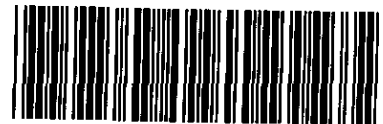


Registered number: 05528602 (England and Wales)

Gutteridge Haskins & Davey Limited

Annual report and consolidated financial
statements for the year ended 30 June 2023

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FOR THE YEAR ENDED 30 JUNE 2023

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COMPANY INFORMATION
FOR THE YEAR ENDED 30 JUNE 2023

Directors	Aoife Hunt Simon Light Craig Stockton Sheldon Krahe
Company secretary	Rachel Ann Todd
Registered office	Nexus Building, Floor 10 25 Farringdon Street London EC4A 4AB 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 2023

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

Review of business

Revenue increased 42% or £14,151,243 to £47,573,554 (2022: £33,422,311); gross profit margin remains constant at 58% (2022: 57%) while profit after tax for the year was £1,700,079 (2022: loss of £1,351,587).

FY2023 has been a year of change and economic uncertainty, with a cost-of-living crisis, rising geopolitical tensions and an ongoing climate emergency. Throughout all of this we have stayed focused on supporting our clients to build resilience and navigate complex challenges, and used our expertise and resources to make a positive impact on the communities around us. We have invested in our capabilities, employment, digital inclusion and education, and used the breadth of our skills and services to drive growth.

Notwithstanding the challenging market conditions, FY2023 can be characterised as a year of continued business turnaround and transformation activity, investment in capability development and new business lines.

With increased revenues and enhanced gross profit, the focus for the business was to continue building GHD's brand with target markets and clients, 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. Our teams continue to develop leading propositions and innovative solutions for clients, as client and community needs evolve. It is pleasing to note the substantially increased level of pipeline opportunity and backlog from our target client base.

FY2023 was a year of continued investment in the business, focused on capability development and diversification of our services, with a specific focus on building scale in our energy, ESG & sustainability, water, people movement, research, 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 and EMEA market. We have continued to invest in leadership development and project management training for our teams with a view to ensuring our projects are delivered effectively and efficiently. Positive progress has been made with digital business transformation, including global system platform rollouts, an integrated management framework, digital twinning and BIM Level II accreditation and embedment – these investments aimed at being more productive and efficient for GHD and our clients. Additional investments in FY2023 were made in the areas of branding & marketing, client relationship and sales training, talent acquisition and pursuits / bidding capability. This will position the Group to deliver sustained profits, in years to come, and to realise our ambition of becoming a leading professional services firm in the UK.

The directors are pleased to note the positive effect of ongoing GHD brand and employee value proposition development, witnessed by the attraction of industry top talent to the business, and the high level of retention seen throughout the year. Employee engagement scores are consistently improving, showing the various efforts of management to engage all staff, as investments are made to deliver our strategic ambition for the UK. Hybrid working has been established across all offices in the UK, and investments have been made in our property portfolio with the opening of our new London office in July 2023; and with our information services and technologies maintaining desired levels of productivity. With the continued 'war for talent', alongside inflationary pressures, salary levels have increased with associated rate increases being implemented for all future work.

The cash position of the Group has increased from £1,175,172 at 30 June 2022 to £2,318,778 at 30 June 2023. Funding generated by operations was £1,770,838 (2022: £1,314,114 cash utilised).

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

Key performance indicators	2023	2022
Average headcount	442	332
Revenue	£47,573,554	£33,422,311
Gross margin % ¹	58%	57%
EBITDA ²	£2,975,692	(£313,837)
Net profit / (loss) after tax	£1,700,079	(£1,351,587)

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.

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

Principal risks & uncertainties

The ongoing principal risks to the business are securing and maintaining top talent, securing new workload on larger programmes of work, improving project profitability and optimising working capital. Continuing economic uncertainty 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.

These risks are being mitigated through:

- appointment of market sector leads and a market development leader to develop clear propositions to all target markets and clients;
- implementation of a key client programme for the proactive selection of clients, selection of executive sponsors and RMs and identification of new opportunities with both existing and new clients;
- rationalised and focused market selection;
- appointment of a technical services leader to develop innovative and high-quality consulting, digital and technical solutions;
- adoption of developed technologies and information management framework to drive improved relevance on client projects and improved efficiency in delivery;
- creating an improved commercial awareness in relation to project profitability via the project management accounting system and via ongoing project management training;
- 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 technical excellence, innovation, business consulting and digital offerings to increase client relevance and value;
- continued investment in talent acquisition, inclusion and diversity, learning and development to attract and develop top talent; and
- leveraging the existing client relationships across GHD's global footprint to support those clients in the UK market.

Going concern

As at 30 June 2023, the Group had net assets of £13,851,247 (2022: £ 11,230,586) and retained earnings of £998,247 (2022: accumulated loss of £1,622,414). In the current year, the Group recorded a profit after tax of £1,700,079 (2022: loss of £1,351,587).

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.

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

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 focused on the pursuit of solving our client's changing needs and express this in our vision of 'making Water, Energy & Communities 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.

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. 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 across the asset life cycle. As a truly integrated offering to market, focused on leveraging global knowledge and capability into local client and market need, we have a strong value proposition that continues to elevate our reputation in each of our target markets. We are proud to be working with a selection of the UK's leading clients in tandem with our eco-system partners, to deliver valued outcomes for our clients.

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 attract top talent and to compete as a leader in our industry. We continue to open up opportunities for our people 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 organisation, 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.

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023

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 14 December 2023 and signed on its behalf by:


Simon Light
Director

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2023

The directors present their report with the audited financial statements of the Company and the Group for the year ended 30 June 2023.

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 (2022: £nil).

Directors

The directors listed below have held office at any time during the period from 1 July 2022 to the date of this report.

Aoife Hunt
Simon Light
Craig Stockton
Sheldon Krahe (appointed 17 January 2023)

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 affecting the performance of the business and as they affect employees.

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

Environmental, Social, and Governance ("ESG") Performance

ESG Overview

The Group is committed to improving sustainability outcomes within its own operations and for its clients by integrating sustainability into decision-making across the organisation and strengthening its sustainability culture.

ESG Governance

The GHD Group Limited Board of Directors ("the Group Board") focuses on strategic issues, governance, policy development and oversight of risk management. It comprises nine executive and two independent directors. Currently four out of the eleven directors are women.

The Group Board is supported by Board Committees comprising a mix of board members, staff members and, in some Committees, independent members. The Board Committees currently comprise Audit, Risk, Finance, Nominations and ESG. All Committees meet at least quarterly to consider issues of relevance to their committee and to make recommendations to the Board. The working of each Committee is governed by its Charter and Framework. The ESG Committee provides governance of GHD Group's ESG initiatives and obligations. The ESG Committee refers any identified ESG risks, including climate-related risks, to the Risk Committee for consideration.

The GHD Group of companies ("the Enterprise"), including the Company has been a signatory to the UN Global Compact since 2010 and is committed to continually improve its contribution to the UN Sustainable Development Goals for 2030. Governance is supported by various policies including a Sustainability Policy, Code of Conduct, HSE Policy and Integrity Management Policy. The Enterprise has also implemented a Sustainability training module which is required to be completed by all employees on a biennial basis.

