

**Matthews - Daniel International  
(London) Limited**

Annual Report and Financial Statements

Year Ended

31 December 2020

Company Number 01205149



# **Matthews - Daniel International (London) Limited**

## **Company Information**

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<b>Directors</b>	G Mawditt D Cox H Kennaway
<b>Company secretary</b>	Pinsent Masons Secretarial Limited
<b>Registered number</b>	01205149
<b>Registered office</b>	1 Park Row Leeds LS1 5AB
<b>Independent auditor</b>	BDO LLP 55 Baker Street London W1U 7EU

# **Matthews - Daniel International (London) Limited**

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# **Matthews - Daniel International (London) Limited**

## **Strategic report For the year ended 31 December 2020**

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### **Introduction**

The directors present their Strategic report together with the audited financial statements for the year.

### **Business review**

MD London provides loss adjusting solutions in the energy, marine, mining, renewables and heavy engineering industries. The company also supports the wider group's functions within the London insurance market.

2020 continued the recent, and unprecedented, benign period for industry losses. The low level of claims, particularly in the upstream sector was further compounded by the restrictions on travel brought in due to the COVID-19 pandemic. It is worthy of note that few of the assets we work in relation to are in the UK and so overseas attendance has a significant impact our revenue. Despite these factors our market share has remained stable and further consolidation in competitors has provided the company with opportunities but has also increased competition for the best staff. In this regard, the company will continue to recruit new entrants to the profession and will also continue to target established professionals. The insurance market continues to focus on cost control, and rates remain flat thus there is pressure on margins. Our reputation and current business pipeline indicates that the company is well placed for growth, and modernization of the operational model will allow us to improve margins and take the opportunities ahead.

The company continues to strive for connected business areas to allow for further diversification and provide breadth to the business. Within our core business, the company continues to seek to build its reputation and provide clients with innovative solutions, and to engage adjacent stakeholders as clients.

### **Principal risks and uncertainties**

1. Industry cycles – medium
  - a. Energy Industry Cycle – level of investment drives level of activity.
  - b. Insurance Market Cycle – low premium rates / level of deductible impacts underwriters cost perception.
2. Geopolitical events – medium
  - a. Trade sanctions.
  - b. Impacts on energy market and insurance market – see above.
  - c. Covid – continuing challenges in travel.

These risks are principally managed by having a diverse portfolio of work, both in terms of class / industry of business and through the regions that business is conducted in.

3. Stagnant charge-out rates – medium
  - a. Connect to insurance market cycle – opportunity to move rates up is lagging behind employment costs.
4. Increasing employment costs – medium
  - a. Increasing expense to bring in experienced staff, in particular given the competition in the market place.

These risks are managed by employing staff with backgrounds in other industries and minimising competition for staff in a small market. By delegating activities previously carried out by senior staff to higher margin staff, the company is able to help mitigate the effect of stagnant charge-out rates

## **Matthews - Daniel International (London) Limited**

**Strategic report (continued)**  
**For the year ended 31 December 2020**

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### **Financial key performance indicators**

Production decreased by 29% from last year, primarily as a result of a reduction in the external revenue and WIP.

The trading margin improved slightly in the year, which was mainly attributable to the various cost control plans being implemented.

Operating cash flow remained stable in 2020 due to the maintained focus on working capital management.

Debtor days have remained consistent, going from 224 in 2019 to 211 in 2020. We continue to maintain focus on cash collection including continued engagement with the process improvement initiatives from head office.

Finally, the foreign exchange risk is managed centrally at BV Head office level, mitigated by the group-level Treasury functions.

This report was approved by the board on 22 December 2021 and signed on its behalf.



**D Cox**  
Director

# **Matthews - Daniel International (London) Limited**

## **Directors' report For the year ended 31 December 2020**

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The directors present their report and the financial statements for the year ended 31 December 2020.

### **Results and dividends**

The profit for the year, after taxation, amounted to £365,551 (2019 - £1,238,571).

Dividends of £2,000,000 were paid during the year (2019 - £Nil).

### **Directors**

The directors who served during the year were:

K E Jarman (resigned 19 November 2020)  
G Mawditt  
D Cox  
H Kennaway

### **Matters covered in the Strategic report**

Covered in the Strategic report are future developments, risk management policies and exposure to price, credit, liquidity and cash flow risks.

### **Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### **Auditor**

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 22 December 2021

and signed on its behalf.



