Registered number: 03302507

ALTRAN UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

ALTRAN UK LIMITED

COMPANY INFORMATION

Directors	R J Byrne M J Simms J Terrington
Company secretary	Stella Toresse
Registered number	03302507
Registered office	22 St Lawrence Street Bath Somerset BA1 1AN
Independent auditors	Constantin 25 Hosier Lane London EC1A 9LQ

ALTRAN UK LIMITED

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

Introduction

This Strategic Report has been prepared solely to provide additional information to shareholders to assess the company's strategies and the potential for those strategies to succeed.

The Strategic Report contains certain forward looking statements. These statements are made by the directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to their inherent uncertainties, including both economic and business risk factors, underlying such forward looking information.

The directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006.

Business review

The Company uses the following key financial performance indicators to monitor the business:

	2019	2018
	£000's	£000's
Revenue	57,593	56,040
Gross profit	11,558	14,460
Operating profit	2,206	4,648
EBITDA	2,750	5,912

The strategic priorities of the Company include:

-Through innovation, thought leadership, client intimacy and delivery excellence, to deliver market leading solutions and real business value to our clients:
-Enhance our Digital offering to bring the best of digital, mobile and IOT capabilities to clients who are going through a digital transformation and/or delivering digital services. Brings innovative solutions increasing sprint velocity and reduced time-to-market with confidence of quality and customer experience.

The market itself is indicating a strong appetite for technology in an ever increasing data-driven economy. This in turn, drives spending in Engineering Research & Development (ER&D), including:

- Technology forming a key driver in manufacturing, operations and marketing business transformations
- Innovation in Engineering and IT services, with automation and augmented intelligence
- Heightened importance placed on cyber; and technology being applied to drive cost competitiveness.

The business is well positioned to capitalise on market opportunities owing to:

- A talented resource pool, with access to global capability, local touch, global reach;
- Innovative solutions, based on next generation Data Analytics and Artificial Intelligence;
- Best-in-class combination of agile delivery and industrialisation;

2019 saw a stabilisation in the business. The Company faced a challenging market with legacy accounts running towards the end of life with decreasing margins. The outlook for 2020 and future years is positive and the pipeline for new business is growing for 2020.

Principal risks and uncertainties

The principal risks and uncertainties of the Company are as follows:

Economic risk this includes the impact on financial position and performance due to a downturn in the markets the Company operates in and the general, macroeconomic environment. The Company monitors and anticipates as far as possible the development and outcomes of these risks and takes mitigating actions accordingly.

Competition risk arises as the ER&D consulting and services business is highly competitive. The competitive environment is monitored to assess the weight, strengths and weaknesses of the main players. Client satisfaction is also a key priority to ensure long-term relationships are maintained.

Employee risk arises given the value placed on the human capital of the Company and the Company's ability to attract, train and retain employees with the necessary technical expertise. The quality of human resource management and employee commitment is monitored very closely and a significant number of initiatives and working groups are in place to drive employee engagement.

Technological risk arises as new technologies and new practices inevitably expose the Company to new risks. Similarly, the risks of cyber criminality could lead to loss of data, disruption to projects or could impact the reputation of financial health of the Company. Business continuity procedures have been implemented and a global program is in place to mitigate the risk of cyber criminality on its main systems. Where there is technological change, the Company looks to be at the forefront of the change in order to best serve its customers.
The directors take responsibility for maintaining systems of internal control to manage and mitigate these risks.
The Company maintains a neutral stance on the political implications of the UK's departure from the EU. As a global leader in consulting, technology services and digital transformations, the Company is fully committed to cooperating with its clients to make any necessary changes in the way they operate, in order to accommodate the regulatory, legal or fiscal changes heralded by Brexit.
The Company's workforce includes a small amount of EU nationals and based on the statements made by the UK government, the assumption is that these people will continue to be allowed to work in the UK unaffected for an interim period following Brexit. However, it should be noted that with changes in immigration criteria, the growth in skilled employees from non-EU countries is likely to increase.

Brexit risk
With regard to Brexit, there is a risk that Altran UK may be affected by the subsequent exit negotiations. This may adversely affect existing projects and hamper the chances of winning new projects. A No-Deal Brexit exit remains a possibility and in light of that, an application was made to obtain an Open General Export Licence (OGEL) to allow Altran UK to export to Europe. This was duly received in late 2019.

In the first half of 2020, it was noticeable that there has been some tightening of client procurement controls with the UK Government not committing to maintaining EU regulations in major industries. There is a risk maturing in some sectors (notably Aeronautics), although expected growth in the Rail and Communications industries will balance this, offering protection through diversity in multiple sectors.

A No-Deal Brexit could also put pressure on the availability of engineers, which could have a short-term impact on our availability to deliver contracted work. Rolling plans are being maintained to mitigate against this and to ultimately avoid any interruption to the service provided to our key clients. There is also the possibility that a No-Deal Brexit may lead to a weakening of Sterling, which in turn will have a detrimental effect on non-Sterling denominated contracts. It could also makes the services we buy-in from Europe much more expensive. This risk will be mitigated through the global hedging process managed by the ultimate parent, Capgemini SA.

Financial key performance indicators

The board uses a number of key performance indicators to analyse the performance of the business against past results, forecasts and competitors.
The Company achieved a gross profit margin of £11,558,289 for the year under review, compared to £14,460,960 in the financial year ended 31 December 2018.

The Company achieved an operating profit margin of £2,206,812 for the year under review, compared to £4,648,850 in the financial year ended 31 December 2018.

Overall, the directors are satisfied with the Company's performance.

Covid-19

The Covid-19 crisis has caused a certain amount of disruption to the UK business, but owing to the crisis initially affecting our European counterparts, detailed plans were able to be put in place early, which have ensured that the impact on the UK business has not been overly disruptive.