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

Environmental, Social, and Governance (ESG) Performance (continued)

ESG Strategy

The Group Board has endorsed an overall ESG Strategy, Sustainability Guiding Principles and Project Selection Guidelines. Materiality Assessments are used to identify current issues affecting the Enterprise, its clients and people and enable focus on those initiatives that are of most importance to our stakeholders. The Chief Risk Officer is responsible for the implementation of the Enterprise's ESG Strategy. The Enterprise has incorporated climate-related metrics into the total remuneration packages of key management personnel in FY2023.

Risk Management

The Enterprise has processes to systematically identify, assess and report on financial and non-financial business risks. A strategic and operational Risk Report is prepared and analysed by management and the Audit and Risk Committees of the Board four times a year. The report addresses impacts, risks and opportunities with respect to health and safety, reputation, business practices and ethics. The Group Board receives regular reports on risk, sustainability, health & safety, inclusion & diversity, unethical practices, among other topics.

Greenhouse Gas Emissions

The Enterprise is on track to verify it has achieved carbon neutrality for Scope 1 and Scope 2 emissions by the end of 2023 and is targeting carbon neutrality in respect of Scope 3 emissions by the end of 2025. The Enterprise has established a robust carbon baseline for Scope 1 and Scope 2 emissions using an independently validated methodology. The Enterprise has developed its first Decarbonisation Plan, integrating consideration of greenhouse gas emissions into decisions related to office spaces, energy use, vehicle fleets and air travel, among other operational decisions. Emission reduction activities are supplemented by an offset approach using nature-based solutions providing carbon-removal with third-party certification. The Enterprise Environmental Manager is responsible for the ongoing tracking of enterprise-wide greenhouse gas emissions data and driving the implementation of emissions reduction activities across the enterprise.

In April 2023, the Enterprise submitted its commitment to net zero under the Science-Based Targets initiative (SBTi). Work will progress in FY2024 to establish appropriate interim and long-term targets for greenhouse gas emissions reduction that are aligned with limiting global warming to 1.5°C above pre-industrial levels by 2050.

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 years ended 30 June 2023 and 2022, Gutteridge Haskins & Davey Limited recorded greenhouse gas emissions as outlined below. The decrease in FY23 is due to electricity consumption for the new office in Leeds is included in the service charge.

	2023	2022
Emissions from Business Mileage in Pool cars (Scope 1 – tonnes of CO ₂ e)	19.453	23.274
Emissions from purchase of electricity, purchased for own use (Scope 2 – tonnes of CO ₂ e)	6.887 ¹	22.923
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3 – tonnes of CO ₂ e)	45.530	33.894
Total CO₂e based on above	71.870	80.091
Total business mileage in pool cars – miles	70,090	86,077
Total business mileage in employee-owned cars – miles	164,047	120,823
Energy consumption used to calculate emissions – kwh	33,257	118,544
Intensity ratio for total gross emissions for scope 1, 2 and 3 emissions combined (emissions divided by Full Time Equivalents) – tonnes of CO ₂ e per FTE	0.16	0.23

1. At the start of the financial year the Leeds office moved to new premises. Within these premises the electricity consumption was part of the service charge and was not purchased by GHD, accounting for the drop in direct electricity purchased. Only 3 months of the financial year involved the Leeds office directly purchasing electricity.

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

Environmental, Social, and Governance (ESG) Performance (continued)

Reporting boundary and methodology

Emissions result from a variety of activities, like heating and cooling buildings, traveling to meetings 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 2023 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 (litres 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 2023.

Climate-Related Risks

The Enterprise operates across diverse geographies and markets and the overall outlook is impacted by respective local economic conditions, the competitive environment and GHD's resources and capabilities. As a services business, work undertaken by the Enterprise evolves and adapts to meet the needs of our clients. The Enterprise is successfully implementing its strategy focusing on new opportunities in the future of water, future energy and future communities, which positions the business well to respond to the global forces of climate change, energy transition, technological disruption, and the rise in social consciousness. There are ongoing opportunities for revenue growth for the Enterprise in providing professional services that assist clients in their response to climate-related challenges.

The Enterprise and its clients are subject to the physical risks of climate change through more frequent and more severe weather events resulting in regional, short-term business disruptions. GHD's geographic diversity, however, significantly mitigates the impact of individual events upon the business.

Inclusion & Diversity

The Enterprise is committed to fostering an inclusive workplace where people thrive. The Enterprise currently has nine employee resource groups (ERGs) that deliver programs fostering greater inclusion in the workplace, with clients and in the local communities in which we operate. The employee groups include focus areas such as diverse abilities/disabilities, neurodiversity, ethnic/cultural identities, gender/sexual orientation, education/work experience, and technical excellence. In June 2022 GHD launched its three-year Inclusion & Diversity strategy built around a focus to Attract, Build and Commit. This strategy focuses concurrently on the systems, processes, and culture at GHD.

Modern Day Slavery Risk

The Enterprise's management of Modern-Day Slavery risks falls within our overall approach to protecting human rights. The Enterprise has considered the risk that it is causing, contributing to, or enabling modern slavery practices in its operations and supply chains by reference to the countries in which its companies predominantly work and the nature of their services, and is of the view that its risk is low. GHD's vendor code of conduct requires all suppliers to comply with applicable laws relating to employment including equal opportunities, unfair discrimination, child and forced labour and human trafficking. The Enterprise has developed a training module on Modern-Day Slavery which is a mandatory component of on-boarding and is also available to GHD vendors globally via our Vendor Webportal. Vendor management has been enhanced during FY2023 through the introduction of a new primary vendor information resource which will allow more systematic management of vendors in the future.

Ethical Business Practice

The Enterprise is committed to the highest standards of ethical conduct in all its business dealings. It promotes ethical business and personal behaviours, consistent with its core values of Safety, Teamwork, Respect and Integrity. It annually assesses integrity risk in all countries where GHD operates. Across the Enterprise, employees are required to participate in mandatory training on Integrity Management Guidelines and annual Integrity Day training.

The Enterprise's global Whistleblower policy provides a protective framework to anyone seeking to report improper business conduct. In FY2023 there were 46 total integrity incidents (2022: 57) reported that were escalated to the Enterprise Integrity Officer, of which 41 (2022: 48) warranted and underwent investigations.

Health Safety and Environment

The Enterprise is committed to leading industry practice in relation to the health and safety of our employees and minimising our impact on the environment. As at the end of FY2023, GHD Enterprise's Total Reportable Incident Rate (TRIR) was 0.04 per 200,000 hours (2022: 0.06). The TRIR has remained steady between 0.04 and 0.08 since FY2020.

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

Future developments

The Company will continue to drive market sectors and services diversification, while building deeper capability across a more extensive UK network of professionals.

Building on the transformative progress made in diversifying the business in the past years, continued emphasis is on extending GHD's offer to clients across their asset lifecycle and value chain, in the markets we currently serve of water, transport, energy, property & buildings, and environment.

