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Company Registration No. 02605319 (England and Wales)

FICHTNER CONSULTING ENGINEERS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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FICHTNER CONSULTING ENGINEERS LIMITED

COMPANY INFORMATION

Directors	Mr N S Gamble	
	Dr E J Weatherby	
	Mr P M Eddy	
	Mr S M Othen	
	Mr D S Abernethy	
	Mr R J Hawcutt	
	Mr S A Wilson	
	Mrs E L Edgley	
	Mr T Herzig	(Appointed 23 August 2018)
	Mr M Wilfer	(Appointed 12 December 2018)
Secretary	Mrs E L Edgley	
Company number	02605319	
Registered office	Kingsgate Wellington Road North Stockport Cheshire SK4 1LW	
Auditor	Simpson Wood Limited Bank Chambers Market Street Huddersfield HD1 2EW	

FICHTNER CONSULTING ENGINEERS LIMITED

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FICHTNER CONSULTING ENGINEERS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present the strategic report for the year ended 31 December 2018.

Fair review of the business

During 2018 we maintained a similar turnover to 2017. Staff numbers grew slightly but many of the expected larger construction roles were delayed, with only two energy from waste projects commencing in 2018. The difficulties with the UK electricity capacity market being suspended affected several projects. Several of the existing construction projects were completed in 2017, but difficulties with others led to extended roles through 2018 and into 2019. Diversification into new business sectors has been successful, although some of these sectors, such as renewables, are also slow moving as renewable subsidies have come to an end. No UK CCGT projects won capacity market contracts so no new build CCGT has commenced. Brexit has spread uncertainty and, whilst having no direct impact to date, has not helped our business sectors.

On the plus side, we have invested in internal training and improved many of our systems such as IT and quality. We have improved the financial management of our projects which has improved the profitability of the business and avoided some bad debt and overspend on projects. We have also increased opportunities in the international market, opening branch offices in Belfast and Dublin and working on more international projects with the Fichtner Group, particularly in Australia. The company also continues to invest in significant research and development which is reflected in the R&D tax credit received of £218,318 in relation to 2017.

We are very positive with regards to 2019. Several construction projects are close to commencement. We are supporting a number of opportunities for future energy developments, including storage and digital grid control. Our strategy is to continue to diversify into new business sectors which require our core skills to allow us to continue our organic growth.

On behalf of the board

Dr E J Weatherby
Director
11 February 2019

FICHTNER CONSULTING ENGINEERS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

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

Principal activities

The principal activity of the company in the year under review was that of technical consultants to the process, power, renewables and industrial sectors.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr N S Gamble	
Dr E J Weatherby	
Mr P M Eddy	
Mr H Kalb	(Resigned 5 December 2018)
Mr G Fichtner	(Resigned 23 August 2018)
Mr S M Othen	
Mr D S Abernethy	
Mr R J Hawcutt	
Mr S A Wilson	
Mrs E L Edgley	
Mr T Herzig	(Appointed 23 August 2018)
Mr M Wilfer	(Appointed 12 December 2018)

Results and dividends

The results for the year are set out on page 6.

Ordinary dividends were paid amounting to £3,475,383. The directors do not recommend payment of a final dividend.

Auditor

In accordance with the company's articles, a resolution proposing that Simpson Wood Limited be reappointed as auditor of the company will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Dr E J Weatherby
Director
11 February 2019

FICHTNER CONSULTING ENGINEERS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors are responsible for preparing the annual 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;
- 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.

FICHTNER CONSULTING ENGINEERS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FICHTNER CONSULTING ENGINEERS LIMITED

Opinion

We have audited the financial statements of Fichtner Consulting Engineers Limited (the 'company') for the year ended 31 December 2018 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's *responsibilities for the audit of the financial statements* section of our report. We are independent of the 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 directors are responsible for the other information. The other information comprises the information included in the annual report, 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.

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 this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where 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.

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: http://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.

Simpson Wood

Diane Pettinger FCA (Senior Statutory Auditor)
for and on behalf of Simpson Wood Limited

11 February 2019

Chartered Accountants
Statutory Auditor

Bank Chambers
Market Street
Huddersfield
HD1 2EW

FICHTNER CONSULTING ENGINEERS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2017 £
Turnover	3	19,380,691	19,478,642
Cost of sales		(2,007,081)	(2,293,326)
Gross profit		17,373,610	17,185,316
Administrative expenses		(12,115,637)	(11,991,290)
Other operating income		218,318	430,553
Operating profit	4	5,476,291	5,624,579
Interest receivable and similar income	8	16,274	5,911
Profit before taxation		5,492,565	5,630,490
Tax on profit	9	(1,006,100)	(1,093,534)
Profit for the financial year		4,486,465	4,536,956

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

FICHTNER CONSULTING ENGINEERS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 £	2017 £
Profit for the year	4,486,465	4,536,956
Other comprehensive income	-	-
Total comprehensive income for the year	4,486,465	4,536,956