The decision to switch all employees from being office-based to being homeworkers was taken in mid-March, so by the time the UK government announced the lockdown on 23 March 2020, all employees were geared up in advance to work remotely. A large numbers of employees already had the ability to work from home, so the key was to ensure that all back office staff were enabled to work remotely to in turn ensure that all internal controls were maintained.

The Altran business is spread over several offices in the UK, so management of the business has always relied on telephone calls, emails, online meetings, teleconferences and other online media. Therefore, the switch to homeworking has had little or no effect on the way the business is generally managed. Any face to face meetings have switched to Microsoft Teams or Webex, with minimal disruption.

All internal controls remain fully in force and fully operational. There have been no need for any changes to any internal processes or procedures as the business is set up to operate remotely. All approval requirements across all levels of the business remain as they were, pre-Covid.

With the regard to the wellbeing of our employees, the respective HR partners are in communication with all employees through regular updates and are available for one to one meetings (via teleconference) with any employees who are finding homeworking difficult. The wellbeing of our employees is the top priority for the business and we will strive to ensure that all employees are fully supported at all times.

From a business perspective, a large portion of Altran UK's revenue relates to development and testing, with this work generally being undertaken remotely. A number of these projects are considered to be critical to national infrastructure and thus the workers have "critical worker" status. This will ensure the continuation of such projects. The impact of Covid-19 has therefore been minimal on this part of the business.

The disruption that has been suffered relates to the Aerospace and Automotive industries, where our consultants have to be based on the clients' premises. For the small number of clients who have closed their factories or premises, the projects that were being undertaken have been put on hold, with future projects also being jeopardised. For consultants working on these projects, it has been extremely difficult to move them onto other projects and therefore they have been placed onto the government backed furlough scheme. It is the intention of the business to protect the jobs of all staff and with the government backed furlough scheme being extended until October 2020, any affected employees will be retained on furlough until such time that they can return to work.

If, at the conclusion of the furlough scheme in October, there are employees who are not able to return to work, then redundancies will be considered.

The Covid-19 crisis has had a detrimental effect on revenue, with Q2 reporting negative growth of 13.8% compared to Q2 of 2019. The expectation is that Q3 will report negative growth of circa 19.7%, with an improvement being seen in Q4, as negative growth reduces to circa 6.1%. It is expected that Q1 of 2021 will achieve parity with Q1 of 2020.

From an operating margin perspective, the business has experienced a sharp decline in profitability in Q2 of 2020 compared to Q2 of 2019. This is based around clients closing facilities at relatively short notice and the associated cost of carrying non-furloughed staff. The process of rescheduling staff onto other projects is complex and not immediate and thus there is a cost attached.

The business is expected to return to historical levels of profitability in Q3 of 2020. Although, revenue is expected to be lower in Q3 owing to Covid-19, the way the business operates has been adjusted to ensure that non-fee earning staff, who have not been furloughed, are minimised and that full attention is paid to the key high-margin projects.

The business has immediate access to funds via the Altran Group cash pool. This enables the business to maintain liquidity and to always ensure that funds are available to support ongoing operations and future developments.

In summary, the disruption from Covid-19 has been well planned and managed operationally, owing to the advance warning from our colleagues in Europe. Whilst the business has endured a difficult quarter in Q2, it has ensured that it has operated in a manner that protects the interests of all its employees at all times, whilst ensuring that the heart of the business is suitably protected and intact and organised in such a way that it can come through the crisis and be in a position to exploit all opportunities that are available in the second half of 2020.

Directors' statement of compliance with duty to promote the success of the Company

The Directors of the Company always look to act in the best interests of its shareholders and its key stakeholders. All decisions that affect the ongoing health of the Company and its future prosperity will always be given very careful consideration and will always be made in good faith.

Effective risk management underpins the delivery of the Company's objectives and goals and is essential to generate sustainable shareholder value, to protect the Company's reputation and to provide its employees with a rewarding and challenging environment in which to work. The Directors use risk management as the identification, assessment and prioritisation of risks, followed by the application of resources to minimise, monitor and control the probability and/or impact of an event occurring.

The Directors maintain a Risk Register, which identifies the main risks facing the Company, the consequences of the risk occurring and the actions taken to mitigate the risk. Each identified risk is allocated to a member of the senior management team, with oversight from a Director, who in turn will have responsibility for managing that risk.

The Directors have overall responsibility for the Company's system of risk management and internal controls and for determining the degree of risk which it considers appropriate and acceptable in pursuit of the Company's strategic objectives.

The Directors meet quarterly as part of a Governance Board to review the risks and to carefully consider the likelihood of any risk occurring and the impact it could have on the business. Each Director will be responsible for providing proposed or current mitigation.The areas of risk range from the development of intangible assets, the ability to undertake government classified projects, change of Enterprise Resource Planning system, GDPR, accreditations, Brexit, major pandemic, cyber security, scarcity of resources, regulatory compliance, succession planning, etc.The Directors ensure that regular reviews of compensation and benefits are undertaken to remain competitive and support retention of staff.

The Directors also oversee regular reviews of make/buy decisions in terms of available skills, providing a distinction between the skills the Company looks to hire for its permanent staff compared to the roles that can be fulfilled by freelancers.

To further protect/reassure stakeholders, including shareholders, clients, suppliers and employees, the Company holds a number of accreditations, all of which are subject to external audit, confirming that the Company meets specific industry standards.

ISO 27001 – this accreditation applies to specific IT network, storage and access facilities and the associated work that is undertaken, along with the data that is stored and transmitted on that network. The network has to be located within a physically segregated environment, with the employees having access to the environment being restricted to only those who need to work on the data and the systems within that network.

ISO 9001/9100 – these accreditations provide the Company with a quality management standard which underpins business delivery. These standards cover general project delivery and the underpinning processes necessary for the projects to be delivered consistently. The 9100 accreditation provides specific quality standards for delivery into the Aerospace industry.