The company's growing consulting, design and digital offer indicates the increasing client demand for integrated solutions, particularly at the nexus of energy, water, and community needs. The company seeks strategic growth through both inorganic and organic means, while emphasis remains specifically on establishment of UK based global entries of excellence in digital experience, analytics, data science, movement strategies, future energy solutions, ESG and sustainability to serve clients in the UK and internationally. The level of global connectivity and global collaboration is leading to improved performance and outcomes for GHD and its clients.

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 2023 that may significantly affect the Group's operations or the financial results in future financial years.

Auditor

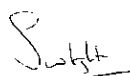
Each of the persons who is a director at the date of approval of this annual report confirms that:

- (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 themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

A resolution to re-appoint PKF Littlejohn LLP as auditor will be proposed at the Annual General Meeting.

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

Approved by the Board on 14 December 2023 and signed on its behalf by:



Simon Light

Director

DIRECTORS' RESPONSIBILITIES STATEMENT FOR YEAR ENDED 30 JUNE 2023

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 UK adopted international accounting standards, 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 UK adopted international accounting standards 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 2023 which comprise the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement 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 UK-adopted international accounting standards. 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 2023 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- 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.

ref. Littlejohn LLP
Timothy Herbert (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor
18 December 2023

15 Westferry Circus
Canary Wharf
London E14 4HD

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023**

	Notes	2023 £	2022 £
Revenue from contracts with customers	5	47,573,554	33,422,311
Cost of sales			
Direct labour costs	7(d)	(13,929,350)	(10,666,168)
Subcontractors and project disbursements		(6,230,986)	(3,704,943)
Gross profit		27,413,218	19,051,200
Administrative expenses		(27,170,120)	(20,057,110)
Impairment reversal / (charge) of financial and contract assets	14	852,425	(865,010)
Impairment of non-financial assets	12	(132,422)	-
Other operating income	6	625,448	335,238
Other gain	7(a)	199,814	176,703
Operating profit / (loss)		1,788,363	(1,358,979)
Finance costs net of finance income	7(c)	(308,601)	(147,934)
Profit / (loss) before income tax		1,479,762	(1,506,913)
Income tax benefit	9	220,317	155,326
Profit / (loss) for the year		1,700,079	(1,351,587)
Other comprehensive income / (loss)			
<i>Items that may be reclassified subsequently to profit and loss</i>			
Remeasurement of post employment retirement obligations	23	62,000	483,000
Income tax on remeasurement of post employment retirement obligations		-	-
<i>Items that will not be reclassified subsequently to profit and loss</i>			
Distribution received from common controlled trust		1,079,977	821,647
Income tax on distribution received		(221,395)	(156,113)
Other comprehensive income for the year		920,582	1,148,534
Total comprehensive income / (loss) for the year		2,620,661	(203,053)

The above results were derived from continuing operations.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023**

	Notes	2023 £	2022 £
Non current assets			
Intangible assets	10	8,823,685	8,932,349
Property, plant and equipment	11	954,165	777,943
Right-of-use assets	12	5,275,903	1,139,455
Retirement benefit assets	23	588,000	457,000
Security deposits		39,141	36,822
Total non current assets		15,680,894	11,343,569
Current assets			
Trade and other receivables	14	12,554,038	8,564,861
Work in progress	15	2,152,893	2,764,488
Prepayments		794,254	908,978
Cash and cash equivalents	20(a)	2,318,778	1,175,172
Total current assets		17,819,963	13,413,499
Total assets		33,500,857	24,757,068

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023 (CONTINUED)**

	Notes	2023 £	2022 £
Equity and liabilities			
Shareholders equity	16	12,853,000	12,853,000
Retained earnings / (accumulated losses)		998,247	(1,622,414)
Total equity		13,851,247	11,230,586
Non current liabilities			
Borrowings	18	5,000,000	5,000,000
Lease liabilities	19	4,895,772	584,951
Provisions	22	99,964	208,231
Total non current liabilities		9,995,736	5,793,182
Current liabilities			
Trade and other payables	17	6,468,647	5,846,590
Unearned revenue	15	2,363,370	1,175,609
Current tax liability	9	38,474	-
Lease liabilities	19	472,033	535,439
Provisions	22	311,350	175,662
Total current liabilities		9,653,874	7,733,300
Total liabilities		19,649,610	13,526,482
Total equity and liabilities		33,500,857	24,757,068

The consolidated financial statements of Gutteridge Haskins & Davey Limited (registered number: 05528602) were approved by the Board on 14 December 2023 and signed on its behalf by:


Simon Light
Director

**COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023**

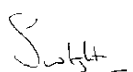
	Notes	2023 £	2022 £
Non-current assets			
Intangible assets	10	699,017	694,681
Property, plant and equipment	11	925,085	708,663
Right-of-use assets	12	5,275,903	1,114,517
Investments	13	12,982,893	12,972,814
Retirement benefit assets	23	588,000	457,000
Security deposits		35,117	32,799
Total non current assets		20,506,015	15,980,474
Current assets			
Trade and other receivables	14	11,433,405	8,442,957
Work in progress	15	2,074,963	1,971,720
Prepayments		725,082	666,764
Cash and cash equivalents		1,892,693	883,381
Total current assets		16,126,143	11,964,822
Total assets		36,632,158	27,945,296

**COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023 (CONTINUED)**

	Notes	2023 £	2022 £
Equity and liabilities			
Shareholders equity	16	12,853,000	12,853,000
Accumulated losses		(1,174,890)	(2,869,762)
Total equity		11,678,110	9,983,238
Non current liabilities			
Borrowings	18	5,000,000	5,000,000
Lease liabilities	19	4,895,772	584,950
Provisions	22	99,964	208,231
Total non current liabilities		9,995,736	5,793,181
Current liabilities			
Trade and other payables	17	11,980,977	10,578,691
Unearned revenue	15	2,193,952	954,598
Lease liabilities	19	472,033	535,439
Provisions	22	311,350	100,149
Total current liabilities		14,958,312	12,168,877
Total liabilities		24,954,048	17,962,058
Total equity and liabilities		36,632,158	27,945,296

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 profit after tax for the Parent Company for the year was £774,290 (2022: loss of £1,850,504).

