	391,884	1,186,682	2,145,623
Less accumulated depreciation	(145,287)	(240,653)	(696,695)	(1,082,635)
Net book value	**421,770**	**151,231**	**489,987**	**1,062,988**
At 30 June 2021				
Cost	-	280,520	981,042	1,261,562
Less accumulated depreciation	-	(185,363)	(550,719)	(736,082)
Net book value	**-**	**95,157**	**430,323**	**525,480**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11 Property, plant and equipment (continued)

Company

	Improvements to property	Plant and equipment	Total
	£	£	£
Balance at 1 July 2019	122,487	336,756	459,243
Additions	-	159,260	159,260
Disposals	-	(1,112)	(1,112)
Depreciation charge	(15,234)	(134,222)	(149,456)
Adjustment on transition to IFRS 16	(115,781)	-	(115,781)
Transfer from group companies	36,422	-	36,422
Balance at 30 June 2020	**27,894**	**360,682**	**388,576**
Additions	-	153,633	153,633
Depreciation charge	(15,193)	(141,274)	(156,467)
Disposals	(3)	(6,356)	(6,359)
Balance at 30 June 2021	**12,698**	**366,685**	**379,383**
At 30 June 2020			
Cost	187,340	819,719	1,007,059
Less accumulated depreciation	(159,446)	(459,037)	(618,483)
Net book value	**27,894**	**360,682**	**388,576**
At 30 June 2021			
Cost	75,979	737,568	813,547
Less accumulated depreciation	(63,281)	(370,883)	(434,164)
Net book value	**12,698**	**366,685**	**379,383**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12 Right-of-use assets

Consolidated

	Motor Vehicles	Premises	Total
	£	£	£
Cost			
Adoption of IFRS16	97,109	3,612,875	3,709,984
Additions	-	32,317	32,317
At 30 June 2020	**97,109**	**3,645,192**	**3,742,301**
Additions	-	57,175	57,175
Disposals	(14,216)	-	(14,216)
Modification	-	44,935	44,935
At 30 June 2021	**82,893**	**3,747,302**	**3,830,195**
Depreciation			
Charge for the year	39,189	580,929	620,118
At 30 June 2020	**39,189**	**580,929**	**620,118**
Charge for the year	32,381	641,219	673,600
Disposals	(14,216)	-	(14,216)
At 30 June 2021	**57,354**	**1,222,148**	**1,279,502**
Net book value			
At 30 June 2021	**25,539**	**2,525,154**	**2,550,693**
At 30 June 2020	**57,920**	**3,064,263**	**3,122,183**

	2021	2020
The following amounts are recognised in profit or loss:	£	£
Depreciation expense of right-of-use assets	673,600	620,118
Unwinding of discount on lease liabilities	61,151	73,849
Expense relating to short-term leases	13,501	14,827
	748,252	**708,794**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12 Right-of-use assets (continued)

Company

	Motor Vehicles	Premises	Total
	£	£	£
Cost			
Adoption of IFRS16	89,028	2,800,554	2,889,582
Additions	-	32,317	32,317
At 30 June 2020	**89,028**	**2,832,871**	**2,921,899**
Additions	-	57,175	57,175
Disposals	(6,135)	-	(6,135)
Modification	-	44,935	44,935
At 30 June 2021	**82,893**	**2,934,981**	**3,017,874**
Depreciation			
Charge for the year	33,051	481,859	514,910
At 30 June 2020	**33,051**	**481,859**	**514,910**
Charge for the year	30,438	542,404	572,842
Disposals	(6,135)	-	(6,135)
At 30 June 2021	**57,354**	**1,024,263**	**1,081,617**
Net book value			
At 30 June 2021	**25,539**	**1,910,718**	**1,936,257**
At 30 June 2020	**55,977**	**2,351,012**	**2,406,989**

	2021	2020
The following amounts are recognised in profit or loss:	£	£
Depreciation expense of right-of-use assets	572,842	514,910
Interest expense on lease liabilities	50,703	53,936
Expense relating to short-term leases	4,550	8,567
	628,095	**577,413**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13 Investments

Company

	2021	2020
	£	£
Investments in subsidiaries	16,845,814	16,845,814
Less impairment charge	(3,873,000)	(3,873,000)
	12,972,814	**12,972,814**

Movement in investments

Net carrying amount at the beginning of the year	12,972,814	7,999,480
Additions - acquisition of subsidiary (note 14)	-	4,973,334
	12,972,814	**12,972,814**

All subsidiaries, with the exception of GHD Livigunn Limited, are exempt from the requirements of the UK Companies Act 2006 relating to the audit of individual accounts by virtue of s479A of the Act. The Company provides a guarantee concerning the outstanding liabilities of these subsidiaries under section 479C of the Act.