ISO 14001 – this accreditation provides environmental management standards and encompasses waste management and energy efficiency. It is currently applied to a number of the Company's offices across the UK with the intent being to extend the accreditation across the full UK estate in the near future

Statement S172

The Board of Altran UK Ltd consider that they have adhered to the requirements of section 172 of the Companies Act 2016 (the "Act") and have, in good faith, acted in a way they consider would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so, have had regards to and recognised the importance of considering all stakeholders and other matters (as set out in s.172 (1) (a-f) of the Act) in its decision-making.

The Board welcomes the new reporting requirement as an opportunity to explain how dialogue with stakeholders has formed and helped to shape it decisions.

Altran UK promotes the highest standards of governance and ensures that these standards cascade throughout the company. The Board believes that Altran UK's governance is best achieved by delegation of its authority to its CEO and the Altran UK's leadership team, subject to the application of specific limits as stated in our quality manual and group policies.

Guiding principles are in place for the relationship with Altran Group and Altran Board. This framework promotes full and effective interaction across all levels of the company and to support the delivery of strategy and business objectives within a framework of best corporate governance practice.

Through working collaboratively with the management and listening to feedback from the company's main stakeholders, the Board believes that Altran UK is well positioned to respond to a changing and highly uncertain environment.
The table below sets out Altran UK's key stakeholders and provides examples of how the Board has engaged with them in the year, as well as how they have been considered in the decision-making process. These matters have included:

- likely long-term consequences;
- impact on employees;
- relationships with our customers, employees, regulators, etc;
- impact of the company's operations on the community and environment;
- desirability of the company maintaining a reputation for high standards of business conduct; and
- theneed to act fairly for all stakeholders.

Who	Why	How	What	Outcomes
Altran Group: - Altran Group in UK - Altran Group in Europe - Altran Group Globally	Altran Group is our ultimate shareholder. Their continued support and guidance are key for us to align with the Altran Group's strategy. We create value for our shareholders by generating strong and sustainable results that translate into Net Equity and ultimately dividends paid.	As part of the Altran Group, we monitor the implementation of the cascaded strategy from the Group and meet the KPI targets set by Group. Monitoring is ensured through: • monthly management meetings • quarterly business performance reviews • other ad-hoc meetings and communications on specific topics • internal audit self-assessment reviews In addition, the strategy around Industries, client portfolios and offers to clients is influenced at Group level. Altran UK's portfolio and expertise is embedded within the long-term Group strategy on growth.	Our budgets and regular forecasts set up the targets that Altran UK needs to achieve in terms of the main KPIs and drivers. Amongst others: • revenue (external and internal) • direct margin • gross margin • utilisation of resources • DSO / cashflow We also prepare and present a mid-term plan focused on the subsequent 5 years.	Our governance, values and strategy are directly aligned with those of the Altran Group.
Customers	Customers are at the heart of our business. Our service offer adapts over time to match the needs of our clients. Altran UK judges itself on the value	Altran UK aims to create long-term partnerships with its clients to continuously align with their needs, providing suitable and reliable solutions to their challenges. We are constantly dedicated to	We provide our clients with: • analytics and insights to accelerate their business and transform data into value • system and data	As a result of the success in partnering with our clients, we have gained understanding of their needs, and been able to support them over the years and intend to do so in the long run.

	returned to its clients.	refining what we do and delivering against our promises.	engineering to build robust IT capabilities and data driven systems for the digital world • complex application management to maximise the value of their complex application portfolios • digital landscape, so their technology infrastructure and their information are fit for future challenges and opportunities.	We pride ourselves in maintaining enduring relationships with the vast majority of our clients.
Employees	Our employees are the soul of our company. They define who we are. We pride ourselves on our positive culture. The way our employees collaborate with each other and with our clients provide Altran UK's greatest strength.	We continue nurturing Altran UK's Culture as we grow, investing in our staff in all ways possible (training, benefits, social events), and keeping all staff fully engaged in all aspects of the business. It is Altran UK's positive and collaborative culture, helping to attract and retain high quality, motivated and diverse staff, that differentiates Altran UK from its competition.	Our leadership team meets regularly with all employees in the respective offices, in interactive events. It is through these and other tools (Connections, evening meetings, etc) that the leadership team ensures that it is close to the main topics of concern and interest for our employees.	As a consequence of this continued engagement with our employees, a number of actions have been implemented in 2019: • Flexible benefits packages adapted to the different geographies. • solutions to allow staff to work efficiently and effectively as part of international teams. • promoted social and sports events

Regulators/Government	In the several geographies we work within, we interact constructively with the respective government and regulatory bodies, from tax authorities, to councils, Companies House, etc.	The leadership team and the delegated employees ensure continued improvement in all processes and actions that are required to comply with all reporting and payment deadlines related to the business activities.	We count on regular self-assessment reviews, and on the support of experts in different areas (tax, health and safety, legal advisors, etc) to evaluate and ensure that we excel in our relationship with all regulators and government bodies.	• BSI ISO 9001/9100 • BSI ISO 27001 • BSI ISO 14001 • internal audit self-assessment • statutory audit • regular tax declarations • participation in general and financial statistics
Community/Environment	Our vision states: "In today's world, change is a constant factor. Leveraging the positive potential of change is what Altran is all about. Innovation is our guiding principle- an inspiration that brings Altran to life and gives meaning in everything we do." This is important throughout Altran UK, its employees and the leadership team.	Contributing positively to a wider society enables us to create stronger communities and have a positive environmental impact. Our continuous improvement function, together with the leadership team and our employees, guarantee our continued focus on Altran Uk's impact on both the environment and on our communities.	It is our employees who decide what environmental and community related associations we get involved with or support over the course of our activities.	In 2019 we have supported: Jeans for Jeans, Movember, Cancer Research UK, Salvation Army, Sick Children Trust, and others.
Suppliers	We have a very limited pool of large international suppliers. Most of our suppliers for services and goods are local to the respective offices, and in general there is a balanced split	Altran UK does not have a dedicated procurement department. The specific procurement needs are identified within all the departments: IT, Training, and Marketing, Human	Our collaboration with suppliers involves affordable payment terms in line with local regulations, but also requires from them minimum compliance standards with respect to Health	Altran UK has obtained an excellent reputation amongst our vendors.

	between small/medium enterprises and larger corporations.	Resources, etc., with a structured authorisation process. These departments follow guidelines and threshold limits stated in our quality manual together with clear rules for delegation of authority.	and Safety, quality, etc, as stated in our internal policies and quality manual.	