The financial statements of Gutteridge Haskins & Davey Limited (registered number: 05528602) were approved by the Board on 14 December 2023 and signed on its behalf by:


Simon Light
Director

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023**

	Share capital £	Retained earnings / (accumulated losses) £	Total Equity £
Balance at 1 July 2021	12,853,000	(1,419,361)	11,433,639
Loss for the year	-	(1,351,587)	(1,351,587)
Post employment retirement obligations, net of tax	-	483,000	483,000
Distributions received from common controlled trust, net of tax	-	665,534	665,534
Total comprehensive loss for the year	-	(203,053)	(203,053)
Balance at 30 June 2022	12,853,000	(1,622,414)	11,230,586
Profit for the year	-	1,700,079	1,700,079
Post employment retirement obligations, net of tax	-	62,000	62,000
Distribution received from common controlled trust, net of tax	-	858,582	858,582
Total comprehensive income for the year	-	2,620,661	2,620,661
Balance at 30 June 2023	12,853,000	998,247	13,851,247

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023**

	Share capital £	Retained earnings / (accumulated losses) £	Total Equity £
Balance at 1 July 2021	12,853,000	(2,167,792)	10,685,208
Loss for the year	-	(1,850,504)	(1,850,504)
Post employment retirement obligations, net of tax	-	483,000	483,000
Distribution received from common controlled trust, net of tax	-	665,534	665,534
Total comprehensive loss for the year	-	(701,970)	(701,970)
Balance at 30 June 2022	12,853,000	(2,869,762)	9,983,238
Profit for the year	-	774,290	774,290
Post employment retirement obligations, net of tax	-	62,000	62,000
Distribution received from common controlled trust, net of tax	-	858,582	858,582
Total comprehensive income for the year	-	1,694,872	1,694,872
Balance at 30 June 2023	12,853,000	(1,174,890)	11,678,110

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023**

	Notes	2023 £	2022 £
Cash flows from operating activities			
Receipts from customers		53,424,103	37,417,777
Payments to suppliers and employees		(47,124,785)	(35,422,327)
Other revenue and income		625,448	335,238
Interest received		18,000	-
Interest paid		(322,789)	(142,800)
Net VAT paid to tax authorities		(4,835,535)	(3,454,214)
Defined benefit pension contributions		(51,000)	(47,000)
Income tax refund / (paid)		37,396	(788)
Net cash generated by / (used in) operating activities	20(b)	1,770,838	(1,314,114)
Cash flows from investing activities			
Payment for plant, equipment, software and ROU assets		(710,583)	(546,554)
Payment for controlled entity's acquisition deferred settlement		(1,026,542)	(273,458)
Net cash used in investing activities		(1,737,125)	(820,012)
Cash flows from financing activities			
Proceeds from borrowings		-	194,671
Advances received from associated parties		1,658,364	1,702,883
Payments for lease liabilities		(548,471)	(650,411)
Net cash generated by financing activities		1,109,893	1,247,143
Increase / (decrease) in cash and cash equivalents		1,143,606	(887,983)
Cash and cash equivalents at beginning of year		1,175,172	2,063,155
Cash and cash equivalents at end of year	20(a)	2,318,778	1,175,172

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 in 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 2023, the Group had net assets of £13,851,247 (2022: £11,230,586) and accumulated profit of £ 998,247 (2022: loss £1,622,414). In the current year, the Group recorded a profit after tax of £1,700,079 (2022: loss £1,351,587).

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
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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 exchange rate prevailing 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 party to 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 attributable to 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 14).

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 Group 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	3 - 6 years
Premises	3 - 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 19.

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) Contingent liabilities

Contingent liabilities are not recognised in the statement of financial position but disclosed in the notes. They may arise from uncertainty as to the existence of a liability or asset, or represent a liability or asset in respect of which the amount cannot be reliably measured. The contingent liabilities are disclosed when settlement is probable but not virtually certain, and contingent liabilities are recognised when settlement is greater than remote.

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 2023, work in progress was £2,152,893 (2022: £2,764,488) and unearned revenue was £2,363,370 (2022: £1,175,609). Refer to note 15.

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 asset/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 minor impact on the reported results, financial position or disclosures in the current year.

- Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework;
- Amendments to IAS 16 Property, Plant and Equipment - Proceeds before Intended Use;
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract; and
- Annual Improvements to IFRS Standards 2018-2020 Cycle - Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture.

The Group has revised and applied the accounting policies under the adopted accounting standards. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

(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 beginning on or after
• Amendments to IAS 12 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
• Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates	1 January 2023
• Amendments to IAS 1 – Disclosure of Accounting Policies	1 January 2023
• Amendments to IAS 1 - Classification of Liabilities as Current or Non-current	1 January 2024
• Amendments to IAS 16 – Lease Liability in a Sale and Leaseback	1 January 2024
• Amendments to IAS 1 – Non-current Liabilities and Covenants	1 January 2024

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

	2023 £	2022 £
Consulting revenue from contracts with customers by region		
United Kingdom	34,870,833	24,050,334
Middle East	3,938,726	3,202,820
Europe	1,035,790	519,137
Australia	4,298,333	2,392,087
North America	844,969	543,844
Other	1,946,199	1,323,762
	46,934,850	32,031,984
Other revenue		
Support service charges – related parties (note 27)	638,704	1,390,327
	47,573,554	33,422,311

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6 Other operating income

	2023	2022
	£	£
The analysis of the group's other operating income for the year is as follows:		
Government incentives	85,082	42,900
Other operating income	540,366	292,338
	625,448	335,238

7 Other income and expenses

(a) Other gains and losses

	2023	2022
	£	£
Net loss on disposal of fixed assets	(5,195)	(13,579)
Net gain on foreign exchange transactions	213,047	59,011
Net (loss) / gain on lease modification	(8,038)	131,271
	199,814	176,703

(b) Other expenses by category

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

	2023	2022
	£	£
Service charge (note 27)	276,882	122,054
Depreciation and amortisation	1,182,131	1,031,563
Occupancy costs	530,567	469,085

Fees payable to the Company's auditor for the audit of Group's financial statements and its subsidiary, GHD Livigunn Limited, are:

	2023	2022
	£	£
For the audit of Group's consolidated financial statements	54,850	47,925
For the audit of Company's subsidiary	28,650	25,030
	83,500	72,955

(c) Finance income and costs

	2023	2022
	£	£
Finance costs net of finance income		
Interest and finance charges paid / payable - banks	235,845	106,511
Interest cost discounting (note 22)	3,812	4,133
Net finance (income) / cost in respect of defined pension scheme (note 23)	(18,000)	1,000
Unwinding of discount on lease liabilities (note 19)	86,944	36,290
	308,601	147,934

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7 Other income and expenses (continued)

(d) Staff costs

Consolidated

	2023 £	2022 £
The aggregate payroll costs (including directors' remuneration) were as follows:		
Wages and salaries	28,107,892	21,169,649
Social security costs	3,546,632	2,774,170
Other pension costs	1,841,271	1,109,992
	33,495,795	25,053,811

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.

	2023 £	2022 £
Direct labour cost	13,929,350	10,666,168
Overhead labour cost	19,566,445	14,387,643
	33,495,795	25,053,811

Company

The aggregate payroll costs (including directors' remuneration) were as follows:

Wages and salaries	21,423,514	15,159,317
Social security costs	2,825,140	2,100,419
Other pension costs	1,343,158	837,318
	25,591,812	18,097,054

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.

	2023 £	2022 £
Direct labour cost	9,188,636	6,516,190
Overhead labour cost	16,403,176	11,580,864
	25,591,812	18,097,054

Consolidated

	2023 No.	2022 No.
The average number of employees (including directors) during the year were as follows:		
Directors	3	3
Professional and technical	400	289
Administration and management	39	40
	442	332

Company

	2023 No.	2022 No.
The average number of employees (including directors) during the year were as follows:		
Directors	3	3
Professional and technical	276	172
Administration and management	35	33
	314	208

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.

