Registered number: 01593542

Currie & Brown (Japan) Limited

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR

ENDED 31 DECEMBER 2018

Company Information

Directors	D A Broomer R Fuller E Tan
Company Secretary	S Hogg
Registered Number	01593542
Registered Office	40 Holborn Viaduct London EC1N 2PB
Auditors	Ernst & Young LLP 1 More London Place London SE1 2AF
Bankers	Citibank 2F Hiroo Plaza 5-6-6 Hiroo Shibuya-ku Tokyo 150-0012

Contents

Strategic report

The directors present their strategic report for Currie & Brown (Japan) Limited (the "Company") for the year ended 31 December 2018.

Principal activities

The principal activities of the Company continue to be that of carrying on the business of Quantity Surveyors, Cost Consultants and Project Managers in Japan and the Far East.

Results for the year and business review

The loss for the year after taxation is £25,839 (2017: loss of £46,418). The business experienced a slow start to the year with a low win rate of new work to find resulting in low staff utilisation. This position improved later in the year as a number of key wins helped strengthen the order book and improve the pipeline activity. A gross profit margin of 14% was achieved in the year compared with 18% in 2017, and net assets decreased to £269,945 (2017: £273,742). Following the increasing level of wins with clients in the technology sector, the outlook for 2019 looks to be positive.

Key performance indicators

Key performance measures have been identified to bring focus to the delivery of the Company's objectives, including the following:

- Turnover growth;
- Gross and net margins;
- Cash generation and working capital control; and
- Training delivery and uptake.

The long-term objective continues to be to grow profits, margins and cash. The Board continues to monitor performance and to take action wherever necessary.

Principal risks and uncertainties

During the year, the Company operated as part of the Currie & Brown group of companies (the 'group'), and the directors identified the following risks and uncertainties:

Delivery risk

The company manages the delivery of services to clients in accordance with cost and service quality requirements by implementing controls to monitor project progress and profitability.

Credit risk

In order to manage credit risk, all significant new clients are required to be referred to the Company's credit control function for a financial reference. In addition, credit control also reviews overdue balances regularly with the Board.

Currency risk

The Company is exposed to foreign exchange risk. Transaction exposures, including those associated with forecast transactions, are hedged when known by holding designated foreign currency cash balances against future known commitments.

Strategic report (continued)

Liquidity risk

The Company seeks to manage liquidity risk by ensuring sufficient liquidity is available to meet foreseeable needs.

On behalf of the Board

D A Broomer
Director
27 September 2019

Directors' report

The directors present their report and the financial statements for the year ended 31 December 2018.

Directors

The directors who served the Company during the year and up to the date of this report are set out below.

D A Broomer
R Fuller
E Tan

Dividends

The directors do not recommend payment of a dividend (2017: £nil).

Going concern

The company has access to the financial resources of its parent undertaking, Currie & Brown Holdings Limited ("CBH"). CBH has confirmed its ongoing financial support in writing for a period of at least twelve months from the date of the approval of the financial statements. On the basis of their assessment of the company's financial position, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual reports and financial statements.

Indemnity insurance

The group has purchased insurance for the directors and officers of the company against liability arising for wrongful acts in relation to the company, subject to the conditions set out in s234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' report.

Employee involvement

During the year, the policy of providing employees with information about the company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas. Employees participate directly in the success of the business through the company's profit-sharing schemes.

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Directors' report (continued)

Disclosure of information to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

In accordance with s.485 of the Companies Act 2006, a resolution is to be proposed to reappoint Ernst & Young LLP as auditors of the company.

Post balance sheet events

There have been no significant post balance sheet events.

On behalf of the Board

D A Broomer
Director
27 September 2019

Directors' responsibilities statement

The directors are responsible for preparing the Strategic 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 prepared the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards), including Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). Under company law the directors must not approve the financial statements until 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 year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 101 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Currie & Brown (Japan) Limited

Opinion

We have audited the financial statements of Currie & Brown (Japan) Limited for the year ended 31 December 2018 which comprise the income statement and statement of other comprehensive income, the statement of financial position, the statement of changes in equity and the related notes 1 to 14, 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 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 company's affairs as at 31 December 2018 and of its loss 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.

