Registered number: 03094139

MCBAINS LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE 18 MONTHS PERIOD ENDED 31 DECEMBER 2018

MCBAINS LTD

COMPANY INFORMATION

Directors	A Coumidis (resigned 27 September 2017) G Hird M Leeson J Mintz (resigned 6 December 2018) A Southgate (resigned 27 September 2017, appointed 1 January 2019) M A Thirkettle (resigned 2 November 2018) K I Whitehead (resigned 27 September 2017) C E Docwra R Davies (appointed 1 January 2019)
Company secretary	J Mintz (resigned 17 October 2017) LS Roberts (appointed 17 October 2017)
Registered number	03094139
Registered office	5th Floor 26 Finsbury Square London EC2A 1DS
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 30 Finsbury Square London EC2A 1AG

MCBAINS LTD

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STRATEGIC REPORT
FOR THE 18 MONTHS PERIOD ENDED 31 DECEMBER 2018

Report of the Chief Executive for the 18 months period ended 31 December 2018

OVERVIEW

McBains is a multi-disciplinary property and construction consultancy, providing a broad suite of surveying and design related services to a wide selection of clients, across both the private and public sectors.

The accounts presented herein represent the first since the ultimate parent company of McBains was acquired by RSBG Infrastructure (RSBG). During the period, McBains has been aligning itself with RSBG, changing the financial year end from June to December, hence the extended reporting period in these accounts. Further to a planned transition, the Senior Management team was also restructured to reinforce both the growth of McBains and its collaboration with RSBG, resulting in the appointments of Tushar Prabhu as Chairman, Clive Docwra as Managing Director and Mark Leeson as Operations Director.

McBains has continued to work closely with commercial developer clients as well as increase our interest in social infrastructure and corporate entities, where changing ways of working have generated multiple nationwide real estate programmes of work. Access to major public sector frameworks and our track record in delivering large programmes has enabled McBains to capitalise on these opportunities.

Specialist advisory services continued to support McBains' growth in both revenue and margin up to the end of 2018. Development monitoring services on behalf of funds, high street banks and specialist property lenders, where McBains has a high profile and an enviable reputation and, master planning and regeneration services where McBains advises six of the top UK housebuilders have featured highly in this respect

RESULTS

As previously mentioned, the accounts to December 2018 represent the financial performance of McBains Limited for an 18-month period. Whilst a period of significant change both externally and internally, this was successful for McBains as represented by continued growth in revenue and margin improvement compared with the previous financial year.

Gross revenue for the 18 months to December 2018 was £22.47m (£1.25m on average per month) compared with £13.86m for the 12 months to June 2017 (£1.16m on average per month).

Pretax profits for the 18 months to December 2018 were £1.45m (margin of 6%) compared with pretax profits of £0.39m (margin of 3%) in the prior financial period, which was the 12 months to June 2017.

During the financial period to December 2018, there was one exceptional cost represented by a £99k goodwill impairment on a former acquisition.

Throughout the reporting period, the company continued to maintain a strong cash flow position, reflecting the ongoing management controls that our systems and processes underpin.

OUTLOOK

Internal promotions at all levels of management will support the aspirations of talented people in the business - with McBains continuing to be a place where careers are planned, and talent is recognised. Through this restructuring, McBains will create a platform for growth, which will be ready to capitalise on the opportunities driven though the current strategy and those that may arise once the Brexit uncertainties clear.

The outcomes associated with the UK's final exit from the EU are not clear. Opinions range from a period of slowdown reaching 2020 and beyond in the event there is a hard exit; to 'Brexit Bounce' should a reasonably favourable exit be negotiated, whereby projects and decisions previously on hold, might be released, generating a surge of opportunities.

McBains' response to the changing market conditions is multi-faceted:

Whilst maintaining our keen interest in the commercial development market, our additional focus on corporate entities and social infrastructure will continue. Where significant progress has been made in two key sectors, McBains will increase the depth of skills in service streams that can support those existing successes.

Our new management structure will provide a greater emphasis on securing sustainable income from the regions. To counter the impacts of changing domestic activity generally, McBains will continue to seek and deliver services to international clients/projects from the UK.

Finally, McBains will capitalise on the opportunities derived through being part of the RSBG group of companies, including synergies and investments in joint initiatives such as 5D BIM and digitalisation. These initiatives will keep McBains at the forefront of technological progress in the industry.