	2023	2022
	£	£
Directors' remuneration for the year was as follows:		
Remuneration	695,795	504,142
In respect of the highest paid director:		
Salary	321,362	306,196

The amounts are for the period which the directors are in the office.

At 30 June 2023, the directors did not participate in a defined contribution scheme (2022: none).

9 Income tax

Analysis of income tax benefit

	2023	2022
	£	£
Current taxation		
Current year tax	(41,038)	-
Total current tax benefit	(41,038)	-
Deferred taxation		
Deferred tax	(179,279)	(156,113)
Adjustment to deferred tax of prior period	-	787
Total deferred tax benefit	(179,279)	(155,326)
Total tax benefit in profit or loss	(220,317)	(155,326)

Reconciliation of income tax expense

	2023	2022
	£	£
Income tax expense/(benefit) differs to the enacted rate of tax for corporations due to:		
Profit/(loss) before income tax	1,479,762	(1,506,913)
Prima facie tax on profit/(loss) at 20.5% (2022: 19%)	303,351	(286,313)
Adjusted for:		
Non-deductible expenses	54,322	-
Non-taxable income, losses and expenditure	-	(4,610)
Under provision in prior years	-	787
Deferred tax movement not recognised	(398,711)	(31,268)
Tax losses not recognised	42,116	166,078
Utilisation prior year carry forward tax losses	(221,395)	-
Income tax benefit recognised in profit or loss	(220,317)	(155,326)

On 3 March 2021, the UK government announced that it intended to increase the main rate of corporation tax to 25% for the financial years beginning 1 April 2023. This new rate was substantively enacted by Finance Act 2021 on 10 June 2021.

Current tax Consolidated

	2023	2022
	£	£
Current:		
Current tax liability	38,474	-

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 £2,679,917 (2022: £2,357,956) in respect of carry forward tax losses.

10 Intangible assets

Consolidated	Goodwill	Software	Other intangible assets	Total
Cost or valuation	£	£	£	£
At 1 July 2022	10,242,710	20,083	565,000	10,827,793
Addition	-	11,007	-	11,007
Balance at 30 June 2023	10,242,710	31,090	565,000	10,838,800
Amortisation and impairment				
Balance at 1 July 2022	(1,654,840)	(3,818)	(236,786)	(1,895,444)
Amortisation charge	-	(6,671)	(113,000)	(119,671)
Balance at 30 June 2023	(1,654,840)	(10,489)	(349,786)	(2,015,115)
Net book value				
Balance at 30 June 2023	8,587,870	20,601	215,214	8,823,685
Balance at 30 June 2022	8,587,870	16,265	328,214	8,932,349

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 2022	1,288,256	20,083	1,308,339
Addition	-	11,007	11,007
Balance at 30 June 2023	1,288,256	31,090	1,319,346
Amortisation and impairment			
Balance at 1 July 2022	(609,840)	(3,818)	(613,658)
Amortisation charge	-	(6,671)	(6,671)
Balance at 30 June 2023	(609,840)	(10,489)	(620,329)
Net book value			
Balance at 30 June 2023	678,416	20,601	699,017
Balance at 30 June 2022	678,416	16,265	694,681

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 ("VIU") 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 post-tax discount rate to post-tax cash flows. Post-tax discount rate used was 10.9%.

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

	Improvements to property £	Plant and equipment £	Total £
Balance at 1 July 2021	95,157	430,323	525,480
Additions	78,172	450,322	528,494
Disposals	-	(13,579)	(13,579)
Depreciation charge	(56,811)	(205,641)	(262,452)
Balance at 30 June 2022	116,518	661,425	777,943
Additions	-	550,516	550,516
Disposals	-	(5,196)	(5,196)
Depreciation charge	(83,347)	(285,751)	(369,098)
Balance at 30 June 2023	33,171	920,994	954,165
At 30 June 2022			
Cost	358,691	1,249,549	1,608,240
Less accumulated depreciation	(242,173)	(588,124)	(830,297)
Net book value	116,518	661,425	777,943
At 30 June 2023			
Cost	358,691	1,603,202	1,961,893
Less accumulated depreciation	(325,520)	(682,208)	(1,007,728)
Net book value	33,171	920,994	954,165

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 2021	12,698	366,685	379,383
Additions	78,171	450,322	528,493
Disposals	-	(6,153)	(6,153)
Depreciation charge	(15,934)	(177,126)	(193,060)
Balance at 30 June 2022	74,935	633,728	708,663
Additions	-	550,516	550,516
Depreciation charge	(55,857)	(278,237)	(334,094)
Balance at 30 June 2023	19,078	906,007	925,085
At 30 June 2022			
Cost	154,150	1,128,684	1,282,834
Less accumulated depreciation	(79,215)	(494,956)	(574,171)
Net book value	74,935	633,728	708,663
At 30 June 2023			
Cost	154,150	1,547,382	1,701,532
Less accumulated depreciation	(135,072)	(641,375)	(776,447)
Net book value	19,078	906,007	925,085

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12 Right-of-use assets

Consolidated

	Motor Vehicles £	Premises £	Total £
Cost			
Balance at 1 July 2021	82,893	3,747,302	3,830,195
Additions	-	133,886	133,886
Disposals	(82,893)	(98,750)	(181,643)
Modification	-	(899,726)	(899,726)
At 30 June 2022	-	2,882,712	2,882,712
Additions	-	5,135,450	5,135,450
Disposals	-	(343,343)	(343,343)
Modification	-	(173,218)	(173,218)
At 30 June 2023	-	7,501,601	7,501,601
Depreciation			
Balance at 1 July 2021	57,354	1,222,148	1,279,502
Charge for the year	25,539	619,859	645,398
Disposals	(82,893)	(98,750)	(181,643)
At 30 June 2022	-	1,743,257	1,743,257
Charge for the year	-	693,362	693,362
Disposals	-	(343,343)	(343,343)
Impairment	-	132,422	132,422
At 30 June 2023	-	2,225,698	2,225,698
Net book value			
At 30 June 2023	-	5,275,903	5,275,903
At 30 June 2022	-	1,139,455	1,139,455

	2023 £	2022 £
The following amounts are recognised in profit or loss:		
Depreciation expense of right-of-use assets	693,362	645,398
Impairment of right-of-use assets	132,422	-
Unwinding of discount on lease liabilities	86,944	36,290
Expense relating to short-term leases	77,319	23,239
	990,047	704,927

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12 Rights-of-use assets (continued)

Company

	Motor Vehicles £	Premises £	Total £
Cost			
Balance at 1 July 2021	82,893	2,934,981	3,017,874
Additions	-	66,886	66,886
Disposals	(82,893)	(98,749)	(181,642)
Modification	-	(366,595)	(366,595)
At 30 June 2022	-	2,536,523	2,536,523
Additions	-	5,135,450	5,135,450
Modification	-	(170,372)	(170,372)
At 30 June 2023	-	7,501,601	7,501,601
Depreciation			
Balance at 1 July 2021	57,354	1,024,263	1,081,617
Charge for the year	25,539	496,492	522,031
Disposals	(82,893)	(98,749)	(181,642)
At 30 June 2022	-	1,422,006	1,422,006
Charge for the year	-	671,271	671,271
Impairment	-	132,422	132,422
At 30 June 2023	-	2,225,698	2,225,698
Net book value			
At 30 June 2023	-	5,275,903	5,275,903
At 30 June 2022	-	1,114,517	1,114,517