**D Cox**  
Director

## **Matthews - Daniel International (London) Limited**

### **Directors' responsibilities statement For the year ended 31 December 2020**

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The directors are responsible for preparing the strategic report, the 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

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

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

# **Matthews - Daniel International (London) Limited**

## **Independent auditor's report to the members of Matthews - Daniel International (London) Limited**

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### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Matthews-Daniel International (London) Limited ("the company") for the year ended 31 December 2020 which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

### **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. In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

### **Independence**

We remain independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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 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.



## **Matthews - Daniel International (London) Limited**

### **Independent auditor's report to the members of Matthews - Daniel International (London) Limited (continued)**

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#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. 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.

#### **Other Companies Act 2006 reporting**

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 Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

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

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

## **Matthews - Daniel International (London) Limited**

### **Independent auditor's report to the members of Matthews - Daniel International (London) Limited (continued)**

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#### **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.

#### *Extent to which the audit was capable of detecting irregularities, including fraud*

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:

- obtaining an understanding of the legal and regulatory frameworks that are applicable to the Company. These include, but are not limited to, compliance with the Companies Act, United Kingdom Generally Accepted Accounting Practice and tax legislation.
- making enquiries of management regarding the company's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- making enquiries of management and reviewing minutes of the board of directors in order to identify any instances of fraud or non-compliance with laws and regulations;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur in the financial statements and any potential indicators of fraud. We identified potential for fraud in the following areas and performed the following procedures:
  - management override of controls: we evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates and judgements. Audit procedures performed included:
    - challenging assumptions made by management in their significant accounting estimates in particular in relation to depreciation rates on tangible fixed assets and provisions against trade debtors;
    - identifying and testing journal entries, in particular any journal entries to revenue not in line with expectations and reviewing journal entries for journals inconsistent with the usual transactions of the company.
    - revenue recognition: application of cut off and existence. We reviewed transactions pre and post year end to check that the associated revenue is reflected in the correct period. We reviewed manual postings to revenue to ensure that no manipulation had occurred in the general ledger.
    - communicating relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

## Matthews - Daniel International (London) Limited

### Independent auditor's report to the members of Matthews - Daniel International (London) Limited (continued)

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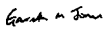
#### Auditor's responsibilities for the audit of the financial statements (continued)

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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.

DocuSigned by:  
  
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**Gareth M Jones** (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
London  
United Kingdom

Date: 29 December 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## Matthews - Daniel International (London) Limited

### Statement of comprehensive income For the year ended 31 December 2020

	Note	2020 £	2019 £
Turnover	4	7,289,820	10,273,041
Change in work in progress		(45,416)	(217,073)
<b>Gross profit</b>		<b>7,244,404</b>	<b>10,055,968</b>
Depreciation	12	(44,476)	(44,739)
Employee costs	7	(3,770,146)	(3,610,887)
Other operating income	5	18,784	-
Other operating charges		(3,037,726)	(4,973,002)
<b>Operating profit</b>	<b>6</b>	<b>410,840</b>	<b>1,427,340</b>
Income from shares in group undertakings		89	50
Interest receivable and similar income	9	-	1,978
Interest payable and similar charges	10	(2,487)	(6,377)
<b>Profit before tax</b>		<b>408,442</b>	<b>1,422,991</b>
Tax on profit	11	(42,891)	(184,420)
<b>Profit for the financial year</b>		<b>365,551</b>	<b>1,238,571</b>

All amounts relate to continuing operations.

There was no other comprehensive income for 2020 (2019 - £Nil).

The notes on pages 12 to 25 form part of these financial statements.

**Matthews - Daniel International (London) Limited**  
Registered number:01205149

**Balance sheet**  
**As at 31 December 2020**

	Note	2020 £	2020 £	2019 £	2019 £
<b>Fixed assets</b>					
Tangible assets	12		50,712		75,154
Investments	13		20,110		20,110
			<u>70,822</u>		<u>95,264</u>
<b>Current assets</b>					
Debtors: amounts falling due within one year	14	6,991,867		8,553,587	
Cash and cash equivalents	15	7,869		77,525	
		<u>6,999,736</u>		<u>8,631,112</u>	
Creditors: amounts falling due within one year	16	(6,048,574)		(6,069,943)	
<b>Net current assets</b>			<u>951,162</u>		<u>2,561,169</u>
<b>Total assets less current liabilities</b>			<u>1,021,984</u>		<u>2,656,433</u>
<b>Net assets</b>			<u>1,021,984</u>		<u>2,656,433</u>
<b>Capital and reserves</b>					
Called up share capital	18		5,000		5,000
Capital contribution	19		95,987		95,987
Profit and loss account	19		920,997		2,555,446
			<u>1,021,984</u>		<u>2,656,433</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 December 2021.