Maintaining the culture of the business throughout 2019 and beyond will be central to all activities and, McBains will continue to embrace and promote our core values of flexibility, understanding and integrity in everything that we do; resulting in the delivery of high-quality solutions to our ever-broadening range of clients and their challenges.

This report was approved by the board on 8 April 2019 and signed on its behalf.

C E Docwra
Director

DIRECTORS' REPORT
FOR THE 18 MONTHS PERIOD ENDED 31 DECEMBER 2018

The directors present their report and the financial statements for the 18 months period ended 31 December 2018.

Principal activities

McBains Limited is the principal trading subsidiary of the McBains Cooper Group, whose ultimate holding company is MBC Group Limited. The company's principal trading activity is the provision of professional consulting services to the property and construction industry. The services include Project Management, Architecture, Cost Management, Mechanical and Electrical Engineering, Building Surveying, Civil and Structural Engineering and Asset Management.

Results and dividends

The profit for the 18 months period, after taxation, amounted to £1,087,133 *(2017: year ended £114,190)*.

The company paid a dividend of £400,000 on 15 August 2018.

Directors

The directors who served during the 18 months period were:

A Coumidis (resigned 27 September 2017)
G Hird
M Leeson
J Mintz (resigned 6 December 2018)
A Southgate (resigned 27 September 2017, appointed 01 January 2019)
M A Thirkettle (resigned 2 November 2018)
K I Whitehead (resigned 27 September 2017)
C E Docwra

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' reports may differ from legislation in other jurisdictions.

Charitable contributions

During the year the company made charitable contributions of £3,717 *(2017: £10,252).*

Disclosure of information to auditor

The directors at the time when this Directors' report is approved has confirmed that:

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

Post balance sheet events

There have been no significant events affecting the company since the year end.

Auditor

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

This report was approved by the board on 8 April 2019 and signed on its behalf.

C E Docwra
Director

GrantThornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MCBAINS LTD

Opinion

We have audited the financial statements of McBains Ltd (the 'company') for the 18 months period ended 31 December 2018, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 18 months period 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.

GrantThornton

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 the audit:

- the information given in the Strategic report and the Directors' report for the financial 18 months period 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.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

Matters on which we are required to report by exception

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.

GrantThornton

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement on page 3, 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: 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.

Grant Thornton UK LLP

Simon Bevan BA FCA
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

8 April 2019

STATEMENT OF COMPREHENSIVE INCOME
FOR THE 18 MONTHS PERIOD ENDED 31 DECEMBER 2018

	Note	18 months period 31 December 2018 £	*Year ended 30 June 2017 £*
Turnover		**22,365,142**	*13,856,328*
Cost of sales		**(16,397,216)**	*(8,573,428)*
Gross profit		**5,967,926**	*5,282,900*
Administrative expenses		**(4,522,120)**	*(3,972,644)*
Exceptional administrative expenses		**-**	*(923,401)*
Operating profit	7	**1,445,806**	*386,855*
Interest receivable and similar income	6	**1,514**	*6,475*
Interest payable and expenses		**-**	*(76)*
Profit before tax		**1,447,320**	*393,254*
Tax on profit	9	**(360,187)**	*(279,064)*
Profit for the financial period		**1,087,133**	*114,190*

There were no recognised gains and losses for 2018 or 2017 other than those included in the Statement of comprehensive income.

There was no other comprehensive income for 2018 *(2017: £Nil)*.

The notes on pages 11 to 26 form part of these financial statements.

MCBAINS LTD
REGISTERED NUMBER:03094139

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note		31 December 2018 £		*30 June 2017 £*
Fixed assets					
Intangible assets	10		**49,794**		*208,290*
Tangible assets	11		**453,425**		*187,004*
Investments	12		**2**		*2*
			503,221		*395,296*
Current assets					
Debtors: amounts falling due within one year	13	**8,287,808**		*5,696,225*	
Cash at bank and in hand	14	**448,173**		*1,052,708*	
		8,735,981		*6,748,933*	
Creditors: amounts falling due within one year	15	**(5,808,985)**		*(4,366,198)*	
Net current assets			**2,926,996**		*2,382,735*
Total assets less current liabilities			**3,430,217**		*2,778,031*
Provisions for liabilities					
Deferred tax	16	**(16,279)**		*(15,526)*	
Other provisions	17	**(67,167)**		*(102,867)*	
			(83,446)		*(118,393)*
Net assets			**3,346,771**		*2,659,638*
Capital and reserves					
Called up share capital	20		**1,000,000**		*1,000,000*
Profit and loss account	21		**2,346,771**		*1,659,638*
			3,346,771		*2,659,638*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 8 April 2019.