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 below. We are 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.

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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the 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 Currie & Brown (Japan) 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 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 set out on page 5, 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.

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.

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

Independent auditor's report to the members of Currie & Brown (Japan) Limited (continued)

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.

Ernst & Young LLP

Adrian Mulea (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
01 October 2019

Income statement and statement of other comprehensive income

	Notes	2018	2017
		£	£
Turnover	3	2,549,313	2,690,321
Cost of sales		(2,199,916)	(2,206,507)
Gross profit		**349,397**	**483,814**
Administrative expenses		(387,468)	(464,460)
Operating (loss) / profit	4	**(38,071)**	**19,354**
Interest receivable and similar income		37	63
(Loss) / profit before income tax		**(38,034)**	**19,417**
Income tax credit / (expense)	7	12,195	(65,835)
Loss for the year		**(25,839)**	**(46,418)**

All of the activities of the Company are classed as continuing.

Other comprehensive income / (loss)

		2018	2017
Foreign exchange translation difference		22,042	(19,492)
Other comprehensive income / (loss) for the year		**22,042**	**(19,492)**
Total comprehensive loss for the year		**(3,797)**	**(65,910)**

Statement of financial position

	Notes	2018	2017
		£	£
Fixed assets			
Tangible assets	8	19,486	32,289
Deferred tax	7	26,731	5,519
		46,217	**37,808**
Current assets			
Debtors: amounts falling due within one year	9	1,049,826	911,047
Cash at bank and in hand		276,421	193,169
		1,326,247	**1,104,216**
Current liabiities			
Trade and other payables	10	(1,130,349)	(823,531)
Income tax payable		27,830	(44,752)
		(1,102,519)	**(868,283)**
Net current assets		**223,728**	**235,933**
Total assets less current liabilities		**269,945**	**273,742**
Net assets		**269,945**	**273,742**
Capital and reserves			
Called up share capital	12	25,000	25,000
Retained eamings		219,055	244,894
Foreign currency translation reserve		25,890	3,848
Equity shareholders' funds		**269,945**	**273,742**

The financial statements were authorised for issue by the board of directors on 27 September 2019 and were signed on its behalf.

David Broomer
Director
27 September 2019

Statement of changes in equity

	Share capital	Retained earnings	Foreign currency translation reserve	Total
	£	£	£	£
As at 1 January 2017	25,000	291,312	23,340	339,652
Profit for the year	-	(46,418)	-	(46,418)
Other comprehensive loss	-	-	(19,492)	(19,492)
As at 31 December 2017	**25,000**	**244,894**	**3,848**	**273,742**
As at 1 January 2018	25,000	244,894	3,848	273,742
(Loss) / profit for the year	-	(25,839)	-	(25,839)
Other comprehensive income	-	-	22,042	22,042
As at 31 December 2018	**25,000**	**219,055**	**25,890**	**269,945**

Notes to the financial statements

1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Currie & Brown (Japan) Limited (the "Company") for the year ended 31 December 2018 were authorised for issue by the board of directors on 27 September 2019 and the statement of financial position was signed on the board's behalf by David Broomer. Currie & Brown (Japan) Limited is incorporated and domiciled in England and Wales.