**D Cox**  
Director

The notes on pages 12 to 25 form part of these financial statements.

## Matthews - Daniel International (London) Limited

### Statement of changes in equity For the year ended 31 December 2020

	Called up share capital £	Capital contribution £	Profit and loss account £	Total equity £
<b>At 1 January 2019</b>	5,000	95,987	1,316,875	1,417,862
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	1,238,571	1,238,571
<b>At 1 January 2020</b>	5,000	95,987	2,555,446	2,656,433
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	365,551	365,551
<b>Contributions by and distributions to owners</b>				
Dividends paid	-	-	(2,000,000)	(2,000,000)
<b>At 31 December 2020</b>	5,000	95,987	920,997	1,021,984

# Matthews - Daniel International (London) Limited

## Notes to the financial statements For the year ended 31 December 2020

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### 1. General information

Matthews-Daniel International (London) Limited is a private company incorporated in England and Wales under the Companies Act. It is a company limited by shares. The address of the registered office is given on the Company Information page and the nature of the company's operations and principal activity are set out in the Directors' report and Strategic report.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

#### 2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Bureau Veritas SA as at 31 December 2020.

#### 2.3 Exemption from preparing consolidated financial statements

The company is a parent company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of a non-EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 401 of the Companies Act 2006.

#### 2.4 Turnover

Turnover represents the amounts including recoverable expenses receivable for services rendered during the year and is stated net of value added tax. Turnover is recognised when the right to consideration has arisen through the performance under each contract. Consideration accrues as the contract progresses by reference to the value of work performed. Turnover which has not been billed at the Balance sheet date is shown as unbilled revenue within debtors.

# **Matthews - Daniel International (London) Limited**

## **Notes to the financial statements For the year ended 31 December 2020**

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### **2. Accounting policies (continued)**

#### **2.5 Government grants**

Grants are accounted for under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in "other income" within profit or loss in the same period as the related expenditure. This includes the Government Coronavirus Job Retention Scheme ('Furlough'). The company has not directly benefited from any other forms of government assistance.

#### **2.6 Depreciation**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, as shown below.

Depreciation is provided on the following bases:

Leasehold improvements	- 10% Straight line
Office equipment	- 15-33.33% Straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

#### **2.7 Foreign currency translation**

##### **(a) Functional and presentation currency**

Items included in the financial statements of each of the company are measured using the currency of the primary economic environment in which the company operates ("the functional currency"). The financial statements are presented in sterling, which is the company's functional and presentational currency.

##### **(b) Transactions and balances**

Foreign currency transactions are translated into the company's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income or expenses'.



# Matthews - Daniel International (London) Limited

## Notes to the financial statements For the year ended 31 December 2020

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### 2. Accounting policies (continued)

#### 2.8 Leased assets: lessee

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the Statement of comprehensive income over the shorter estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the Statement of comprehensive income over the term of the lessee and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the Statement of comprehensive income on a straight-line basis over the term of the lease.

#### 2.9 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the Balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

# **Matthews - Daniel International (London) Limited**

## **Notes to the financial statements For the year ended 31 December 2020**

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### **2. Accounting policies (continued)**

#### **2.10 Pensions**

##### **Defined contribution pension plan**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the company in independently administered funds.

#### **2.11 Interest income**

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

#### **2.12 Finance costs**

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

#### **2.13 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance sheet date.

# **Matthews - Daniel International (London) Limited**

## **Notes to the financial statements For the year ended 31 December 2020**

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### **2. Accounting policies (continued)**

#### **2.14 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

#### **2.15 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

#### **2.16 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

#### **2.17 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

#### **2.18 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

## Matthews - Daniel International (London) Limited

### Notes to the financial statements For the year ended 31 December 2020

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#### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

In preparing these financial statements, the directors have had to make the following judgements:

- The company calculates the provision against trade receivables based on various customers' historical observed default rates with consideration of forecast economical conditions. The assessment of the correlation between historical observed default rates and expected default rates requires significant judgement.