C E Docwra
Director

The notes on pages 11 to 26 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE 18 MONTHS PERIOD ENDED 31 DECEMBER 2018

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 July 2017	1,000,000	1,659,638	2,659,638
Comprehensive income for the 18 months period			
Profit for the 18 months period	-	1,087,133	1,087,133
Other comprehensive income for the 18 months period	-	-	-
Total comprehensive income for the 18 months period	-	1,087,133	1,087,133
Dividends: Equity capital	-	(400,000)	(400,000)
Total transactions with owners	-	(400,000)	(400,000)
At 31 December 2018	1,000,000	2,346,771	3,346,771

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 July 2016	1,000,000	2,845,448	3,845,448
Comprehensive income for the year			
Profit for the year	-	114,190	114,190
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	114,190	114,190
Dividends: Equity capital	-	(1,300,000)	(1,300,000)
Total transactions with owners	-	(1,300,000)	(1,300,000)
At 30 June 2017	1,000,000	1,659,638	2,659,638

The notes on pages 11 to 26 form part of these financial statements.

1. General information

McBains Limited is a private company limited by shares and incorporated in England and Wales. Its registered head office is located at 5th Floor, 26 Finsbury Square, London, EC2A 1DS.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Goodwill

Goodwill representing the excess of the purchase price compared with the fair value of assets acquired. is capitalised and written off over 20 years as in the opinion of the directors, this represents the period over which the goodwill is anticipated to be effective.

2.3 Going concern

The directors have prepared the forecasts for a period of not less than one year from the date of signing these financial statements. They have concluded that the company will have sufficient resources to continue in operational existence for the foreseeable future and accordingly they continue to adopt the going concern basis in preparing these financial statements.

2. Accounting policies (continued)

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- 10% straight line or over the life of the lease if shorter
Fixtures, fittings & equipment	- 25% straight line
Computer equipment	- 33% straight line

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

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

2.5 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

2.6 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

2.7 Turnover and amounts recoverable on contracts

The company's turnover is all derived from its principal activity, which is wholly undertaken in the United Kingdom. Turnover represents the invoiced and accrued value of sales, fees and expenses recoverable, net of Value Added Tax.

Contracts for services are accounted for as contract activity progresses net of value added tax, and revenue is recognised to reflect the company's partial performance of it contractual obligations. The amount recognised reflects any uncertainty as to the amount that the client will pay. However, where the right to consideration relies upon the occurrence of a critical event, revenue is not recognised until that point in time.

The policy is in line with the requirements of FRS 102 section 23.

2. Accounting policies (continued)

2.8 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

2.9 Foreign currencies

Foreign currency translations are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rate of exchange ruling at the balance sheet date. Any differences are taken to the profit and loss account.

2.10 Pension contributions

The pension costs charged in the financial statements represent the contributions payable by the company during the year. An element of the scheme is defined benefit, inasmuch as there is a Guaranteed Money Purchase underpin, but this has not been brought on to the balance sheet as it is not material.

2.11 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared Group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of MBC Group Limited, a company incorporated in England and Wales, and its included in the consolidated accounts of that company. Copies of the consolidated financial statements of MBC Group Limited are publicly available from Companies House.

2.12 Debtors

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

2.13 Cash and cash equivalents

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

2. Accounting policies (continued)

2.14 Financial instruments

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

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

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

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

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

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

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 income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.15 Creditors

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

2. Accounting policies (continued)

2.16 Dividends

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

2.17 Interest income

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

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

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

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimate have been made include:

Amounts receivable on contracts - these have been estimated based on the stage of completion of each contract as at the year end.

Provisions - these are based on management's best estimate of expected future costs to the business.