Principal decisions

We define principal decisions as both those that are material to the Group, but also those that are significant to any of our key stakeholder groups. In making the following principal decisions the Board considered the long term outcome from its stakeholder engagement as well as the need to maintain a reputation for high standards of business conduct and the need to act fairly between the members of the company.
For the year ending 31 December 2019, the Board consider that the following are good examples of principal decisions that were made in the year:

1) Reorganisation of the Altran UK Management Team. The CEO, CFO and Programs Director all took extended leadership roles covering the other countries in the Altran North Europe Cluster (Netherlands & Scandinavia). A Europe North Cluster Sales Director and UK COO were also appointed. The Airspace, Defence and Rail Division was split into two separate divisions (Aerospace & Defence and Rail), each with a dedicated Business Unit Director with P&L responsibility to reflect the growing importance of the rail sector.

2) Several initiatives were implemented to reduce the General & Administrative expense in the UK. These included rationalization of real estate and extending Altran UK back office functions (HR, Payroll and Finance) to support IRM, whilst offering economies of scale.

3) Altran UK deployed GDPR Etraining, reaching 100% of permanent employees to ensure all personnel understood the importance of compliance, including the "cleansing" of hard-copy and soft-copy of data records.

4) In 2019 the leadership team also considered and agreed upon the continued investment in the employee welfare, and the implementation of mental health and well-being programs. This decision included discussions in relation to protecting the mental health of our employees. It was concluded that on-going investment in our employees would help deliver long-term success to the company.

The report was approved by the board of directors on..5 October 2020...and signed on behalf of the board by:

M J Simms

Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 for the Company's financial statements and then apply them consistently;
- make judgments 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.

Principal activity

The principal activity of the company is that of engineering related scientific and technical consulting activities.

Results and dividends

The profit for the year, after taxation, amounted to £120,459 (2018 - £2,693,962).

The directors do not recommend an interim dividend for 2019 (2018:£NIL).

Directors

The directors who served during the year were:

R J Byrne
M J Simms
J Terrington

Future developments

There are no significant future developments to note.

Financial instruments

Treasury management, including currency and interest rate hedging, is undertaken as part of the overall risk management strategy of the Altran Group. A Euro hedge has been in place since January 2014. The Company's principal financial assets are bank balances and trade debtors. The amounts presented in the balance sheet are net of provisions for doubtful debts. The Company has no significant concentration of credit risk, with exposure spread over a large number of customers. In order to maintain liquidity to ensure that sufficient funds are available to support ongoing operations and future developments, the Company manages its cash through the Altran Group cash pooling scheme.

Research and development activities

During the year, the Company has continued to carry out a wide range of R&D activities and worked on projects that sought to advance science and technology through the resolution of scientific and technical uncertainty. Altran strives to provide innovative products and advances in processes across multiple sectors, often in highly regulated safety critical applications. Following on from advances made in 2015, the Company has continued to develop key pieces of intellectual property such as the SPARK programming language, the COMPASS railway backup signalling system and the CoherenSE automotive control system.

Engagement with 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 handicapped or disabled person under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate in line with Equality Act 2010.

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 in line with Equality Act 2010.

The Company's policy is to consult and discuss with employees matters likley to affect employees' interests. Information on matters of concern to employees is given through information bulletins and face-to-face meetings with management in the quarterly satisfaction surveys and the annual engaged people workshops .Information on the Company's performance is maintained through a regular newsletter. The performance and development review process ensures employees are made aware of their individual contribution to the business during the annual appraisal and talent review process.

Matters covered in the strategic report

The directors have chosen to disclose information on the following, required by the Companies Act to be included in the Directors' Report, within the Strategic Report, found on pages 1 and 2:

-Information on financial risk management and policies.

Disclosure of information to auditors

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

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

Post balance sheet events

Capgemini Acquistion

Since March 31, 2020, the Altran Group has become part of the Capgemini group, a global leader in consulting, technology services and digital transformation. The new opportunities from a relationship with Capgemini could ultimately be far more significant for Altran UK Limited than any other previous event in the company's history. During the remainder of 2020, there will be extensive discussions about where, within the new organisation, Altran UK will fit best.

CoherenSE

Since 2015, Altran UK has been working on the development of CoherenSE®, which is a software solution that was aiming to make possible advanced automotive features such as autonomous driving. Its ultimate aim was to manage the growing complexity of systems through the vehicle and to deliver full control of the vehicle through a modular approach.

As at 31 December 2019, the value held on the Balance Sheet for CoherenSE® was circa £14.1m.

During Q1 of 2020, there were a number of significant developments in the market that forced the Directors to revisit the continued development of CoherenSE®;

• The most notable of these being the fact that large automotive players are investing heavily in their own solutions, which would negate the impact it was hoped that CoherenSE® would have on the market.

• Towards the end of Q1, the first effects of the Covid-19 pandemic were starting to be felt and with this brought an almost immediate cessation of any investment that large automotive players were planning to have in 2020 and potentially beyond.

• Third party analysis had identified China as a lead opportunity for CoherenSE®, but again, any further development of this opportunity was suspended due to Covid-19.