Directly held by Gutteridge Haskins & Davey Limited	Registered number	Class of shares	Holding	Principal activity
GHD Environment Limited	05221559	Ordinary	100%	Environmental consultancy
GHD Livigunn Limited	05661240	Ordinary	100%	Design and project management
Ancliffe Limited	07694781	Ordinary	100%	Holding company

Indirectly held by Gutteridge, Haskins & Davey Limited	Registered number	Class of shares	Holding	Principal activity
Livingston Gunn Projects Limited	02399356	Ordinary	100%	Design and project management
George Hutchison Associates Limited	02174512	Ordinary	100%	Consulting engineers
Birkett Stevens Colman Partnership Limited	02585136	Ordinary	100%	Consulting engineers
Movement Strategies Limited[1]	04925854	Ordinary	100%	Consulting
Movement Analytics Limited	08372466	Ordinary	100%	Dormant

All subsidiaries are incorporated in the United Kingdom and have the same registered address as the Parent

1 Company is jointly owned by Gutteridge Haskins and Davey Limited and Ancliffe Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14 Acquisition of subsidiary

On 19 December 2019, the group acquired 100% of the issued share capital of Movement Strategies Group, obtaining control. The principal activity of Movement Strategies Group is business advisory. There were no acquisitions in the current financial year.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	2020
Assets and liabilities acquired	**£**
Financial assets	844,113
Property, plant and equipment	28,483
Financial liabilities	(400,703)
Total identifiable assets	**471,893**
Identifiable intangible assets	565,000
Fair value and other purchase price adjustments	(100,000)
Goodwill – not deductible for tax	4,036,441
Total consideration	**4,973,334**
Satisfied by:	
Cash	3,673,334
Deferred settlement	1,300,000
Consideration	**4,973,334**
Cash flow analysis:	
Cash consideration	3,673,334
Plus overdraft acquired	40,091
Net cash outflow arising on acquisition	**3,713,425**

The fair value of the financial assets includes receivables with a fair value of £585,303 and a gross contractual value of £260,657.

The fair value of GHD Group Limited ordinary shares issued as part of the consideration was determined on the basis of current value of the shares of ultimate parent, GHD Group Limited. The acquisition was undertaken with a view to expansion of strategic Advisory and Digital business streams.

In the prior year Movement Strategies Group contributed £1,272,042 revenue and loss after tax of £217,749 to the group's loss for the period between the date of acquisition and 30 June 2020. If the acquisition of Movement Strategies Group had been completed on the first day of the financial year, revenues included for the prior period would have been £3,183,381 and loss after tax of £233,616.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15 Trade and other receivables

	Consolidated		Company	
	2021	2020	2021	2020
	£	£	£	£
Current				
Trade receivables (note 2(s))	5,924,022	4,211,833	2,949,717	1,282,510
Less ECL allowance	-	(5,052)	-	(950)
	5,924,022	**4,206,781**	**2,949,717**	**1,281,560**
Other receivables - related parties (note 28)	1,980,108	2,373,038	7,153,594	9,019,233
Other receivables	235,345	246,517	64,148	164,614
	8,139,475	**6,826,336**	**10,167,459**	**10,465,407**

The trade and other receivables classified as financial instruments are disclosed below. The Company's exposure to credit and market risks, including maturity analysis, relating to trade and other receivables is disclosed in note 27 "Financial risk management".

Receivables from related parties are non-interest bearing and repayable on demand.

Trade receivables

Trade receivables are non-interest bearing and are generally on 14-60 days terms.

The Group applies a simplified approach to measuring expected credit loss using lifetime expected loss allowance for trade receivables in line with the accounting policy set out at note 2(i).

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

Consolidated

	Total	<60 days	61-180 days	181-270 days	271-365 days	>366 days
	£	£	£	£	£	£
2021 Trade receivables	5,924,022	4,905,587	815,695	124,423	59,464	18,853
2021 ECL allowance	-	-	-	-	-	-
2020 Trade receivables	4,211,833	2,903,606	1,185,774	122,453	-	-
2020 ECL allowance	(5,052)	-	-	(5,052)	-	-

	Consolidated	
	2021	2020
Movements in ECL allowance	£	£
Balance at 1 July	5,052	69,929
Provision released	(5,052)	(64,877)
Balance at 30 June	-	**5,052**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15 Trade and other receivables (continued)

Company

	Total	<60 days	61-180 days	181-270 days	271-365 days	>366 days
	£	£	£	£	£	£
2021 Trade receivables	2,949,717	2,428,839	398,589	70,439	40,584	11,266
2021 ECL allowance	-	-	-	-	-	-
2020 Trade receivables	1,282,510	683,651	570,172	11,011	6,684	10,992
2020 ECL allowance	(950)	-	-	-	-	(950)

	Company	
	2021	2020
Movements in ECL allowance	£	£
Balance at 1 July	950	950
Provision released	(950)	-
Balance at 30 June	**-**	**950**

Risk

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. The credit risk of existing clients is reassessed where there are indicators of issues with timely collection of debts.