4. Staff costs

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

	18 months period 31 December 2018	*Year ended 30 June 2017*
	£	*£*
Wages and salaries	**10,967,466**	*7,059,761*
Social security costs	**1,351,206**	*847,776*
Cost of defined contribution scheme	**394,361**	*302,295*
	12,713,033	*8,209,832*

The average monthly number of employees, including the directors, during the 18 months period was as follows:

	18 months period 31 December 2018	*Year ended 30 June 2017*
	No.	*No.*
Operational staff	**104**	*102*
Management and administrative staff	**30**	*24*
	134	*126*

5. Directors' remuneration

	18 months period 31 December 2018 £	*Year ended 30 June 2017 £*
Directors' emoluments	**1,189,810**	*870,713*
Company pension contributions to defined contribution pension schemes	**102,648**	*153,967*
	1,292,458	*1,024,680*

During the 18 months period retirement benefits were accruing to 8 directors *(2017 - 8)* in respect of defined contribution pension schemes.

The highest paid director received remuneration of £414,824 *(2017 - £268,239)*.

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £15,000 *(2017 - £45,073)*.

6. Interest receivable

	18 months period 31 December 2018 £	*Year ended 30 June 2017 £*
Other interest receivable	**1,514**	*6,475*

7. Operating profit

The operating profit is stated after charging:

	18 months period 31 December 2018 £	*Year ended 30 June 2017 £*
Goodwill amortisation	**59,177**	*39,451*
Depreciation of tangible fixed assets	**253,559**	*149,120*
Exchange differences	**2,745**	*(299)*
Other operating lease rentals	**617,843**	*260,788*

8. Auditor's remuneration

	18 months period 31 December 2018 £	Year ended 30 June 2017 £
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	**40,000**	*46,000*

The company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent company.

9. Taxation

	18 months period 31 December 2018 £	Year ended 30 June 2017 £
Corporation tax		
Current tax on profits for the year	**348,920**	*268,925*
Adjustments in respect of prior periods	**10,514**	*3,325*
Deferred tax		
Origination and reversal of timing differences	**753**	*7,299*
Effect of tax rate change on opening balance	**-**	*(485)*
Total deferred tax	**753**	*6,814*
Taxation on profit on ordinary activities	**360,187**	*279,064*

9. Taxation (continued)

Factors affecting tax charge for the 18 months period/year

The tax assessed for the 18 months period/year is higher than *(2017 - lower than)* the standard rate of corporation tax in the UK of 19.00% *(2017 - 19.75%)*. The differences are explained below:

	18 months period 31 December 2018 £	*Year ended 30 June 2017 £*
Profit on ordinary activities before tax	**1,447,320**	*393,254*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% *(2017: 19.75%)*	**274,991**	*77,669*
Effects of:		
Fixed asset differences	**66,182**	*10,223*
Non-deductible expenses	**8,607**	*190,987*
Adjustments to tax charge in respect of prior periods	**10,514**	*3,325*
Other permanent differences	**-**	*(988)*
Adjust deferred tax opening rate	**1,827**	*804*
Group relief claimed	**(19)**	*-*
Adjust deferred tax to closing rate	**(1,915)**	*(2,512)*
Deferred tax not recognised	**-**	*(444)*
Total tax charge for the 18 months period/year	**360,187**	*279,064*

10. Intangible assets

	Goodwill £
Cost	
At 1 July 2017	**789,016**
Impairment	**(217,168)**
At 31 December 2018	**571,848**
Amortisation	
At 1 July 2017	**580,726**
Charge for the year	**59,177**
Impairment	**(117,849)**
At 31 December 2018	**522,054**
Net book value	
At 31 December 2018	**49,794**
At 30 June 2017	*208,290*

During the year an impairment charge was recognised in relation to goodwill acquired on the acquisition of McBains Cooper (Scotland) Limited. The net book value of this goodwill was £99,320.