2. Accounting Policies

2.1 Basis of preparation of financial statements

The financial statements of the Company are prepared in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The financial statements have also been prepared under the historical cost convention and in accordance with the Companies Act 2006 as applicable to FRS 101.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2018.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

(a) the requirements of IFRS 7 *Financial Instruments: Disclosures;*

(b) the requirements of paragraphs 91-99 of IFRS 13 *Fair Value Measurement;*

(c) the requirement in paragraph 38 of IAS 1 *Presentation of Financial Statements* to present comparative information in respect of:

(i) Paragraph 79(a) of IAS 1 *Presentation of Financial Statements*;
(ii) Paragraph 73(e) of IAS 16 *Property, Plant and Equipment and;*
(iii) Paragraph 118(e) of IAS 38 *Intangible Assets.*

(d) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 IAS 1;

(e) the requirements of IAS 7 *Statement of Cash Flows;*

(f) the requirements of paragraphs 30-31 of IAS 8 *Standards issued but not yet effective;*

(g) the requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and

(h) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) – 134(f) and 135(c)-135(e) of IAS 36 *Impairment of Assets;*

(i) The requirements of the second sentence of paragraph 110 and paragraphs, 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 *Revenue from Contracts with Customers.*

(j) The requirements of paragraph 52, 58, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 *Leases.*

Where appropriate the relevant equivalent disclosures are made in the consolidated financial statements of Currie & Brown Holdings Limited, the parent company of the the smallest group in which the Company is consolidated.

Going Concern

No material uncertainties that cast significant doubt about the ability of the Company to continue as a going concern have been identified by the directors. In making this assessment the directors note that the Company has access to the financial resources of its intermediate parent undertaking, Currie & Brown Holdings Limited ("CBH"). CBH has confirmed its ongoing financial support in writing for a period of at least twelve months from the date of approval of the financial statements. On the basis of their assessment of the Company's financial position, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual reports and financial statements.

2.2 Changes in accounting policies and disclosures

New and amended standards and interpretations effective for annual period beginning on or after 1 January 2018:

The Company applied IFRS 15 and IFRS 9 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2018, but do not have a material impact on the consolidated financial statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. Hedge accounting is not applicable for the Company, as no relevant transactions have been entered into.

The Company has applied IFRS 9 from the initial application date of 1 January 2018 and has not restated the comparative information, which continues to be reported under IAS 39. The Company assessed the impact on its consolidated statement of financial position and equity of applying the relevant requirements of IFRS 9 as disclosed below.

Classification and measurement

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Company's business model was made as of the date of initial application, 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets. Based on management's assessment, the application of IFRS 9 does not materially impact the classification and measurement of these debt instruments.

Impairment

The adoption of IFRS 9 has not changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Company to measure and recognise expected credit losses on all applicable financial assets and contract assets arising from IFRS 15 'Revenue from Contracts with Customers' e.g. accounts receivable and bank balances, either on a 12-month or lifetime, expected loss basis. The Company has applied the simplified approach and recorded lifetime expected losses on all trade receivables and bank balances. The impact of the transition to IFRS 9 is immaterial.

2.2 Changes in accounting policies and disclosures (continued)

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Company adopted IFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 January 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Company elected to apply the standard to all contracts as at 1 January 2018.

The Company does not normally enter into contracts with customers with variable consideration and significant financing components, or arrangements which provide a right of return, trade discounts or volume rebates. Based on management's assessment of the contractual arrangements with customers therefore, the application of IFRS 15 does not have a material impact on the Company's current year revenues and specifically, on the measurement or timing of revenue recognition of the Company. Hence, no adjustment to the opening Retained Earnings as at 1 January 2018 is required and therefore, comparative information was not required to be restated and continued to be reported under IAS 18 and related interpretations.

2.3 Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, financial assets and liabilities and disclosure of contingent liabilities. However, the nature of estimation means that actual outcomes could differ from the estimates. The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements:

Deferred tax assets

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained at Note 7.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash-generating unit ('CGU') exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in arm's length transactions of similar assets or observable market prices less incremental costs for disposing of the asset. The value-in-use calculation is based on a discounted cashflow model. The cashflows are derived from the Company's budgets and business plans for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset performance of the CGU being tested. The calculation of value in use also reflects the present value of cashflows beyond the forecast period at a perpetual growth rate.