The following amounts are recognised in profit or loss:

	2023 £	2022 £
Depreciation expense of right-of-use assets	671,271	522,031
Impairment of right-of-use assets	132,422	-
Interest expense on lease liabilities	86,944	26,368
Expense relating to short-term leases	70,851	13,190
	961,488	561,589

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13 Investments

Company

	2023 £	2022 £
Investments in subsidiaries	16,855,893	16,845,814
Less impairment charge	(3,873,000)	(3,873,000)
	12,982,893	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 ¹	07694781	Ordinary	100%	Dormant
Movement Strategies Limited	04925854	Ordinary	100%	Consulting

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 Analytics Limited ²	08372466	Ordinary	-	Dormant

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

1. In voluntary liquidation
2. Liquidated effective 4 October 2022

14 Trade and other receivables

	Consolidated		Company	
	2023 £	2022 £	2023 £	2022 £
Current				
Trade receivables	9,647,155	7,021,828	9,226,539	4,647,577
Less ECL allowance	(12,000)	(865,000)	(12,000)	(10,000)
	9,635,155	6,156,828	9,214,539	4,637,577
Other receivables - related parties (note 27)	2,694,111	2,241,727	2,119,009	3,716,122
Other receivables	224,772	166,306	99,857	89,258
	12,554,038	8,564,861	11,433,405	8,442,957

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 26 "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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14 Trade and other receivables (continued)

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 £
2023 Trade receivables	9,647,155	7,775,023	1,724,579	104,417	16,202	26,934
2023 ECL allowance	(12,000)	-	-	-	-	(12,000)
2022 Trade receivables	7,021,828	4,133,581	1,240,858	335,604	361,380	950,405
2022 ECL allowance	(865,000)	-	-	-	-	(865,000)

	2023 £	2022 £
Movements in ECL allowance		
Balance at 1 July	865,000	-
Provision (released) / recognised	(852,425)	865,010
Written off during the year	(575)	(10)
Balance at 30 June	12,000	865,000

Company

	Total £	<60 days £	61-180 days £	181-270 days £	271-365 days £	>366 days £
2023 Trade receivables	9,226,539	7,507,935	1,694,229	10,251	2,124	12,000
2023 ECL allowance	(12,000)	-	-	-	-	(12,000)
2022 Trade receivables	4,647,577	3,312,286	1,043,777	137,303	46,451	107,760
2022 ECL allowance	(10,000)	-	-	-	-	(10,000)

	2023 £	2022 £
Movements in ECL allowance		
Balance at 1 July	10,000	-
Provision recognised	2,193	10,010
Written off during the year	(193)	(10)
Balance at 30 June	12,000	10,000

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.

15 Contract balances

Consolidated

	2023 £	2022 £
Trade receivables net of allowances (note 14)	9,635,155	6,156,828
Work in progress net of impairment	2,152,893	2,764,488
Unearned revenue	(2,363,370)	(1,175,609)
Net contract balances	9,424,678	7,745,707

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15 Contract balances (continued)

Consolidated

	2023		2022	
	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	2,764,488	(1,175,609)	2,342,802	(848,198)
Revenue recognised included in unearned revenue at the beginning of the year	-	1,175,609	-	848,198
Invoicing	(2,741,863)	(2,363,370)	(2,326,787)	(1,175,609)
Increases as a result of changes in the measure of progress	2,155,742	-	2,746,471	-
Impairment adjustments	(25,474)	-	2,002	-
Balance at 30 June	2,152,893	(2,363,370)	2,764,488	(1,175,609)

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:

	2023		2022	
	Work in progress £	Aged WIP provision £	Work in progress £	Aged WIP provision £
0-90 days	2,011,742	-	2,674,584	-
91-180 days	140,406	(21,608)	87,419	(11,307)
181-365 days	44,708	(22,355)	27,584	(13,792)
>365 days	22,625	(22,625)	16,015	(16,015)
Total	2,219,481	(66,588)	2,805,602	(41,114)

	2023 £	2022 £
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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	25,187,406	15,133,067
Later than one year and not later than five years	1,616,000	3,504,465
Total	26,803,406	18,637,532

	2023 £	2022 £
Company		
Trade receivables net of allowances (notes 14)	9,214,539	4,637,577
Work in progress net of impairment	2,074,963	1,971,720
Unearned revenue	(2,193,952)	(954,598)
Net contract balances	9,095,550	5,654,699

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16 Share capital

Allotted, issued and fully paid:

Number:	Class:	Nominal Value:	2023	2022
			£	£
12,853,000 shares (2022: 12,853,000)	Ordinary	£1	<u>12,853,000</u>	<u>12,853,000</u>

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 is entitled to one vote for each share held. The shares have no par value and authorised capital is unlimited.

17 Trade and other payables

	Consolidated		Company	
	2023	2022	2023	2022
	£	£	£	£
Current				
Trade payables	552,289	428,514	524,068	368,293
Other payables and accruals	1,789,741	1,247,394	1,284,196	932,802
GST & VAT liabilities	1,214,410	1,087,466	1,257,261	612,273
Other payables - related parties (note 27)	2,079,146	1,309,645	8,268,692	7,053,429
Social security and pension	833,061	747,029	646,760	585,352
Deferred settlement	-	1,026,542	-	1,026,542
	<u>6,468,647</u>	<u>5,846,590</u>	<u>11,980,977</u>	<u>10,578,691</u>

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 in respect of the acquisition of 100% of the issued share capital of Movement Strategies Group on 19 December 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18 Borrowings

	Consolidated		Company	
	2023	2022	2023	2022
	£	£	£	£
Non current				
Bank loans	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>

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 SONIA interest rate. Weighted average cost of borrowing is 5.59% (2022: 2.64%).

The facility maturity date is 28 June 2026.