•Tier 1 suppliers were unwilling to invest in any kind of Proof of Concept, with a key part of the CoherenSE® Business Plan being that Proof of Concept costs would be co-funded.

In addition to the above, a key part of the Business Plan for CoherenSE® was the creation of a dedicated Business Unit to manage the continued development of CoherenSE® and to exploit it in the automotive marketplace. It was estimated that recurring costs of the dedicated Business Unit would be circa £2m per annum. In light of Covid-19 and deteriorating market conditions, it was deemed unlikely that any revenue would be generated throughout 2020 or 2021, which given the year on year investment required to maintain the Business Unit suggested that continued development wasn't viable.

The Directors considered various options including:

- Continued development
- Mothballing CoherenSE® until market conditions improved
- Complete cessation and write-off

Given the constraints around investment, the option of continued development could not be considered. The mothballing option was not deemed to be viable as suspension of development until a later date would remove the element of disruption that Altran were hoping to bring to the market with the original development of CoherenSE®, which in turn would erode any perceived market leadership and eliminate first-mover advantage.

Therefore, the Directors decided to cease development and to write-off the full value of the intangible asset as at 31 March 2020.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Auditors

Mazars will be appointed auditors in place of Constantin following the acquisition of Capgemini and in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 5th October 2020 and signed on its behalf.

M J Simms
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALTRAN UK LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Altran UK Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 27 (including the statement of accounting policies).

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "*The Financial Reporting Standard applicable in the UK and Republic of Ireland*" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

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 Financial Reporting Council's (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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

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 respect of these matters.

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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

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.

P. Smith

Peter Smith FCA (Senior statutory auditor)
For and on behalf of Constantin, Chartered Accountants and Statutory Auditors

25 Hosier Lane
London
EC1A 9LQ

Date: 05 October 2020

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Turnover	3	57,593,032	56,040,005
Cost of sales		(46,034,743)	(41,579,045)
Gross profit		11,558,289	14,460,960
Distribution costs		(3,537,964)	(2,639,167)
Administrative expenses		(5,813,513)	(7,172,943)
Operating profit	4	2,206,812	4,648,850
Exceptional costs	11	(619,604)	(462,774)
Interest receivable	8	9,454	10,884
Interest payable	9	(1,357,183)	(883,355)
Profit before tax		239,479	3,313,605
Tax on profit	10	(119,020)	(619,643)
Profit for the financial year		120,459	2,693,962

There was no other comprehensive income for 2019 (2018:£NIL).

The notes on pages 20 to 40 form part of these financial statements.

All the activities of the company are from continuing operations.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Notes		2019 £		2018 £
Fixed assets					
Intangible assets	12		17,425,085		15,792,067
Tangible assets	13		155,475		188,615
Investments	14		19,983,403		19,983,403
			37,563,963		35,964,085
Current assets					
Debtors: amounts falling due within one year	15	30,104,506		29,649,767	
		30,104,506		29,649,767	
Creditors: amounts falling due within one year	16	(40,221,742)		(38,307,529)	
Net current liabilities			(10,117,236)		(8,657,762)
Total assets less current liabilities			27,446,727		27,306,323
Provisions for liabilities					
Deferred tax	18	(1,765,567)		(1,754,534)	
Other provisions	19	(134,754)		(125,842)	
			(1,900,321)		(1,880,376)
Net assets			25,546,406		25,425,947
Capital and reserves					
Called up share capital	20		1,000,002		1,000,002
Share premium account	21		376,337		376,337
Other reserves	21		9,994,500		9,994,500
Profit and loss account	21		14,175,567		14,055,108
			25,546,406		25,425,947

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

5th October 2020

M J Simms
Director

The notes on pages 20 to 40 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2018	1,000,002	376,337	9,994,500	11,361,146	22,731,985
Comprehensive income for the year					
Profit for the year	-	-	-	2,693,962	2,693,962
Total comprehensive income for the year	-	-	-	2,693,962	2,693,962
At 1 January 2019	1,000,002	376,337	9,994,500	14,055,108	25,425,947
Comprehensive income for the year					
Profit for the year	-	-	-	120,459	120,459
Total comprehensive income for the year	-	-	-	120,459	120,459
At 31 December 2019	1,000,002	376,337	9,994,500	14,175,567	25,546,406

The notes on pages 20 to 40 form part of these financial statements.

1. General information

Altran UK Limited is a private company limited by shares incorporated in England and Wales. The registered office is 22 St Lawrence Street, Bath, Somerset, BA1 1AN. The principal activity of the company is that of engineering related scientific and technical consulting activities.

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 Company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 on the basis that it is a subsidiary undertaking and its immediate parent undertaking is established under the law of an EEA State.

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on a going concern basis, as Altran Technologies S.A.S, has agreed to provide such financial support as may be necessary in order to enable the company to meet its financial obligations as they fall due in the foreseeable future.

2.3 Disclosure exemptions

The company is a "qualifying company" for the purposes of FRS 102 and has taken advantage of the disclosure exemption relating to the provision of a cash flow statement in accordance with FRS 102 paragraph 1.12 (b) and the disclosure of the total compensation paid to key management personnel in accordance with FRS 102 paragraph 1.12 (e).

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2. Accounting policies (continued)

2.5 Revenue

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.
Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer, usually on despatch of the goods. The amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

2.6 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.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.7 Research and Development

Research expenditure is written off in the year in which it is incurred.
Development expenditure incurred is capitalised as an intangible asset only when all of the following criteria are met:

• It is technically feasible to complete the intangible asset so that it will be available for use or sale
• There is the intention to complete the intangible asset and use or sell it;
• There is the ability to use or sell the intangible asset;
• The use or sale of the intangible asset will generate probable future economic benefits;
• There are adequate technical, financial and other resources available to complete the development and to use or sell the intangible asset; and
• The expenditure attributable to the intangible asset during its development can be measured reliably.