2.3 Judgements and key sources of estimation uncertainty (continued)

The recoverable amount is most sensitive to the discount rate used for the discounted cashflow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Revenue and cost recognition

Rendering of services

The Company is in the business of providing cost management, project management and quantity surveying and other associated advisory services in Japan and the Far East. Revenue from contracts with customers is recognised when services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. The Company acts as the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

The Company's contracts generally consists of a single performance obligation or series of distinct services which in substance represent a single performance obligation. Contracts with multiple performance obligations have pre-agreed consideration for each performance obligation reducing the need to manually allocate transaction price using stand-alone selling prices.

Applying the input method

IFRS 15 provides two alternative methods for recognising revenue i.e. the output method or the input method. The Company decided to adopt the input method since it faithfully depicts the Company's performance in transferring control of the goods and services to the customer, provides meaningful information in respect of satisfied and unsatisfied performance obligations towards the customer and also enables management to better analyse estimation accruals. Contract contingency is a component of the cost-to-complete estimate which makes allowance for known and unknown risks associated with the project.

Variable consideration

Prior to the adoption of IFRS 15, variable consideration, e.g. variation orders, claims and liquidated damages, were recognised in the financial statements when it was considered probable that the associated monetary amounts would be settled by the customer using management's best estimate with reference to the contract, recent customer communications and other forms of documentary evidence.

Under IFRS 15 management decided to use the expected value approach to assess / re-assess variable consideration at contract inception and at each reporting date. There is no material transition impact at 1 January 2018.

Impairment of trade receivables

An estimate of the collectible amount of trade receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past, based on historical recovery rates. Further details are disclosed in Note 9.

Accruals

Assumptions have been made with regard to the calculation of accruals. Any future changes in the circumstances surrounding the calculation of accruals may cause the carrying amount to be adjusted. Further details are disclosed in Note 10.

Notes to the financial statements (continued)

2.4 Significant accounting policies

a) Foreign currency translation

The Company's financial statements are presented in pounds sterling. The company's functional currency is Japanese yen.

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the date of the statement of financial position. All differences are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. A foreign currency translation reserve is used to record exchange differences arising from the retranslation of non-monetary items measured at historical costs in a foreign currency to the entity's functional currency. The effect of retranslation from transactional to reporting currency is shown as part of equity. Exchange rate differences on non-monetary items, measured at fair value through profit and loss, are reported as part of the fair value gain or loss. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined..

b) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets on a straight-line basis over their expected useful lives as follows:

Furniture and equipment	– over 2 to 10 years
Computers and machinery	– over 3 years

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

Tangible fixed assets are derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset is included in the income statement in the period of derecognition.

c) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the statement of profit and loss and other comprehensive income in those expense categories consistent with the function of the impaired asset.

For assets where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would

2.4 Significant accounting policies (continued)

have been determined, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment loss is recognised immediately in the statement of profit and loss and other comprehensive income, unless the asset is carried at a revalued amount when it is treated as a revaluation increase.

d) Leases

Company as a lessee

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged in the income statement on a straight line basis over the lease term.

e) Financial Instruments

Financial assets

All purchases or sales of financial assets are recognised on a trade date basis. Purchases or sales of financial assets require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Financial assets at amortised cost:

Financial assets are measured at amortised cost if both of the following conditions are met:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes fees and other amounts receivable, amounts due from related parties, other financial assets and bank balances.

Notes to the financial statements (continued)

2.4 Significant accounting policies (continued)

Measurement and recognition of expected credit losses:

The measurement of expected credit losses is a function of the probability of default, the anticipated loss given default (i.e. the magnitude of the loss if there is a 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.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date: for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective profit rate.

The Company recognises an impairment loss in statement of income for all financial assets at amortised cost with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition:

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Company is recognised as a separate asset or liability.

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

Financial Liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method. The Company's financial liabilities consist of accounts payable and other liabilities, and gross amounts due to customers for contract work paid in advance.

Initial recognition:

All financial liabilities are measured at amortised cost using the effective interest method ('EIR').