16 Contract balances

Consolidated

	2021	2020
	£	£
Trade receivables net of allowances (note 15)	5,924,022	4,206,781
Work in progress net of impairment (note 2(s))	2,342,802	2,183,200
Unearned revenue	(848,198)	(1,155,518)
Net contract balances	**7,418,626**	**5,234,463**

	2021		2020	
	Work in progress net of impairment	Unearned revenue	Work in progress net of impairment	Unearned revenue
	£	£	£	£
Movements in work in progress and unearned revenue were:				
Balance at 1 July	2,183,200	(1,155,518)	1,699,881	(789,114)
Revenue recognised included in unearned revenue at the beginning of the year	-	1,155,518	-	789,114
Invoicing (note 2(s))	(1,239,929)	(848,198)	(1,307,743)	(1,155,518)
Increases as a result of changes in the measure of progress	1,418,895	-	1,538,789	-
Impairment adjustments	(19,364)	-	(8,384)	-
Acquisition of subsidiary	-	-	260,657	-
Balance at 30 June (note 2(s))	**2,342,802**	**(848,198)**	**2,183,200**	**(1,155,518)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16 Contract balances (continued)

Consolidated (continued)

Where the Group is uncertain of recoverability of work in progress, the contractual considerations are reassessed under IFRS 15 Revenue from Contracts with Customers and revenue may be reduced accordingly.

An aged work in progress provision was determined as follows:

	2021		2020	
	Work in progress	Aged WIP provision	Work in progress	Aged WIP provision
	£	£	£	£
0-90 days (note 2(s))	2,033,402	-	2,039,350	-
91-180 days	177,110	(12,406)	148,841	(14,371)
181-365 days	69,097	(9,425)	-	-
>365 days	106,309	(21,285)	18,761	(9,381)
Total (note 2(s))	**2,385,918**	**(43,116)**	**2,206,952**	**(23,752)**

	2021	2020
Transaction price allocated to future performance obligations (backlog)	£	£
The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially satisfied) at the end of the reporting period:		
No later than one year	10,153,837	8,810,335
Later than one year and not later than five years	641,918	501,405
Later than five years	4,130	9,130
Total	**10,799,885**	**9,320,870**

Company

	2021	2020 Restated
	£	£
Trade receivables net of allowances (notes 15 and 2(s))	2,949,717	1,281,560
Work in progress net of impairment (note 2(s))	1,893,469	945,265
Unearned revenue	(390,166)	(488,395)
Net contract balances	**4,453,020**	**1,738,430**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17 Share capital

Allotted, issued and fully paid:

			2021	2020
Number:	**Class:**	**Nominal Value:**	**£**	**£**
12,853,000 shares (2020: 12,853,000)	Ordinary	£1	**12,853,000**	**12,853,000**

Movements in issued share capital			**2021**	**2020**
Ordinary shares	**Number of shares**	**Nominal Value**	**£**	**£**
Balance at 1 July			12,853,000	7,500,000
Cancellation of share capital	Nil (2020: 2,647,000)	£1	-	(2,647,000)
Issue of ordinary shares	Nil (2020: 8,000,000)	£1	-	8,000,000
Balance at 30 June			**12,853,000**	**12,853,000**

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of, and amounts paid on, the shares held. The holder of ordinary shares in entitled to one vote for each share held. The shares have no par value and authorised capital is unlimited.

18 Trade and other payables

	Consolidated		**Company**	
	2021	**2020**	**2021**	**2020**
	£	**£**	**£**	**£**
Current				
Trade payables	228,503	225,490	146,545	59,399
Other payables and accruals	2,153,138	806,109	1,814,592	472,143
GST & VAT liabilities (note 2(s))	709,678	1,461,872	304,817	524,756
Other payables - related parties (note 28)	205,293	199,484	6,223,337	5,735,755
Social security and pension	536,787	368,641	302,081	155,990
Deferred settlement	1,000,000	250,000	1,000,000	250,000
	4,833,399	**3,311,596**	**9,791,372**	**7,198,043**
Non current				
Deferred settlement	300,000	1,050,000	300,000	1,050,000
	300,000	**1,050,000**	**300,000**	**1,050,000**

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs.

Payables to related parties are interest free, unsecured 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.