Expenditure that does not meet the above criteria is expensed as incurred.

2. Accounting policies (continued)

2.8 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.

Key accounting estimates and assumptions
The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are addressed below:

Impairment of investments and goodwill
Annually, the company considers whether investments and goodwill are impaired. This requires estimation of future cash flows and also a selection of the appropriate discount rates in order to calculate the net present value of those cash flows.

Uncertain tax positions
The current tax provision includes the provision of the 2019 research and development expenditure credit, which is based on management's best estimate of the expected figure. However it is possible that the final outcome of this research and development expenditure may differ from those estimates significantly.

The directors are of the view that there are no estimates or assumptions in addition to the above which have a significant risk of causing material adjustment to the carrying amount of assets and liabilities.

2.9 Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received. Government grants are recognised using the accrual model and the performance model. Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

2.10 Interest income

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

2. Accounting policies (continued)

2.11 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

2.12 Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.
When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised in finance costs in profit or loss in the period in which it arises.

2.13 Current and deferred taxation

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

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

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

2.14 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2. Accounting policies (continued)

2.15 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the revaluation model, intangible assets shall be carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated amortisation and subsequent impairment losses - provided that the fair value can be determined by reference to an active market.

Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting date.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Development expenditure	-	5	years

2.16 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.

2. Accounting policies (continued)

2.16 Tangible fixed assets (continued)

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:

Fixtures fittings and equipment	-	20%
Computer equipment	-	20% and 33%
Other fixed assets	-	100%

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.

2.17 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.18 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.

2.19 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.

2.20 Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event; it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.
Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised in finance costs in profit or loss in the period it arises.

2. Accounting policies (continued)

2.21 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 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 trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs. At subsequent reporting periods, the basic financial assets receivable within one year are measured at the undiscounted amount of the cash or other consideration that the company expects to receive.
Basic financial assets that constitute financing transactions, in accordance with FRS 102 paragraph 11.13, are measured at the present value of the future receipts discounted at a market rate of interest. Basic financial assets that meet the conditions in FRS102 paragraph 11.8 (b) are initially recognised at the transaction price and are subsequently measured at amortised cost using the effective interest method.

Basic financial liabilities
Basic financial liabilities, including trade and other payables, bank loans, and loans from fellow group companies that are payable within one year or less, other than those that constitute a financing transaction in accordance with FRS 102 paragraph 11.13, are initially recognised at the transaction price and, except for those financial liabilities that meet the conditions in FRS102 paragraph 11.8 (b),are subsequently measured at the undiscounted amount of the cash or other consideration that the company expects to pay.
Basic financial liabilities that constitute a financing transaction in accordance with FRS 102 paragraph 11.13 are measured at the present value of the future receipts discounted at a market rate of interest. Basic financial liabilities that meet the conditions in FRS102 paragraph 11.8 (b) are initially recognised at the transaction price and are subsequently measured at amortised cost using the effective interest method.

2.22 Long-term contracts

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

3. Turnover

An analysis of turnover by class of business is as follows:

	2019 £	2018 £
Total turnover	57,593,032	56,040,005
	57,593,032	56,040,005

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	49,803,288	52,401,659
Rest of Europe	6,549,052	2,308,346
Rest of the world	1,240,692	1,330,000
	57,593,032	56,040,005

4. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Amortisation of intangible assets	428,912	460,567
Depreciation of tangible assets	113,971	802,211
Other operating lease rentals	1,742,413	1,419,860
Foreign exchange differences	45,132	85,708
Defined contribution plans expense	884,330	744,395
RDEC tax credit	(1,250,004)	(1,283,250)
Government grant	(94,738)	(155,284)

5. Auditors' remuneration

	2019 £	2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	18,835	-

2018 Audit fees of Altran UK were borne by Altran UK Holding Limited.

6. Employees

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

	2019 £	2018 £
Wages and salaries	21,250,661	17,590,551
Social security costs	2,513,512	2,093,888
Staff pension costs - defined contribution schemes	884,330	744,395
	24,648,503	20,428,834

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

	2019 No.	2018 No.
Management and administration	73	41
Technical	331	324
	404	365

7. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	1,033,813	187,581
Company contributions to defined contribution pension schemes	17,829	3,468
	1,051,642	191,049

During the year retirement benefits were accruing to 3 directors *(2018 - 1)* in respect of defined contribution pension schemes.

8. Interest receivable

	2019 £	2018 £
Interest receivable from group companies	9,454	10,884
	9,454	10,884

9. Interest payable

	2019	2018
	£	£
Bank interest payable	61,548	87,704
Loan interest from group undertakings	1,295,635	795,651
	1,357,183	883,355

10. Taxation

	2019	2018
	£	£
Corporation tax		
Adjustments in respect of previous periods	259,491	20,957
	259,491	20,957
Group relief	(151,504)	(128,889)
	107,987	(107,932)
Total current tax	107,987	(107,932)
Deferred tax		
Origination and reversal of timing differences	238,418	727,575
Adjustments in respect of prior periods	(227,385)	-
Total deferred tax	11,033	727,575
Taxation on profit on ordinary activities	119,020	619,643

10. Taxation (continued)

Factors affecting tax charge for the year

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of corporation tax to the profit before tax is as follows:

	2019 £	2018 £
Profit on ordinary activities before tax	239,479	3,313,605
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	45,501	629,585
Effects of:		
Changes in rates of tax	(1,298)	(85,960)
Group relief claimed relating to 2017	-	13,098
Effect of expenses not deductible for tax purposes and depreciation	42,711	41,963
Adjustments to tax charge in respect of prior periods	32,106	20,957
Total tax charge for the year	119,020	619,643

11. Exceptional items

	2019 £	2018 £
Exceptional items	619,604	462,774
	619,604	462,774

The exceptional items within the current year relate to costs involved with redundancies and costs in relation to the cyber attack.