Consolidated and Company

	1 year or less	1-5 years	Total
	£	£	£
2023			
Bank loans	<u>-</u>	<u>5,000,000</u>	<u>5,000,000</u>
2022			
Bank loans	<u>-</u>	<u>5,000,000</u>	<u>5,000,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19 Lease liabilities

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

	Consolidated		Company	
	2023	2022	2023	2022
	£	£	£	£
Current	472,033	535,439	472,033	535,439
Non-current	4,895,772	584,951	4,895,772	584,951
	5,367,805	1,120,390	5,367,805	1,120,390

Consolidated

	2023	2022
	£	£
Movement in lease liabilities		
Balance at 1 July	1,120,390	2,716,957
Interest expense for the year	86,944	36,290
Additions	4,961,320	133,886
Payments	(635,415)	(686,701)
Modification	(165,434)	(1,080,042)
Balance at 30 June	5,367,805	1,120,390

Maturity analysis

	2023	2022
	£	£
Within one year	482,250	539,673
After one year but not more than two years	846,468	211,373
After two years but not more than five years	2,248,071	308,727
More than five years	3,085,871	103,379
	6,662,660	1,163,152
Less discounting	(1,294,855)	(42,762)
	5,367,805	1,120,390

Company

	2023	2022
	£	£
Movement in lease liabilities		
Balance at 1 July	1,120,390	2,086,839
Interest expense for the period	86,944	26,368
Additions	4,961,320	66,886
Payments	(635,415)	(547,585)
Modification	(165,434)	(512,118)
Balance at 30 June	5,367,805	1,120,390

Maturity analysis

	2023	2022
	£	£
Within one year	482,250	539,673
After one year but not more than two years	846,468	211,373
After two years but not more than five years	2,248,071	308,727
More than five years	3,085,871	103,379
	6,662,660	1,163,152
Less discounting	(1,294,855)	(42,762)
	5,367,805	1,120,390

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20 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. 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:

	2023 £	2022 £
Cash and cash equivalents	<u>2,318,778</u>	<u>1,175,172</u>

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

	2023 £	2022 £
Operating Profit / (Loss) for the year after income tax	1,700,079	(1,351,587)
Adjustments for non-cash and non-operating expenses:		
Depreciation, amortisation and impairment expenses	1,182,131	1,031,563
Impairment of right-of-use assets	132,422	-
Loss on disposal of fixed assets	5,195	13,579
Unrealised FX gain related to non-operating items	(261,271)	(38,503)
Income tax reflected in equity	(221,395)	(156,113)
Loss / (gain) on lease modification	8,038	(131,271)
Changes in operating assets and liabilities resulting from changes to net profit:		
Increase in receivables, prepayments and other assets	(3,493,387)	(765,465)
Increase in trade creditors and accruals	879,101	294,297
Increase in income taxes payable	38,474	-
Decrease / (increase) in work in progress	1,799,356	(94,275)
Increase / (decrease) in provisions	2,095	(116,339)
Cash generated by / (used in) operating activities	<u>1,770,838</u>	<u>(1,314,114)</u>

(c) Reconciliation of liabilities arising from financing activities

Non-cash changes						
	2022 £	Cash flows £	Distribution £	Foreign exchange movements £	IFRS16 addition, disposal and modification £	2023 £
Long term borrowings	5,000,000	-	-	-	-	5,000,000
Financing with associated parties	(932,082)	1,658,364	(1,079,977)	(261,270)	-	(614,965)
Lease liabilities	1,120,390	(548,471)	-	-	4,795,886	5,367,805
	<u>5,188,308</u>	<u>1,109,893</u>	<u>(1,079,977)</u>	<u>(261,270)</u>	<u>4,795,886</u>	<u>9,752,840</u>

Non-cash changes						
	2021 £	Cash flows £	Distribution £	Foreign exchange movements £	IFRS16 addition, disposal and modification £	2022 £
Long term borrowings	4,000,000	1,000,000	-	-	-	5,000,000
Bank overdraft	805,329	(805,329)	-	-	-	-
Financing with associated parties	(1,774,815)	1,702,883	(821,647)	(38,503)	-	(932,082)
Lease liabilities	2,716,956	(650,411)	-	-	(946,155)	1,120,390
	<u>5,747,470</u>	<u>1,247,143</u>	<u>(821,647)</u>	<u>(38,503)</u>	<u>(946,155)</u>	<u>5,188,308</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21 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.

	2023 £	2022 £
Financial assets		
Cash and cash equivalents	2,318,778	1,175,172
Trade and other receivables	12,554,038	8,564,861
	14,872,816	9,740,033
Financial liabilities held at amortised cost		
Trade and other payables	6,468,647	5,846,590
Borrowings	5,000,000	5,000,000
	11,468,647	10,846,590

(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:

<i>Net debt divided by total equity</i>	2023 £	2022 £
Net debt	2,681,222	3,824,828
Total equity	13,581,247	11,230,586
Net debt to equity ratio	20%	34%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22 Provisions

Consolidated

	2023	2022
	£	£
Current		
Professional indemnity claims excess	171,313	128,377
Premises make good	140,037	47,285
	311,350	175,662
Non current		
Premises make good	99,964	208,231
	99,964	208,231

Company

Current		
Professional indemnity claims excess	171,313	100,149
Premises make good	140,037	-
	311,350	100,149
Non current		
Premises make good	99,964	208,231
	99,964	208,231

(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	255,516	128,377	383,893
Net provision released	25,071	133,579	158,650
Make good provision modification	255	-	255
Financing charge	3,812	-	3,812
Payments	(44,653)	(90,643)	(135,296)
	240,001	171,313	411,314
Current	140,037	171,313	311,350
Non-current	99,964	-	99,964
	240,001	171,313	411,314

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22 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	208,231	100,149	308,380
Net provision recognised	25,071	133,579	158,650
Make good provision modification	3,100	-	3,100
Financing charge	3,599	-	3,599
Payments	-	(62,415)	(62,415)
	240,001	171,313	411,314
Current	140,037	171,313	311,350
Non-current	99,964	-	99,964
	240,001	171,313	411,314

23 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23 Employee benefit obligations (continued)

	Defined benefits pension plans	
	2023	2022
	£	£
The amounts recognised in the statement of financial position are as follows:		
Fair value of scheme assets	2,052,000	2,082,000
Present value of funded obligations	(1,464,000)	(1,625,000)
	588,000	457,000
Present value unfunded obligations:		
Surplus	588,000	457,000
Net assets	588,000	457,000
The amounts recognised in profit or loss are as follows:		
Net interest from net defined benefit asset/liability	(18,000)	1,000
	(18,000)	1,000
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	(1,625,000)	(2,210,000)
Interest cost	(58,000)	(39,000)
Benefits paid	56,000	53,000
Actuarial gain on the Scheme's liabilities	163,000	571,000
Closing defined benefit obligation	(1,464,000)	(1,625,000)
Changes in the fair value of scheme assets are as follows:		
Opening fair value of scheme assets	2,082,000	2,138,000
Contributions by employer	51,000	47,000
Interest income	76,000	38,000
Benefits paid	(56,000)	(53,000)
Return on plan assets (excluding interest income)	(101,000)	(88,000)
Closing fair value of scheme assets	2,052,000	2,082,000
The amounts recognised in other comprehensive income are as follows:		
Impact of changes in actuarial assumptions on the Scheme's liabilities	322,000	571,000
Experience losses arising on the Scheme's liabilities	(159,000)	-
Return on plan assets (excluding interest income)	(101,000)	(88,000)
	62,000	483,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23 Employee benefit obligations (continued)

	Defined benefits pension plans	
	2023	2022
	£	£
The major categories of scheme assets as amounts of total scheme assets are as follows:		
Equities and alternative investments	501,000	1,246,000
Bonds	1,116,000	375,000
Property	-	120,000
Cash	435,000	341,000
	2,052,000	2,082,000

	2023	2022
Principal actuarial assumptions at the statement of financial position date (expressed as weighted averages):		
Discount rate	5.20%	3.65%
RPI inflation assumption	3.35%	3.15%
Pension revaluation deferment	2.55%	2.35%
Pension increases in payment	3.25%	3.10%

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 <i>normal retirement or earlier death</i> .
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 2022 projection model with a long term rate of improvement of 1.25% pa. (In accordance with mortality tables S3PA using the CMI 2021 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 2022 projection model with a long term rate of improvement of 1.25% pa. (In accordance with mortality tables S3PA using the CMI 2021 projection model with a long term rate of improvement of 1.25% pa).
Marital Status	85% of males and 75% 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23 Employee benefit obligations (continued)

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%	+3.1%
Rate of inflation	Increase by 0.25%	+1.6%
Life expectancy	Increase by 1 year	+2.3%

24 Capital commitments

	2023 £	2022 £
Commitments for the acquisition of plant and equipment contracted for at the reporting date but not recognized as liabilities payable:		
No later than one year	<u>82,022</u>	<u>37,600</u>

25 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 (2022: £nil) were outstanding at year end date.