Deferred settlement balance is contingent deferred consideration for Movement Strategies Group acquisition (note 14).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19 Borrowings

	Consolidated		Company	
	2021	2020	2021	2020
	£	£	£	£
Current				
Overdraft	805,329	-	805,329	-
Non current				
Bank loans	4,000,000	4,000,000	4,000,000	4,000,000

The Group holds a Multi-Option facility with the HSBC Group in the United Kingdom. The facility, with total limit of £6 million, provides for overdrafts, borrowings and the issue of bank guarantees and letters of credit. The facilities may be drawn at any time and may be terminated by the banks without notice where undertakings are breached and not rectified.

The facilities are secured by a negative pledge that imposes certain covenants on certain undertaking subsidiaries of the Ultimate parent entity ("the undertaking group"), including members the Group. The negative pledge states that the undertaking group will not provide any security over its assets without prior approval of the lenders, and will ensure certain financial covenants in relation to interest coverage, leverage and gearing are met. There has been no breach of covenants during the financial year.

The benchmark rate is GBP Libor rate. Weighted average cost of borrowing is 1.57% (2020: 2.25%)

The facility maturity date is 28 June 2024.

Consolidated and Company

	1 year or less	1-5 years	Totals
2021	£	£	£
Overdraft	805,329	-	805,329
Bank loans	-	4,000,000	4,000,000
	805,329	4,000,000	4,805,329
2020			
Bank loans	-	4,000,000	4,000,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20 Lease liabilities

Lease liabilities were recognised in the statement of financial position in the following categories:

	Consolidated		Company	
	2021	2020	2021	2020
	£	£	£	£
Current	625,148	699,499	514,673	584,562
Non-current	2,091,809	2,616,259	1,572,166	2,006,934
	2,716,957	**3,315,758**	**2,086,839**	**2,591,496**

Consolidated

Movement in lease liabilities	2021 £	2020 £
Balance at 1 July	3,315,758	-
Recognised on adoption of IFRS 16 leases	-	3,843,462
Interest expense for the year	61,151	73,849
Additions	56,299	31,828
Payments	(701,999)	(633,381)
Modification	(14,252)	-
Balance at 30 June	**2,716,957**	**3,315,758**

Maturity analysis	2021 £	2020 £
Within one year	616,288	704,751
After one year but not more than two years	484,588	541,594
After two years but not more than five years	1,400,523	1,449,564
More than five years	376,104	854,468
	2,877,503	**3,550,377**
Less discounting	(160,546)	(234,619)
	2,716,957	**3,315,758**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20 Lease liabilities (continued)

Company

Movement in lease liabilities	**2021 £**	**2020 £**
Balance at 1 July	2,591,496	-
Recognised on adoption of IFRS 16 leases	-	3,011,896
Interest expense for the period	50,703	53,936
Additions	56,300	31,828
Payments	(597,408)	(506,164)
Modification	(14,252)	-
Total cash outflow	**2,086,839**	**2,591,496**

Maturity analysis	**2021 £**	**2021 £**
Within one year	504,471	590,978
After one year but not more than two years	372,772	429,778
After two years but not more than five years	1,065,075	1,114,116
More than five years	264,288	630,836
	2,206,606	**2,765,708**
Less discounting	(119,767)	(174,212)
	2,086,839	**2,591,496**

21 Notes to the statement of cash flows

(a) Reconciliation of cash

For the purpose of the statement of cash flows, cash includes cash on hand and in banks net of outstanding bank overdraft. 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:

	Consolidated	
	2021 £	**2020 £**
Cash and cash equivalents	**2,063,155**	**3,190,541**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21 Notes to the statement of cash flows (continued)

(b) Reconciliation of net cash generated from / (used in) operating activities to operating profit or loss before income tax

	2021	2020
	£	£
Loss for the year after income tax	(2,085,761)	(1,875,284)
Adjustments for non-cash and non-operating expenses:		
Depreciation, amortisation and impairment expenses	996,618	1,009,360
(Gain) / loss on disposal of fixed assets	(60,300)	65,325
Unrealised FX loss / (gain) on related to non-operating items	30,047	(70,952)
Income tax reflected in equity	(184,108)	-
Changes in operating assets and liabilities resulting from changes to net profit:		
(Increase) / decrease in receivables and prepayments	(1,783,992)	1,559,010
Increase in trade creditors and accruals	648,382	110,110
(Increase) / decrease in work in progress	(466,922)	143,742
Increase / (decrease) in provisions	252,963	(44,815)
Decrease in net deferred taxes	-	98,136
Cash (used in) / generated from operating activities	**(2,653,073)**	**994,632**