12. Intangible assets

	Development expenditure £	Goodwill £	Total £
Cost			
At 1 January 2019	14,536,118	6,572,119	21,108,237
Additions	2,061,931	-	2,061,931
At 31 December 2019	16,598,049	6,572,119	23,170,168
Amortisation			
At 1 January 2019	2,446,405	2,869,766	5,316,171
Charge for the year	44,061	384,851	428,912
At 31 December 2019	2,490,466	3,254,617	5,745,083
Net book value			
At 31 December 2019	14,107,583	3,317,502	17,425,085
At 31 December 2018	12,089,714	3,702,353	15,792,067

13. Tangible fixed assets

	Fixtures fittings and equipment £	Computer equipment £	Other fixed assets £	Total £
Cost or valuation				
At 1 January 2019	1,301,173	2,204,659	8,992	3,514,824
Additions	-	13,827	-	13,827
Transfer from holding company	15,039	77,032	-	92,071
Disposals	-	(25,067)	-	(25,067)
At 31 December 2019	1,316,212	2,270,451	8,992	3,595,655
Depreciation				
At 1 January 2019	1,159,795	2,157,422	8,992	3,326,209
Charge for the year	44,437	69,534	-	113,971
At 31 December 2019	1,204,232	2,226,956	8,992	3,440,180
Net book value				
At 31 December 2019	111,980	43,495	-	155,475
At 31 December 2018	141,378	47,237	-	188,615

14. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2019	19,983,403
Additions	-
Disposals	-
At 31 December 2019	19,983,403

14. Fixed asset investments (continued)

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Class of shares	Holding
Information Risk Management Limited	Ordinary	100%

The aggregate of the share capital and reserves as at 31 December 2019 was £397,933 and the profit or (loss) for the year ended on that date for the subsidiary undertaking was (£1,282,338).

15. Debtors

	2019 £	2018 £
Due after more than one year		
Amounts owed by group undertakings	300,000	300,000
Other debtors	1,511,424	273,253
	1,811,424	573,253

	2019 £	2018 £
Due within one year		
Trade debtors	17,595,935	18,177,483
Amounts owed by group undertakings	852,226	166,064
Other debtors	1,018,869	552,643
Prepayments and accrued income	966,237	2,308,218
Amounts recoverable on long term contracts	6,809,097	6,142,356
Tax recoverable	1,050,718	1,729,750
	28,293,082	29,076,514

16. Creditors: Amounts falling due within one year

	2019 £	2018 £
Bank loans	1,201,014	4,593,210
Trade creditors	5,807,507	6,381,714
Amounts owed to group undertakings	26,197,339	22,862,582
Corporation tax	117,504	-
Other taxation and social security	2,658,395	1,766,818
Other creditors	1,630,390	983,723
Accruals and deferred income	2,609,593	1,719,482
	40,221,742	38,307,529

17. Financial instruments

	2019 £	2018 £
Financial assets		
Financial assets measured at amortised cost	28,087,549	24,785,903
Financial liabilities		
Financial liabilities measured at amortised cost	33,635,236	35,604,324

Financial assets measured at amortised cost compromise trade debtors, intercompany balances and other debtors.

Financial liabilities measured at amortised cost compromise trade creditors, intercompany trading balances and other creditors

18. Deferred taxation

	2019
	£
At beginning of year	(1,754,534)
Charged to profit or loss	(11,033)
At end of year	**(1,765,567)**

The provision for deferred taxation is made up as follows:

	2019	2018
	£	£
Accelerated capital allowances	(1,787,740)	(1,779,480)
Pension surplus	22,173	24,946
	(1,765,567)	(1,754,534)

19. Provisions

	Other provision
	£
At 1 January 2019	125,841
Charged to profit or loss	8,912
At 31 December 2019	**134,753**

The provision is for potential liabilities related to leasehold improvements made at the registered office address. The amount is deemed to be sufficient to meet the value of the liabilities at the lapse of the ten year leasehold. The liabilities have not been discounted as the effect would be immaterial to the financial statements.

20. Share capital

	2019	2018
	£	£
Allotted, called up and fully paid		
1,000,002 (2018 - 1,000,002) Ordinary shares of £1.0 each	1,000,002	1,000,002

21. Reserves

Share premium account

Being the cumulative premium of the issue price of share capital above its nominal value.

22. Business combinations

On 1 January 2019, the assets of Altran UK Holding Limited, the parent company of Altran UK Limited, were transferred to Altran UK Limited.

The assets and liabilities of Altran UK Holding Limited were transferred at provisional book value for a consideration of £517,996. The directors consider the fair value to equate to the existing provisional book values. This consideration has been settled by the creation of intercompany balances.

The beloe sets out boook values of assets and liabilities transfered.

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £	Fair value £
Tangible	92,068	92,068
	92,068	92,068
Debtors	1,485,940	1,485,940
Total assets	1,578,008	1,578,008
Due within one year	(1,060,012)	(1,060,012)
Total identifiable net assets	517,996	517,996
Total purchase consideration		517,996

Consideration

	£
Cash	517,996
Total purchase consideration	517,996

Cash outflow on acquisition

	£
Purchase consideration settled in cash, as above	517,996

22. Business combinations (continued)

	517,996
Net cash outflow on acquisition	517,996

23. Defined Contribution plans

The amount recognised in profit or loss in relation to defined contribution plans was £884,330 (2018: £744,395).
The amount outstanding at the balance sheet date was £130,429 (2018: £146,743).

24. Commitments under operating leases

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	1,261,622	1,397,651
Later than 1 year and not later than 5 years	1,952,799	2,361,092
Later than 5 years	-	15,803
	3,214,421	3,774,546

25. Related party transactions

In accordance with Financial Reporting Standard FRS102 (section 33), the company has taken advantage of the exemption for subsidiary undertakings, whose 100% voting rights are controlled within a group, from the requirement to disclose related transactions.