Subsequent measurement:

Accounts payable and other liabilities, and gross amount due to customers for contract work are recognised for amounts to be paid in the future for goods or services received at the date of the balance sheet, whether billed by the supplier or not.

Derecognition:

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

f) Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

i) Cash and short-term deposits

Cash and short-term deposits in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits, i.e. those with a maturity period of less than three months.

Notes to the financial statements (continued)

3. Turnover

	2018	2017
	£	£
Professional services rendered	2,549,313	2,690,321

The activities are undertaken in Japan and the far East region.

4. Operating (Loss) / Profit

Operating (loss) / profit is stated after charging /(crediting):

	2018	2017
	£	£
Depreciation and amortisation	18,597	17,986
Operating lease rentals - land and buildings	65,892	66,479
Foreign exchange losses / (gains)	(29,178)	85,081

5. Auditor's Remuneration

	2018	2017
	£	£
Auditors' remuneration in respect of the statutory audit of the Company	8,600	8,350

There were no non-audit fees payable to the auditors (2017: £nil).

Notes to the financial statements (continued)

6. Staff costs and directors' emoluments

(a) Staff Costs

	2018	2017
	£	£
Wages and salaries	1,391,930	1,268,494
Other payroll taxes	174,107	136,132
	1,566,037	**1,404,626**

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

	2018	2017
	No.	No.
Fee earning staff	16	14
Administrative staff	3	2
	19	**16**

The employee numbers disclosed above are for employees that are employed by Currie & Brown International Limited whose costs are borne by the Company via recharges and are therefore disclosed here.

(b) Directors' emoluments	2018	2017
	£	£
Directors' emoluments	262,937	281,165
In respect of the highest paid director:		
Aggregate emoluments	162,952	178,672

None of the directors accrued benefits under a company pension scheme (2017: none).

Notes to the financial statements (continued)

7. Taxation

(a) Tax charged in the income statement

	2018 £	2017 £
Current income tax:		
UK corporation tax	-	-
Adjustment to prior year	4,355	(229)
Foreign tax	4,662	64,498
Current income tax charge	9,017	64,269
Total current income tax	9,017	64,269
Deferred tax		
Current year	(21,212)	1,566
Recognition of deferred tax asset not recognised in previous years	-	-
Total tax (credit) / charge in the income statement	**(12,195)**	**65,835**
The tax (credit) / charge in the income statement is disclosed as follows:		
Income tax (credit) / charge on continuing operations	**(12,195)**	**65,835**

(b) Reconciliation of the total tax charge

The tax expense in the income statement for the year is lower than the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%). The differences are reconciled below:

	2018 £	2017 £
(Loss) / profit from continuing operations before taxation	(38,034)	19,417
Tax calculated at UK standard rate of corporation tax of 19.00% (2017: 19.25%)	(7,226)	3,738
Expenses not deductible for tax purposes	725	530
Income not taxable for tax purposes	(7,120)	-
Foreign tax taken as a deduction	(10,628)	(3,279)
Prior year adjustment - current tax	4,355	(229)
Irrecoverable foreign tax	4,662	64,498
Change in tax laws and rates	3,037	577
Total tax (credit) / charge reported in the income statement	**(12,195)**	**65,835**

Notes to the financial statements (continued)

(c) Recognised tax losses

The Company has tax losses in the UK of £109,000 (2017: £8,000) that are available indefinitely for offset against future taxable profits of the company. A deferred tax asset has been recognised in respect of these losses in 2018 as the company is expected to have taxable profits over the next two years.

d) Other factors that may affect future tax changes

With effect from 1 April 2020 the rate of UK corporation tax will decrease by 2% to 17%.

e) Deferred tax asset

Deferred tax is recognised in the financial statements as follows:

	2018	2017
	£	£
Deferred tax asset		
At 1 January	5,519	7,085
Credited / (Debited) to income statement - current year	18,537	(1,566)
At 31 December	**24,056**	**5,519**
Deferred tax provided in the financial statements is as follows:		
Capital allowances in advance of depreciation	5,124	3,423
Losses	18,507	1,446
Other timing differences	425	650
	24,056	**5,519**