(c) Reconciliation of liabilities arising from financing activities

				Non-cash changes		
	2020	Cash flows	Distribution	Foreign exchange movements	IFRS16 addition, disposal and modification	2021
	£	£	£	£	£	£
Long term borrowings	4,000,000	-	-	-	-	4,000,000
Bank overdraft	-	805,329	-	-	-	805,329
Financing with associated parties	(2,173,556)	1,016,189	(647,495)	30,047	-	(1,774,815)
Lease liabilities	3,315,758	(640,848)	-	-	42,046	2,716,956
	5,142,202	**1,180,670**	**(647,495)**	**30,047**	**42,046**	**5,747,470**

				Non-cash changes		
	2019	Cash flows	Distribution	Foreign exchange movements	IFRS16 transition	2020
	£	£	£	£	£	£
Long term borrowings	3,000,000	1,000,000	-	-	-	4,000,000
Financing with associated parties	903,103	(2,664,072)	(341,639)	(70,948)	-	(2,173,556)
Shareholder loans	(30,172)	30,172	-	-	-	-
Vendor loans	30,172	(30,172)	-	-	-	-
Lease liabilities	-	(559,532)	-	-	3,875,290	3,315,758
	3,903,103	**(2,223,604)**	**(341,639)**	**(70,948)**	**3,875,290**	**5,142,202**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22 Financial instruments

(a) Financial instruments

The Group's principal financial instruments comprise receivables, payables, bank borrowings and cash and cash equivalents. 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 Group's maximum exposure to credit risk for such loans and receivables.

	2021	2020
Financial assets	**£**	**£**
Cash and cash equivalents	2,063,155	3,190,541
Trade and other receivables	8,139,475	6,826,336
	10,202,630	**10,016,877**
Financial liabilities held at amortised cost		
Trade and other payables	5,133,399	4,361,596
Borrowings	4,805,329	4,000,000
	9,938,728	**8,361,596**

(b) Fair value of financial assets and liabilities

The fair value of cash and cash equivalents and financial assets and financial liabilities of the Group approximates their carrying amounts.

(c) Capital management risk

The Group'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 Group may adjust the amount of dividends paid to shareholders or sell assets to reduce debt.
- Consistent with others in the industry, the Group monitors capital on the basis of the following gearing ratio:
- Net debt divided by total equity

	2021 £	2020 £
Net debt	2,742,174	809,459
Total equity	11,433,639	12,740,013
Net debt to equity ratio	**24%**	**6%**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23 Provisions

Consolidated

	2021	2020
Current	**£**	**£**
Professional indemnity claims excess	248,849	-
	248,849	**-**
Non current		
Premises make good	202,338	198,224
	202,338	**198,224**

Company

	2021	2020
Current		
Professional indemnity claims excess	127,428	-
	127,428	**-**
Non current		
Premises make good	160,606	157,353
	160,606	**157,353**

(a) Nature and purpose of provisions

(i) Premises make good

The Group has legal obligations to "make good" certain of its leasehold premises on departure from those premises for which it makes provision in line with the accounting policy set out at note 2(n).

(ii) Professional indemnity claims excess

Insurance provisions in accordance with the accounting policy, set out at note 2(n), exist for policy deductibles on professional indemnity insurance policies.

(b) Movements in provisions

Consolidated

	Premises make good £	Professional indemnity claims excess £	Total £
Movement in each class of provision during the financial year are set out below:			
Carrying amount at beginning of year	198,224	-	198,224
Net provision recognised	-	270,009	270,009
Make good provision modification	(9)	-	(9)
Financing charge	4,123	-	4,123
Payments	-	(21,160)	(21,160)
	202,338	**248,849**	**451,187**
Current	-	248,849	248,849
Non-current	202,338	-	202,338
	202,338	**248,849**	**451,187**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23 Provisions (continued)

(b) Movements in provisions (continued)

Company

	Premises make good £	Professional indemnity claims excess £	Total £
Movement in each class of provision during the financial year are set out below:			
Carrying amount at beginning of year	157,353	-	157,363
Net provision recognised	-	138,008	138,008
Financing charge	3,253	-	3,263
Payments	-	(10,580)	(10,580)
	160,606	**127,428**	**288,034**
Current	-	127,428	127,428
Non-current	160,606	-	160,606
	160,606	**127,428**	**288,034**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24 Employee benefit obligations

One of the Group's subsidiaries, Birkett Stevens Colman Partnership Limited ("BSCP"), operates a closed pension scheme providing benefits based on final pensionable pay ("the Fund"). The defined benefit plans are administered by a separate fund that is legally separated from the Group. During the financial year, the Company and BSCP entered into an arrangement for the Company to become the Principal Employer of the Fund, taking on liabilities of the Fund under a flexible arrangement in accordance with Regulation 6E of the Employee Debts Regulations.