26. Post balance sheet events

There were no events of note between the closing date for the year and the authorisation of the financial statements,other than those below which are also reported on in the director's report.

Capgemini Acquisition
As of 31 March 2020, Capgemini acquired the Altran Group. Capgemini has access to a broad portfolio of senior decision makers within an extensive client base across many different industries and markers. This provides exciting new opportunities for Altran UK to exploit in future years, and we are already starting to take advantage of some opportunities.

CoherenSE
Since 2015, Altran UK has been working on the development of CoherenSE®, which is a software solution that was aiming to make possible advanced automotive features such as autonomous driving. Its ultimate aim was to manage the growing complexity of systems through the vehicle and to deliver full control of the vehicle through a modular approach.

As at 31 December 2019, the value held on the Balance Sheet for CoherenSE® was circa £14.1m.

During Q1 of 2020, there were a number of significant developments in the market that forced the Directors to revisit the continued development of CoherenSE®;

• The most notable of these being the fact that large automotive players are investing heavily in their own solutions, which would negate the impact it was hoped that CoherenSE® would have on the market.

• Towards the end of Q1, the first effects of the Covid-19 pandemic were starting to be felt and with this brought an almost immediate cessation of any investment that large automotive players were planning to have in 2020 and potentially beyond.

• Third party analysis had identified China as a lead opportunity for CoherenSE®, but again, any further development of this opportunity was suspended due to Covid-19.

•Tier 1 suppliers were unwilling to invest in any kind of Proof of Concept, with a key part of the CoherenSE® Business Plan being that Proof of Concept costs would be co-funded.

In addition to the above, a key part of the Business Plan for CoherenSE® was the creation of a dedicated Business Unit to manage the continued development of CoherenSE® and to exploit it in the automotive marketplace. It was estimated that recurring costs of the dedicated Business Unit would be circa £2m per annum. In light of Covid-19 and deteriorating market conditions, it was deemed unlikely that any revenue would be generated throughout 2020 or 2021, which given the year on year investment required to maintain the Business Unit suggested that continued development wasn't viable.

The Directors considered various options including:

- Continued development
- Mothballing CoherenSE® until market conditions improved
- Complete cessation and write-off

Given the constraints around investment, the option of continued development could not be considered. The mothballing option was not deemed to be viable as suspension of development until a later date would remove the element of disruption that Altran were hoping to bring to the market with the original development of CoherenSE®, which in turn would erode any perceived market leadership and eliminate first-mover advantage.
Therefore, the Directors decided to cease development and to write-off the full value of the intangible asset as at 31 March 2020.

26. Post balance sheet events (continued)

Covid-19
The Covid-19 crisis has caused a certain amount of disruption to the UK business, but owing to the crisis initially affecting our European counterparts, detailed plans were able to be put in place early, which have ensured that the impact on the UK business has not been overly disruptive.

From a business perspective, a large portion of Altran UK's revenue relates to development and testing, with this work generally being undertaken remotely. A number of these projects are considered to be critical to national infrastructure and thus the workers have "critical worker" status. This will ensure the continuation of such projects. The impact of Covid-19 has therefore been minimal on this part of the business.
The disruption that has been suffered relates to the Aerospace and Automotive industries, where our consultants have to be based on the clients' premises. For the small number of clients who have closed their factories or premises, the projects that were being undertaken have been put on hold, with future projects also being jeopardised. For consultants working on these projects, it has been extremely difficult to move them onto other projects and therefore they have been placed onto the government backed furlough scheme. It is the intention of the business to protect the jobs of all staff and with the government backed furlough scheme being extended until October 2020, any affected employees will be retained on furlough until such time that they can return to work.

If, at the conclusion of the furlough scheme in October, there are employees who are not able to return to work, then redundancies will be considered.

The Covid-19 crisis has had a detrimental effect on revenue, with Q2 reporting negative growth of 13.8% compared to Q2 of 2019. The expectation is that Q3 will report negative growth of circa 19.7%, with an improvement being seen in Q4, as negative growth reduces to circa 6.1%. It is expected that Q1 of 2021 will achieve parity with Q1 of 2020.

From an operating margin perspective, the business has experienced a sharp decline in profitability in Q2 of 2020 compared to Q2 of 2019. This is based around clients closing facilities at relatively short notice and the associated cost of carrying non-furloughed staff. The process of rescheduling staff onto other projects is complex and not immediate and thus there is a cost attached.

The business is expected to return to historical levels of profitability in Q3 of 2020. Although, revenue is expected to be lower in Q3 owing to Covid-19, the way the business operates has been adjusted to ensure that non-fee earning staff, who have not been furloughed, are minimised and that full attention is paid to the key high-margin projects.

The business has immediate access to funds via the Altran Group cash pool. This enables the business to maintain liquidity and to always ensure that funds are available to support ongoing operations and future developments. .

In summary, the disruption from Covid-19 has been well planned and managed operationally, owing to the advance warning from our colleagues in Europe. Whilst the business has endured a difficult quarter in Q2, it has ensured that it has operated in a manner that protects the interests of all its employees at all times, whilst ensuring that the heart of the business is suitably protected and intact and organised in such a way that it can come through the crisis and be in a position to exploit all opportunities that are available in the second half of 2020.

27. Controlling party

The company's immediate controlling party is Altran UK Holding Limited, company registered in England and Wales.
The company's ultimate parent undertaking and controlling party is Altran Technologies S.A.S, a company incorporated in France. Copies of the consolidated financial statements, in which the company is included, are available from its registered office: 54/56 avenue Hoche, 75008 Paris, France or via its website www.altran.com. In April 2020, Capgemini SE acquired 100% of the share capital of Altran Technologies S.A.S making them the ultimate parent company.

Altran Technologies SA is the smallest and the largest group for which group accounts are prepared and which includes Altran UK Limited in its consolidated financial statements.