Notes to the financial statements (continued)

Deferred tax assets	Acclerated Depreciation	Corporation tax losses	Other timimg differences	Total
	£	£	£	£
At 1 Janauary 2017	2,585	-	4,500	7,085
Credited/(debited) to the income statement	838	1,446	(3,850)	(1,566)
Recognition of deferred tax asset not recognised in previous years				-
At 31 December 2017	3,423	1,446	650	5,519
Credited/(debited) to the income statement	1,701	19,736	(225)	21,212
Recognition of deferred tax asset not recognised in previous years				-
At 31 December 2018	**5,124**	**21,182**	**425**	**26,731**

Deferred tax estimated to be recoverable within one year is £21,182 (31 December 2017: £1,446). There are no unrecognised deferred tax assets. The deferred tax asset in respect of capital allowances in advance of depreciation is expected to be recovered based on the company's current expected pattern of capital expenditure. The deferred tax asset in respect of other timing differences relates to bonus and other provisions which are expected to reverse within one year.

8. Tangible fixed assets	Furniture & Equipment	Computers & Machinery	Total
	£	£	£
Cost or valuation			
At 1 January 2018	42,230	28,872	71,102
Additions	-	3,782	3,782
Foreign exchange	3,600	2,650	6,250
At 31 December 2018	45,830	35,304	81,134
Depreciation and impairment			
At 1 January 2018	29,325	9,488	38,813
Depreciation charge for the year	11,792	6,805	18,597
Foreign exchange	3,089	1,149	4,238
At 31 December 2018	44,206	17,442	61,648
Net book value			
At 31 December 2017	12,905	19,384	32,289
At 31 December 2018	1,624	17,862	19,486

Notes to the financial statements (continued)

9. Debtors

	2018	2017
	£	£
Trade receivables	533,008	558,329
Contract assets	313,526	139,183
Amounts owed by group undertakings	107,576	133,991
Other receivables	95,716	79,544
	1,049,826	**911,047**

All debtors are due within one year.

10. Trade and other payables

	2018	2017
	£	£
Trade payables	57,244	45,469
Amounts owed to group undertakings	738,791	577,188
Other taxes and social security	58,968	66,586
Other payables	14,559	60,082
Accruals	260,787	74,206
	1,130,349	**823,531**

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

11. Obligations under leases and hire purchase contracts

Future minimum rental payments under non cancellable operating leases in respect of land and buildings are set out below;

	2018	2017
	£	£
Amounts payable:		
Within one year	59,711	57,079
In two to five years	31,412	23,445
	91,123	**80,524**

Notes to the financial statements (continued)

12. Authorised, issued and called up share capital

	2018		2017	
	No.	£	No.	£
Authorised				
Ordinary shares of £1 each	50,000	50,000	50,000	50,000

	2018		2017	
	No.	£	No.	£
Allotted, called up and fully paid				
Ordinary shares of £1 each	25,000	25,000	25,000	25,000

13. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Currie & Brown International Limited, a company incorporated and domiciled in England and Wales.

The smallest group in which the Company's financial statements are consolidated is that headed by Currie & Brown Holdings Limited. The consolidated financial statements of Currie & Brown Holdings Limited are available from 12 Dumaresq Street, St Helier, Jersey, JE2 3RL.

The ultimate parent undertaking and the largest group in which the Company's financial statements are consolidated is that headed by Dar Al-Handasah Consultants Shair and Partners Holdings Limited, which is incorporated in Dubai International Financial Centre (DIFC). These consolidated financial statements are not available to the public.

14. Related party transactions

During the year the Company entered into transactions, in the ordinary course of business, with related parties. The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly-owned subsidiaries of the Dar Al-Handasah Consultants Shair and Partners Holdings Limited Group. There are no transactions with other related parties which require disclosure in the financial statements.