The information disclosed has been prepared under IAS 19, complying with Technical Actuarial Standard 100 (Principles for Technical Actuarial Work) issued by the Financial Reporting Council. As required under IAS 19, the liability valuation has been undertaken on the Projected Unit method.

The scheme is exposed to a number of risks, including:

- Investment risk: movement of discount rate used (high quality corporation denomination in the same currency as the post-employment benefit obligations) against the return from plan assets
- Interest rate risk: decreases/increases in the discount rate used (high quality corporate bonds) will increase/decrease the defined benefit obligation
- Longevity risk: changes in the estimation of mortality rates of current and former employees
- Salary risk: increases in future salaries increase the gross defined benefit obligation

Employees not participating in the defined benefit scheme are eligible to join a defined contribution scheme.

The Company has paid £20,000 into the Scheme over the year to 30 June 2021 to cover the expenses of running the Scheme, which is in line with the Scheme's existing Schedule of Contributions.

	Defined benefits pension plans	
	2021	**2020**
	£	**£**
The amounts recognised in the statement of financial position are as follows:		
Fair value of scheme assets	2,138,000	1,851,000
Present value of funded obligations	(2,210,000)	(2,282,000)
	(72,000)	**(431,000)**
Present value unfunded obligations:		
Deficit	(72,000)	(431,000)
Net liability	**(72,000)**	**(431,000)**
The amounts recognised in profit or loss are as follows:		
Administrative expenses paid	-	-
Net interest from net defined benefit asset/liability	6,000	4,000
	6,000	**4,000**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24 Employee benefit obligations (continued)

	Defined benefits pension plans 2021 £	2020 £
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	(2,282,000)	(2,053,000)
Interest cost	(33,000)	(45,000)
Benefits paid	37,000	37,000
Actuarial gain/(loss) from changes in demographic assumptions	3,000	(72,000)
Actuarial gain/(loss) from changes in financial assumptions	65,000	(157,000)
Experience gain	-	8,000
Closing defined benefit obligation	**(2,210,000)**	**(2,282,000)**
Changes in the fair value of scheme assets are as follows:		
Opening fair value of scheme assets	**1,851,000**	**1,876,000**
Contributions by employer	49,000	20,000
Interest income	27,000	41,000
Benefits paid	(37,000)	(37,000)
Return on plan assets (excluding interest income)	248,000	(49,000)
Closing fair value of scheme assets	**2,138,000**	**1,851,000**
The amounts recognised in other comprehensive income are as follows:		
Actuarial gain/(loss)from changes in demographic assumptions	3,000	(72,000)
Actuarial gain/(loss) from changes in financial assumptions	65,000	(157,000)
Experience gain	-	8,000
Return on plan assets (excluding interest income)	248,000	(49,000)
	316,000	**(270,000)**
The major categories of scheme assets as amounts of total scheme assets are as follows:		
Equities	1,378,000	1,118,000
Bonds	524,000	423,000
Property	212,000	81,000
Cash	21,000	191,000
Alternative investments	3,000	38,000
	2,138,000	**1,851,000**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24 Employee benefit obligations (continued)

	2021	2020
Principal actuarial assumptions at the statement of financial position date (expressed as weighted averages):		
Discount rate	1.80%	1.45%
RPI inflation assumption	3.25%	2.85%
Pension revaluation deferment	2.45%	2.05%
Pension increases in payment	3.15%	2.80%

The assumptions for mortality before and after retirement are based on the most up to date tables produced by the Continuous Mortality Investigation Committee.

The demographic assumptions used are:

Commutation	25% of pension will be commuted for cash.
Transfers	None. All members who already have benefits preserves in the Scheme are assumed to remain deferred pensioners in the Scheme until the date of their normal retirement or earlier death.
Retirement age	All members retire at their normal retirement age.
Members over Normal Retirement Age	Retire at the valuation date.
Mortality before retirement	In accordance with mortality tables S3PA using the CMI 2020 projection model with a long term rate of improvement of 1.25% pa. (In accordance with mortality tables S2PA using the CMI 2019 projection model with a long term rate of improvement of 1.25% pa).
Mortality after retirement	In accordance with mortality tables S3PA using the CMI 2020 projection model with a long term rate of improvement of 1.25% pa. (In accordance with mortality tables S2PA using the CMI 2018 projection model with a long term rate of improvement of 1.25% pa).
Marital Status	80% of males and 70% of female members will be eligible for a spouse's pension at retirement, and husbands will be three years older than their wives. For pensioners paid from fund, the actual spouse's details have been used where known.