FICHTNER CONSULTING ENGINEERS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Tangible assets	11		201,188		233,224
Current assets					
Stocks	13	884,080		693,711	
Debtors	14	3,154,673		3,818,748	
Cash at bank and in hand		10,454,403		9,154,435	
		14,493,156		13,666,894	
Creditors: amounts falling due within one year	15	(4,683,264)		(4,895,120)	
Net current assets			9,809,892		8,771,774
Total assets less current liabilities			10,011,080		9,004,998
Provisions for liabilities	16		(20,000)		(25,000)
Net assets			9,991,080		8,979,998
Capital and reserves					
Called up share capital	19		315,000		315,000
Share premium account			97,500		97,500
Profit and loss reserves			9,578,580		8,567,498
Total equity			9,991,080		8,979,998

The financial statements were approved by the board of directors and authorised for issue on 11 February 2019 and are signed on its behalf by:

Dr E J Weatherby
Director

Company Registration No. 02605319

FICHTNER CONSULTING ENGINEERS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 January 2017		315,000	97,500	6,520,122	6,932,622
Year ended 31 December 2017:					
Profit and total comprehensive income for the year		-	-	4,536,956	4,536,956
Dividends	**10**	-	-	(2,489,580)	(2,489,580)
Balance at 31 December 2017		315,000	97,500	8,567,498	8,979,998
Year ended 31 December 2018:					
Profit and total comprehensive income for the year		-	-	4,486,465	4,486,465
Dividends	**10**	-	-	(3,475,383)	(3,475,383)
Balance at 31 December 2018		315,000	97,500	9,578,580	9,991,080

FICHTNER CONSULTING ENGINEERS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

		2018		2017	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	23		5,504,891		5,373,269
Income taxes paid			(738,547)		(1,445,082)
Net cash inflow from operating activities			4,766,344		3,928,187
Investing activities					
Purchase of tangible fixed assets		(7,267)		(2,956)	
Interest received		16,274		5,911	
Net cash generated from investing activities			9,007		2,955
Financing activities					
Dividends paid		(3,475,383)		(2,489,580)	
Net cash used in financing activities			(3,475,383)		(2,489,580)
Net increase in cash and cash equivalents			1,299,968		1,441,562
Cash and cash equivalents at beginning of year			9,154,435		7,712,873
Cash and cash equivalents at end of year			10,454,403		9,154,435

1 Accounting policies

Company information

Fichtner Consulting Engineers Limited is a private company limited by shares incorporated in England and Wales. The registered office is Kingsgate, Wellington Road North, Stockport, Cheshire, SK4 1LW.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebate.

Turnover from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of a contract is measured by comparing the costs incurred for the work performed to date to the total estimated contract costs. Turnover is only recognised to the extent of recoverable expenses when the total outcome of a contract cannot be estimated reliably.

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	in accordance with the property
Fixtures and fittings	20% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1 Accounting policies **(Continued)**

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. 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, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Stocks

Work in progress is valued at the lower of cost and net realisable value.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

1.8 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 *Financial instruments*

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

1 Accounting policies **(Continued)**

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1 Accounting policies **(Continued)**

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value though profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1 Accounting policies **(Continued)**

1.12 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

The company operates a defined contribution pension scheme. Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

1.17 Significant judgements and estimates

In preparing the financial statements the Directors apply certain judgements and estimates in arriving at the valuation of work in progress and accrued expenses. These are applied on a consistent basis.

2 Judgements and key sources of estimation uncertainty

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

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

3 Turnover and other revenue

	2018	2017
	£	£
Other significant revenue		
Interest income	16,274	5,911
R&D tax credit	218,318	430,553

4 Operating profit

	2018	2017
Operating profit for the year is stated after charging/(crediting):	£	£
Exchange gains	(20,760)	(2,907)
Depreciation of owned tangible fixed assets	39,303	99,355
Operating lease charges	239,156	239,156

5 Auditor's remuneration

	2018	2017
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the company	6,930	6,600
For other services		
All other non-audit services	10,070	9,600

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2018	2017
	Number	Number
Technical, management and sales	114	106
Administration	13	13
	127	119

6 Employees (Continued)

Their aggregate remuneration comprised:

	2018	2017
	£	£
Wages and salaries	8,875,719	8,344,209
Social security costs	1,120,120	1,042,398
Pension costs	369,218	309,350
	10,365,057	9,695,957

7 Directors' remuneration

	2018	2017
	£	£
Remuneration for qualifying services	1,105,661	1,063,663
Company pension contributions to defined contribution schemes	53,892	38,431
	1,159,553	1,102,094

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 7 (2017 - 7).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2018	2017
	£	£
Remuneration for qualifying services	194,372	186,572
Company pension contributions to defined contribution schemes	10,341	10,057

8 Interest receivable and similar income

	2018	2017
	£	£
Interest income		
Interest on bank deposits	16,274	2,321
Other interest income	-	3,590
Total income	16,274	5,911