Other key sources of estimation uncertainty

Tangible fixed assets (see note 12)

- Tangible fixed assets, other than investments properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Turnover

- Turnover for any financial period consist of invoices raised for each project plus the effect of changes in deferred and accrued income on the project. The calculation of deferred and accrued income relies on both the details of the project to date and estimations of the revenue and costs to the completion of the contract. The estimate of total contract costs and revenues are reviewed periodically and the cumulative effects of the changes are recognised in the period in which they are identified.

#### 4. Turnover

The whole of the turnover is attributable to the principal activity.

All turnover arose within the United Kingdom.

#### 5. Other operating income

	2020 £	2019 £
Furlough grant income	18,784	-

## Matthews - Daniel International (London) Limited

### Notes to the financial statements For the year ended 31 December 2020

#### 6. Operating profit

The operating profit is stated after charging/(crediting):

	2020 £	2019 £
Operating lease rentals - other	346,908	346,908
Foreign exchange loss/ (gain)	85,330	(21,535)
Depreciation of tangible fixed assets	44,476	44,739
Auditors' remuneration - audit fees	37,850	36,000
	<u>346,908</u>	<u>346,908</u>

#### 7. Employees

Staff costs, including directors' remuneration, including directors' remuneration, were as follows:

	2020 £	2019 £
Wages and salaries	3,247,805	3,079,219
Social security costs	299,296	286,130
Cost of defined contribution scheme	223,045	245,538
	<u>3,770,146</u>	<u>3,610,887</u>

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

	2020 No.	2019 No.
Loss adjusting	17	18
Administration	9	9
	<u>26</u>	<u>27</u>

## Matthews - Daniel International (London) Limited

### Notes to the financial statements For the year ended 31 December 2020

#### 8. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	914,116	977,242
Company contributions to defined contribution pension schemes	53,823	67,419
	<u>967,939</u>	<u>1,044,661</u>

The highest paid director received remuneration of £312,404 (2019 - £293,246).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £18,863 (2019 - £15,575).

Personal pension payments have been made in respect of 4 (2019 - 4) directors.

#### 9. Interest receivable and similar income

	2020 £	2019 £
Interest receivable	-	1,978
	<u>-</u>	<u>1,978</u>

#### 10. Interest payable and similar charges

	2020 £	2019 £
Loans from group undertakings	2,487	6,377
	<u>2,487</u>	<u>6,377</u>

## Matthews - Daniel International (London) Limited

### Notes to the financial statements For the year ended 31 December 2020

#### 11. Taxation

	2020 £	2019 £
<b>Corporation tax</b>		
Current tax on profits for the year	47,583	193,237
Adjustments in respect of previous periods	(3,223)	(2,737)
	<u>44,360</u>	<u>190,500</u>
Double taxation relief	-	(1,257)
	<u>44,360</u>	<u>189,243</u>
Foreign tax	-	2,297
<b>Total current tax</b>	<u>44,360</u>	<u>191,540</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	658	(7,384)
Adjustments in respect to prior periods	(43)	264
Effect of tax rate change on opening balance	(2,084)	-
<b>Total deferred tax (Note 16)</b>	<u>(1,469)</u>	<u>(7,120)</u>
<b>Taxation on profit on ordinary activities</b>	<u>42,891</u>	<u>184,420</u>

# Matthews - Daniel International (London) Limited

## Notes to the financial statements For the year ended 31 December 2020

### 11. Taxation (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	<b>408,442</b>	1,422,991
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	<b>77,604</b>	270,368
Effects of:		
Expenses not deductible for tax purposes	<b>15,200</b>	24,000
Group income not taxable	<b>(17)</b>	(9)
Group relief claimed	<b>(44,546)</b>	(109,375)
Foreign tax credits	-	1,040
Adjustments to corporation tax charge in respect of previous periods	<b>(3,223)</b>	(2,737)
Adjustments to deferred tax charge in respect of previous periods	<b>(43)</b>	264
Tax rate changes	<b>(2,084)</b>	869
<b>Total tax charge for the year</b>	<b>42,891</b>	184,420

#### Factors that may affect future tax charges

A change in the main UK corporation tax rate was announced in the budget on 3 March 2021, was substantively enacted on 24 May 2021 and received royal assent on 10 June 2021. From 1 April 2023 the main corporation tax rate will increase from 19% to 25% on profits over £250,000. The rate for small profits under £50,000 will remain at 19%. Where the company's profits fall between £50,000 and £250,000, the lower and upper limits, it will be able to claim an amount of marginal relief providing a gradual increase in the corporation tax rate. This will increase the company's carried forward losses accordingly.