Defined benefit obligation - sensitivity analysis

The impact to the value of the defined benefit obligation of a reasonably possible change to one actuarial assumption, holding all other assumptions constant, is presented in the table below:

Actuarial assumption	Change in assumption	Change in liabilities
Discount rate	Decrease by 0.25%	Increase by £92,000
Rate of inflation	Increase by 0.25%	Increase by £47,000
Life expectancy	Increase by 1 year	Increase by £70,000

25 Capital commitments

There are no capital commitments at the statement of financial position date (2020: £nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26 Contingent liabilities

In general, borrowings are secured by a negative pledge that imposes financial covenants on certain undertaking subsidiaries and the ultimate parent entity.

Performance and tender bonds and guarantees totaling £nil (2020: £nil) were outstanding at year end date.

At 30 June 2021 and 2020 a number of legal matters were in action or pending involving the Group. The financial outcomes of these legal matters cannot be reliably estimated by the directors. Where appropriate, a provision for liability has been brought to account.

27 Financial risk management

The Group manages its exposure to key financial risks which are credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group 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 loans from common controlled entities. Ageing analyses are undertaken to manage credit risk (note 16). Liquidity risk is monitored through future cash flow forecasts.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group.

Credit risk arises from cash and cash equivalents, trade and other receivables. The Group'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 oftrade receivables by clients. The Group trades only with recognised, creditworthy third parties. It is the Group's policy that new 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 16). Receivable balances are monitored on an ongoing basis to minimise the Group's exposure to credit risk.

The following tables set out information about the credit quality of financial assets. Unless specifically indicated for all the financial assets, the amounts represent gross carrying amounts.

2021	High Grade £	Acceptable grade £	Total £
Cash and cash equivalents	2,063,155	-	2,063,155
Trade and other receivables	1,980,108	6,159,367	8,139,475
	4,043,263	**6,159,367**	**10,202,630**

2020	High Grade £	Acceptable grade £	Total £
Cash and cash equivalents	3,190,541	-	3,190,541
Trade and other receivables (notes 2(t))	2,373,038	4,453,298	6,826,336
	5,563,579	**4,453,298**	**10,016,877**

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its financial obligations as they fall due. Liquidity risk is monitored through future cash flow forecasts. The Group maintains continuity and flexibility of funding through the use of bank facilities. At year end date, none of the Group's debt will mature in less than one year (2020: £nil). Credit facilities at balance date are set out in note 19.

The following table details the Group's liquidity analysis for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted net cash outflows. Where the amount payable is not fixed, the amount disclosed has been determined by reference to the current interest rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27 Financial risk management (continued)

Liquidity risk (continued)

2021 **Financial liabilities**	**Carrying amount** **£**	**Less than 3 months** **£**	**3 months – 1 year** **£**	**1-5 years** **£**	**More than 5 years** **£**
Non-derivatives					
Trade and other payables	5,133,399	3,628,106	1,205,293	300,000	-
Borrowings	4,805,329	805,329	-	4,188,400	-
Lease liabilities	2,716,957	-	616,288	1,885,111	376,104
	12,655,685	**4,433,435**	**1,821,581**	**6,373,511**	**376,104**

2020 **Financial liabilities**	**Carrying amount** **£**	**Less than 3 months** **£**	**3 months – 1 year** **£**	**1-5 years** **£**	**More than 5 years** **£**
Non-derivatives					
Trade and other payables (note 2(s))	4,361,596	2,862,112	449,484	1,050,000	-
Borrowings	4,000,000	-	-	4,359,382	-
Lease liabilities	3,315,758	-	704,751	2,304,032	854,468
	11,677,354	**2,862,112**	**1,154,235**	**7,713,414**	**854,468**

Market risk

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

Foreign exchange risk

The Group's receivables, payables and borrowings are generally in British Pounds.

Receivables from related entities totaling nil (2020: £2,373,038) and payables to related entities totaling £205,293 (2020: £199,484) were in currencies other than British Pounds. Borrowings from related parties totaling £nil (2020: £nil) were in currencies other than British Pound.

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

A sensitivity analysis was carried out and should British Pound weaken/strengthen by +/-10%, the impact on the profit and loss account would be £20,529 (2020: £217,356). 10% is the change in foreign exchange rates that management deems reasonably possible.

Interest rate risk

The Group's exposure to market interest risk relates primary to the Group's borrowings (note 19), cash and cash equivalents. A sensitivity analysis was carried out and no material exposure to post tax profit or equity exists were interest rates to move by +/-1%, with all variables held contract.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28 Related party disclosures

Consolidated

During the year the Group entered into transactions, in the ordinary course of business, with other related parties. All transactions were made on arm's length. Transactions entered into, and trading balances outstanding at 30 June with other related parties, are as follows.