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	16,274	2,321

FICHTNER CONSULTING ENGINEERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

9 Taxation

	2018	2017
	£	£
Current tax		
UK corporation tax on profits for the current period	969,082	1,022,328
Adjustments in respect of prior periods	42,018	86,206
Total current tax	1,011,100	1,108,534
Deferred tax		
Origination and reversal of timing differences	(5,000)	(15,000)
Total tax charge	1,006,100	1,093,534

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2018	2017
	£	£
Profit before taxation	5,492,565	5,630,490
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	1,043,587	1,083,676
Tax effect of expenses that are not deductible in determining taxable profit	631	5,897
Tax effect of income not taxable in determining taxable profit	(78,732)	(82,867)
Adjustments in respect of prior years	42,018	86,206
Depreciation in excess of capital allowances	3,596	15,622
Deferred tax movement	(5,000)	(15,000)
Taxation charge for the year	1,006,100	1,093,534

10 Dividends

	2018	2017
	£	£
Interim paid	3,475,383	2,489,580

11 Tangible fixed assets

	Leasehold improvements	Fixtures and fittings	Total
	£	£	£
Cost			
At 1 January 2018	597,649	476,732	1,074,381
Additions	-	7,267	7,267
At 31 December 2018	597,649	483,999	1,081,648
Depreciation and impairment			
At 1 January 2018	408,852	432,305	841,157
Depreciation charged in the year	22,722	16,581	39,303
At 31 December 2018	431,574	448,886	880,460
Carrying amount			
At 31 December 2018	166,075	35,113	201,188
At 31 December 2017	188,797	44,427	233,224

12 Financial instruments

	2018	2017
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	2,795,430	3,540,173
Carrying amount of financial liabilities		
Measured at amortised cost	3,531,438	3,979,880

13 Stocks

	2018	2017
	£	£
Work in progress	884,080	693,711

14 Debtors

	2018	2017
Amounts falling due within one year:	£	£
Trade debtors	2,795,430	3,540,173
Prepayments and accrued income	359,243	278,575
	3,154,673	3,818,748

15 Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	72,281	104,338
Corporation tax	361,956	89,403
Other taxation and social security	789,870	825,837
Other creditors	93,033	3,041
Accruals and deferred income	3,366,124	3,872,501
	4,683,264	4,895,120

16 Provisions for liabilities

	Notes	2018	2017
		£	£
Deferred tax liabilities	17	20,000	25,000

17 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2018	Liabilities 2017
Balances:	£	£
Accelerated capital allowances	20,000	25,000

	2018
Movements in the year:	£
Liability at 1 January 2018	25,000
Credit to profit or loss	(5,000)
Liability at 31 December 2018	20,000

18 Retirement benefit schemes

Defined contribution schemes	2018 £	2017 £
Charge to profit or loss in respect of defined contribution schemes	369,218	309,350

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

At the balance sheet date the company had a commitment in respect of payments to the defined contribution pension scheme of £15,116 (2017 - £3,041).

19 Share capital

	2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
315,000 Ordinary shares of £1 each	315,000	315,000

20 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018 £	2017 £
Within one year	252,583	252,583
Between two and five years	252,582	505,165
	505,165	757,748

21 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sale of goods		Purchase of goods	
	2018 £	2017 £	2018 £	2017 £
Entities with control, joint control or significant influence over the company	49,957	21,518	34,974	100,199
Fellow subsidiaries	3,665	4,813	69,774	73,985

FICHTNER CONSULTING ENGINEERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

21 Related party transactions **(Continued)**

The following amounts were outstanding at the reporting end date:

Amounts owed to related parties	**2018** £	**2017** £
Entities with control, joint control or significant influence over the company	4,430	41,702
Fichtner Employee Benefit Trust - A shareholder of the entity	77,917	-
Fellow subsidiaries	31,681	6,281

The following amounts were outstanding at the reporting end date:

Amounts owed by related parties	**2018 Balance** £
Entities with control, joint control or significant influence over the company	10,726

Amounts owed in previous period	**2017 Balance** £
Entities with control, joint control or significant influence over the company	14,942
Fichtner Employee Benefit Trust - A shareholder of the entity	196,693

The following amounts are provisions for uncollectable receivables relating to outstanding balances:

	2018 £	**2017** £
Fichtner Employee Benefit Trust - A shareholder of the entity	-	196,693

22 Controlling party

The ultimate controlling party is Fichtner GmbH & Co KG.

This is a company incorporated in Germany.

23 Cash generated from operations

	2018	2017
	£	£
Profit for the year after tax	4,486,465	4,536,956
Adjustments for:		
Taxation charged	1,006,100	1,093,534
Investment income	(16,274)	(5,911)
Depreciation and impairment of tangible fixed assets	39,303	99,355
Movements in working capital:		
(Increase) in stocks	(190,369)	(95,852)
Decrease in debtors	664,075	330,050
(Decrease) in creditors	(484,409)	(584,863)
Cash generated from operations	5,504,891	5,373,269