## Matthews - Daniel International (London) Limited

### Notes to the financial statements For the year ended 31 December 2020

#### 12. Tangible fixed assets

	Leasehold improvements £	Office equipment £	Total £
<b>Cost</b>			
At 1 January 2020	374,465	708,601	1,083,066
Additions	-	20,034	20,034
At 31 December 2020	<u>374,465</u>	<u>728,635</u>	<u>1,103,100</u>
<b>Depreciation</b>			
At 1 January 2020	374,465	633,447	1,007,912
Charge for the year on owned assets	-	44,476	44,476
At 31 December 2020	<u>374,465</u>	<u>677,923</u>	<u>1,052,388</u>
<b>Net book value</b>			
At 31 December 2020	<u>-</u>	<u>50,712</u>	<u>50,712</u>
At 31 December 2019	<u>-</u>	<u>75,154</u>	<u>75,154</u>

#### 13. Fixed asset investments

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 January 2020 and 31 December 2020	<u>20,110</u>

#### Subsidiary undertaking

The following was a subsidiary undertaking of the company:

Name	Principal activity	Class of shares	Holding
Matthews-Daniel International (Norge) AS	Loss adjusting	Ordinary	100%

The registered address of Matthews-Daniel International (Norge) AS is Grev Wedels Plass 5, NO 0151 Oslo, Norway.

## Matthews - Daniel International (London) Limited

### Notes to the financial statements For the year ended 31 December 2020

#### 14. Debtors: amounts falling due within one year

	2020 £	2019 £
Trade debtors	4,219,694	5,529,551
Amounts owed by group undertakings	338,954	384,720
Other debtors	148,265	211,768
Prepayments and accrued income	57,116	141,744
Unbilled revenues	2,011,518	2,176,593
Corporation tax	197,176	91,536
Deferred taxation (Note 16)	19,144	17,675
	<u>6,991,867</u>	<u>8,553,587</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

#### 15. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	<u>7,869</u>	<u>77,525</u>

#### 16. Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	255,958	672,748
Amounts owed to group undertakings	4,251,451	4,405,859
Other taxation and social security	165,559	187,543
Other creditors	411,743	335,025
Accruals and deferred income	963,863	468,768
	<u>6,048,574</u>	<u>6,069,943</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

## Matthews - Daniel International (London) Limited

### Notes to the financial statements For the year ended 31 December 2020

#### 17. Deferred taxation

	2020 £
At beginning of year	17,675
Credited to the Statement of comprehensive income (Note 10)	1,469
<b>At end of year</b>	<b>19,144</b>

The deferred tax asset is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	14,850	10,227
Short term timing differences	4,294	7,448
	<b>19,144</b>	<b>17,675</b>

#### 18. Share capital

	2020 £	2019 £
<b>Allotted, called up and fully paid</b>		
2,550 'A' ordinary shares shares of £1.00 each	2,550	2,550
2,450 'B' ordinary shares shares of £1.00 each	2,450	2,450
	<b>5,000</b>	<b>5,000</b>

The holders for the time being being of a majority of 'A' shares shall be entitled to appoint, remove and maintain three directors of the company.

The holders for the time being being of a majority of 'B' shares shall be entitled to appoint, remove and maintain three directors of the company.

Other than the above, 'A' and 'B' shares carry the same rights in all respects.

## Matthews - Daniel International (London) Limited

### Notes to the financial statements For the year ended 31 December 2020

#### 19. Reserves

##### Profit and loss account

The profit and loss account represents cumulative profits and losses net of dividends paid and other adjustments.

##### Capital contribution

The capital contribution reserve represents the discounted amount of the shareholder's loan arising on transition.

#### 20. Commitments under operating leases

At 31 December 2020 the company had future minimum lease payments due under non-cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	380,000	-
Later than 1 year and not later than 5 years	1,235,000	-
	<u>1,615,000</u>	<u>-</u>

#### 21. Related party transactions

The company has taken advantage of the exemption conferred by FRS 102 s.33.1A not to disclose transactions with other wholly owned members of the group.

#### 22. Ultimate parent company and controlling party

The immediate parent company is Matthews-Daniel Holdings Limited.

Bureau Veritas SA, a company registered in France, is the ultimate parent company and controlling party.

The largest and smallest group in which the results of the company are consolidated is that headed by Bureau Veritas SA. Copies of the consolidated financial statements are available on [www.group.bureauveritas.com](http://www.group.bureauveritas.com).