At 30 June 2023 and 2022 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.

26 Financial risk management

The Group manages its exposure to key financial risks which are credit risk, liquidity risk and market 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 14). 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 of trade 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 14). Receivable balances are monitored on an ongoing basis to minimise the Group's exposure to credit risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26 Financial risk management (continued)

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.

	High Grade	Acceptable grade	Total
	£	£	£
2023			
Cash and cash equivalents	2,318,778	-	2,318,778
Trade and other receivables	2,694,111	9,859,927	12,554,038
	5,012,889	9,859,927	14,872,816
	High Grade	Acceptable grade	Total
	£	£	£
2022			
Cash and cash equivalents	1,175,172	-	1,175,172
Trade and other receivables	2,241,727	6,323,134	8,564,861
	3,416,899	6,323,134	9,740,033

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, the Group's debt will mature in less than one year totaling £nil (2022: £nil). Credit facilities at balance date are set out in note 18.

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.

	Carrying amount	Less than 3 months	3 months - 1 year	1-5 years	More than 5 years
	£	£	£	£	£
2023					
Financial liabilities					
Non-derivatives					
Trade and other payables	6,468,647	4,389,501	2,079,146	-	-
Borrowings	5,000,000	-	-	5,837,750	-
Lease liabilities	5,367,805	-	482,250	3,094,539	3,085,871
	16,836,452	4,389,501	2,561,396	8,932,289	3,085,871
	Carrying amount	Less than 3 months	3 months - 1 year	1-5 years	More than 5 years
	£	£	£	£	£
2022					
Financial liabilities					
Non-derivatives					
Trade and other payables	5,846,590	3,760,402	2,086,188	-	-
Borrowings	5,000,000	-	-	5,264,013	-
Lease liabilities	1,120,390	-	539,673	520,100	103,379
	11,966,980	3,760,402	2,625,861	5,784,113	103,379

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26 Financial risk management (continued)

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.

Payables to related entities totaling £2,079,146 (2022: £1,309,645) were in currencies other than British Pounds. Borrowings from related parties totaling £nil (2022: £nil) were in currencies other than British Pound.

The Group's foreign currency exposure arises mainly from exchange rate movements of the Australian dollar and the United States 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 £207,915 (2022: £130,965). 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 18), 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)

27 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 14)	Payables (note 17)	Dividends and distributions received
Ultimate parent	-	-	553,722	-	-	554,776	-
Common controlled entities	11,257,852	18,353,249	84,982	276,882	2,694,111	1,524,370	1,079,977
Total	11,257,852	18,353,249	638,704	276,882	2,694,111	2,079,146	1,079,977

	Non-interest bearing						
	Consulting Services revenue	Consulting Services purchases	Support service revenue (note 5)	Service charge (note 7)	Receivables (note 14)	Payables (note 17)	Dividends and distributions received
Ultimate parent	-	-	852,252	-	1,498,839	-	-
Common controlled entities	5,234,620	764,493	538,075	122,054	742,888	1,309,645	821,647
Total	5,234,620	764,493	1,390,327	122,054	2,241,727	1,309,645	821,647

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27 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.

2023

	Non-interest bearing						Dividends and distributions received	Captive Insurance premium
	Consulting Services revenue	Consulting Services purchases	Support service revenue	Service charges	Receivables (note 14)	Payables (note 17)		
Ultimate parent	-	-	387,448	-	203,779	-	-	-
Controlled entities	-	-	4,677,422	-	(216,036)	6,685,743	-	-
Common controlled entities	10,872,642	16,478,087	84,982	183,911	1,915,230	1,365,913	1,079,977	86,148
Total	10,872,642	16,478,087	5,149,852	183,911	1,902,973	8,052,656	1,079,977	86,148

2022

	Non-interest bearing						Dividends and distributions received	Captive Insurance premium
	Consulting Services revenue	Consulting Services purchases	Support service revenue	Service charges	Receivables (note 14)	Payables (note 17)		
Ultimate parent	-	-	564,240	-	2,320,486	-	-	-
Controlled entities	-	-	2,169,348	-	640,347	5,835,695	-	-
Common controlled entities	5,300,961	4,920,744	538,065	77,700	755,289	1,217,734	821,647	60,092
Total	5,300,961	4,920,744	3,271,853	77,700	3,716,122	7,053,429	821,647	60,092

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28 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 15, 133 Castlereagh Street, Sydney NSW 2000, 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.

29 Subsequent events

There are no subsequent events since 30 June 2023 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 2023**

	2023 £	2022 £
Revenue		
Revenue from contracts with customers	46,945,692	24,229,553
Other revenue	5,149,851	3,271,653
	52,095,543	27,501,206
Cost of sales		
Direct labour costs	9,188,636	6,516,190
Project disbursement	17,209,239	5,283,363
Subcontractors	2,006,003	1,878,631
	28,403,878	13,678,184
Other operating income / (expenses)		
Government incentives	28,282	18,900
Insurance receipts	-	40,000
Release of deferred settlement	532,710	-
Other Income	7,656	-
Loss on disposal of fixed assets	-	(6,153)
(Loss) / gain on lease modification	(8,038)	101,121
Impairment of financial and contract assets	(2,193)	(10,010)
Impairment of non-financial assets	(132,422)	-
Finance income	18,000	-
Exchange gain	139,550	11,461
	583,545	155,319
Administrative expenses		
Employee Costs	16,403,176	11,580,864
Management services charge	183,911	77,700
Finance Costs	326,387	137,100
Recruitment	415,698	279,098
Training	133,453	119,992
Depreciation	334,094	193,060
Software amortisation	6,671	3,048
Depreciation of right-of-use assets	671,271	522,031
Occupancy Costs	454,361	376,207
IT expenses	798,995	574,526
Travel	761,521	291,874
Insurance Costs	559,338	144,935
Entertainment	102,674	63,382
Professional Fees	1,577,420	993,190
Business Development & Marketing	63,609	374,921
Telephone	38,025	14,198
Bank Charges	18,917	16,410
Printing & Stationery	7,421	5,979
Lease expenses	54,809	8,387
Other expenses	594,528	339,313
	23,506,279	16,116,215