11. Tangible fixed assets

	Leasehold improvements £	Fixtures, fittings and equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 July 2017	**349,931**	**49,373**	**444,724**	**844,028**
Additions	**329,594**	**62,738**	**130,280**	**522,612**
Disposals	**(294,786)**	**(9,239)**	**(125,051)**	**(429,076)**
At 31 December 2018	**384,739**	**102,872**	**449,953**	**937,564**
Depreciation				
At 1 July 2017	**331,799**	**21,662**	**303,563**	**657,024**
Charge for the 18 months period on owned assets	**97,600**	**27,281**	**128,678**	**253,559**
Disposals	**(294,342)**	**(7,926)**	**(124,176)**	**(426,444)**
At 31 December 2018	**135,057**	**41,017**	**308,065**	**484,139**
Net book value				
At 31 December 2018	**249,682**	**61,855**	**141,888**	**453,425**
At 30 June 2017	*18,132*	*27,711*	*141,161*	*187,004*

12. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 July 2017	2
At 31 December 2018	2

Subsidiary Undertakings

The following were subsidiary undertakings of the company:

Name	Class of Shares	Holdings	Business
McBains Cooper Consulting Limited	Ordinary	100%	Dormant
McBains Cooper Colombia SAS	Ordinary	100%	Dormant

13. Debtors

	31 December 2018 £	30 June 2017 £
Trade debtors	3,607,780	2,704,394
Amounts owed by group undertakings	3,571,220	2,003,335
Other debtors	77,637	272,728
Prepayments and accrued income	445,748	364,461
Amounts recoverable on long term contracts	585,423	351,307
	8,287,808	5,696,225

An impairment loss of £13,783 *(2017: £20,153)* was recognised against trade debtors.

14. Cash and cash equivalents

	31 December 2018 £	30 June 2017 £
Cash at bank and in hand	448,173	1,052,708

15. Creditors: Amounts falling due within one year

	31 December 2018 £	30 June 2017 £
Trade creditors	741,348	425,057
Amounts owed to group undertakings	2,935,720	1,910,720
Corporation tax	162,759	272,250
Other taxation and social security	847,553	759,537
Other creditors	99,839	134,106
Accruals and deferred income	1,021,766	864,528
	5,808,985	4,366,198

16. Deferred taxation

	2018 £
At beginning of year	(15,526)
Charged to profit or loss	(753)
At end of year	**(16,279)**

The provision for deferred taxation is made up as follows:

	31 December 2018 £	*30 June 2017 £*
Accelerated capital allowances	22,456	*20,173*
Other timing differences	(6,177)	*(4,647)*
	16,279	*15,526*

17. Provisions

	Property Costs £
At 1 July 2017	102,867
Charged to profit or loss	(35,700)
At 31 December 2018	**67,167**

18. Financial instruments

	31 December 2018 £	*30 June 2017 £*
Financial assets		
Financial assets measured at fair value through profit or loss	**448,173**	*1,052,708*
Financial assets that are debt instruments measured at amortised cost	**7,256,637**	*4,920,553*
	7,704,810	*5,973,261*
Financial liabilities		
Financial liabilities measured at amortised cost	**(4,798,674)**	*(3,334,411)*

19. Dividends

	31 December 2018 £	*30 June 2017 £*
Dividends paid on equity capital	**400,000**	*1,300,000*

20. Share capital

	31 December 2018 £	*30 June 2017 £*
Allotted, called up and fully paid		
1,000,000 *(2017 - 1,000,000)* Ordinary shares of £1.00 each	**1,000,000**	*1,000,000*

21. Reserves

Profit & loss account

Includes all current and prior period retained profit and losses.

22. Pension commitments

The pension costs charged in the financial statements represent the contributions payable by the company during the year. An element of the scheme is defined benefit, such that there is a Guaranteed Money Purchase underpin, but this has not been bought on to the balance sheet as it is not material.

The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £38,970 *(2017: £325,900)*. Contributions totalling £36,339 *(2017: £27,331)* were payable to the fund at the year end and are included in creditors.

23. Operating lease commitments

At 31 December 2018 the company had future minimum lease payments under non-cancellable operating leases as follows:

	31 December 2018 £	*30 June 2017 £*
Not later than 1 year	**391,842**	*116,723*
Between 2 and 5 years	**1,540,635**	*15,179*
Due in over 5 years	**225,585**	*-*
	2,158,062	*131,902*

24. Immediate and ultimate parent company

The immediate parent company is McBains Cooper Limited which is incorporated in England and Wales and the ultimate parent company is RAG - Stiftung incorporated in Germany. The directors are of the opinion that as at 31 December 2018 the ultimate controlling party was RAG - Stiftung.

25. Related party transactions

The company is wholly owned subsidiary of RSBG Investment Holding Limited, the consolidated accounts for which are publicly available. Accordingly the company has taken advantage of the exemption under FRS 102 from disclosing transactions with wholly owed members of the group.