					Non-interest bearing				
	Consulting Services revenue	Consulting Services purchases	Support service revenue (note 5)	Service charge (note 7)	Receivables (note 15)	Payables (note 18)	Interest paid or payable (note 7)	Dividends and distributions received	Captive Insurance premium
2021									
Ultimate parent	-	-	-	41,492	272,020	-	-	-	-
Common controlled entities	2,002,041	394,271	947,249	64,839	1,708,088	205,293	-	647,495	65,667
Total	**2,002,041**	**394,271**	**947,249**	**106,331**	**1,980,108**	**205,293**	**-**	**647,495**	**65,667**

					Non-interest bearing				
	Consulting Services revenue	Consulting Services purchases	Support service revenue (note 5)	Service charge (note 7)	Receivables (note 15)	Payables (note 18)	Interest paid or payable (note 7)	Dividends and distributions received	Captive Insurance premium
2020									
Ultimate parent	-	-	286,750	-	80,441	-	-	-	-
Common controlled entities	2,243,036	228,978	243,861	68,517	2,292,597	199,484	115,905	421,776	76,790
Total	**2,243,036**	**228,978**	**530,611**	**68,517**	**2,373,038**	**199,484**	**115,905**	**421,776**	**76,790**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28 Related party disclosures (continued)

Company

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

	Consulting Services revenue	Consulting Services purchases	Support service revenue	Service charges	Non-interest bearing Receivables (note 15)	Non-interest bearing Payables (note 18)	Interest paid or payable	Dividends and distributions received	Captive Insurance premium
2021									
Ultimate parent	-	-	-	23,439	-	375,475	-	-	-
Controlled entities	1,431,285	1,706,060	1,793,840	-	5,831,300	5,705,747	-	-	-
Common controlled entities	1,599,264	190,698	904,428	36,090	1,322,294	142,115	-	-	52,105
Total	**3,030,549**	**1,896,758**	**2,698,268**	**59,529**	**7,153,594**	**6,223,337**	**-**	**-**	**52,105**

	Consulting Services revenue	Consulting Services purchases	Support service revenue	Service charges	Non-interest bearing Receivables (note 15)	Non-interest bearing Payables (note 18)	Interest paid or payable	Dividends and distributions received	Captive Insurance premium
2020									
Ultimate parent	-	-	143,375	-	-	341,335	-	-	-
Controlled entities	-	-	2,588,000	-	7,029,245	5,304,125	-	-	-
Common controlled entities	2,947,305	784,489	-	35,042	1,989,988	90,295	115,905	-	56,160
Total	**2,947,305**	**784,489**	**2,731,375**	**35,042**	**9,019,233**	**5,735,755**	**115,905**	**-**	**56,160**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29 Ultimate parent company

GHD Holdings (UK) Ltd, a company registered in Australia, is the immediate parent company and GHD Group Limited, a company registered in Australia, is the ultimate parent company as at the year end date. GHD Group Limited & Controlled Entities Consolidated Financial Statements can be obtained on application to the Company Secretary, Level 2, 29 Christie Street, St Leonards NSW 2065, Australia, which is its registered address.

At the year end, GHD Group Limited 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.

30 Subsequent events

There are no subsequent events since 30 June 2021 that may significantly affect the Group's operations or the financial results in future financial years.

COMPANY INCOME STATEMENT SUMMARIES
FOR THE YEAR ENDED 30 JUNE 2021

	2021 £	2020 £
Revenue		
Revenue from contracts with customers	14,598,620	11,622,776
Other revenue	2,698,268	2,731,375
	17,296,888	**14,354,151**
Cost of sales		
Direct labour costs	4,345,910	3,724,245
Project disbursement	2,238,603	1,277,703
Subcontractors	947,326	804,300
	7,531,839	**5,806,248**
Other operating income / (expenses)		
Government incentives	52,058	76,350
Rental COVID-19 subsidy	5,071	-
Loss on disposal of fixed assets	823	(1,112)
Exchange loss	(51,059)	(23,835)
	6,893	**51,403**
Administrative expenses		
Employee Costs	9,195,651	7,067,417
Management services charge / (recovery)	59,529	35,042
Finance Costs	149,293	269,130
Recruitment	44,264	81,824
Training	112,100	49,192
Depreciation	156,467	147,805
Software amortisation	506	20,780
Depreciation of right-of-use assets	572,842	514,910
Occupancy Costs	316,625	369,272
IT expenses	469,147	446,998
Travel	35,531	352,798
Insurance Costs	228,265	114,598
Entertainment	15,284	32,426
Professional Fees	525,535	206,218
Business Development & Marketing	43,544	5,329
Telephone	17,423	43,979
Bank Charges	48,115	49,135
Printing & Stationery	2,786	10,996
Lease expenses	4,446	8,567
Other expenses	373,080	195,581
	12,370,433	**10,021,997**