

ARTELIA Projects UK Limited

Registered number: 03913368

Annual report

For the year ended 31 December 2018

ARTELIA PROJECTS UK LIMITED

COMPANY INFORMATION

Directors	D M Combe A Pigot T Naughton I C Bailey M B Day
Registered number	03913368
Registered office	High Holborn House 52-54 High Holborn London WC1V 6RL
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor Times House Throwley Way Sutton Surrey SM1 4JQ

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**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

Introduction

The Directors provide their Strategic Report for the year ended 31 December 2018.

Business review

The Company has achieved another strong performance in 2018, with turnover increasing by 3% on the prior year driven by growth in its public healthcare operations. Gross profit margins have risen to 43% in 2018 from 41% in 2017, generating operating profits of £886,157 and pre-tax profits of £982,597.

The quality of Artelia's projects in the UK have received significant recognition in 2018 with Command of the Oceans receiving a prestigious RICS National Award for Tourism and HMS Caroline in Belfast nominated for Museum of the Year. This creates a platform that showcases Artelia's work, raising the Company's profile in the industry.

Financial highlights

The Company's key performance indicators are:

2018 2017

Gross profit % 43% 41%

Operating profit % 7% 5%

Debtor days 57 48

Grenfell Tower

Following the tragedy at Grenfell Tower on 14 June 2017, everyone at the Company was deeply shocked and saddened by the fire and our thoughts remain with all those affected by the fire.

Artelia was appointed by Kensington and Chelsea Tenant Management Organisation as Employer's Agent, CDM co-ordinator and Quantity Surveyor for the Tower's refurbishment. Artelia was not responsible for the project's design or specifying and/or approving materials.

The Company continues to co-operate with the relevant authorities investigating the fire and it remains the case that it is not possible to identify or quantify risks to the business resulting from the tragedy.

Principal risks and uncertainties

The continued uncertainty relating to the terms on which the United Kingdom may leave the European Union mean that it is not currently possible for the Directors to effectively evaluate factors that could impact trade and the wider economy. Despite achieving improved turnover and profits during the year, the competitive nature of winning new work continues to present risks to the business, as does attracting and retaining the right talent to support the Company's growth strategy.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

Staff retention

The Board recognises that the future success and strategic growth of the Company relies on attracting and retaining the right talent. Artelia has successfully increased headcount during 2018 and continues to invest in the development and expertise of its employees by supporting professional training for the benefit of the Company and individuals.

The overall wellbeing of employees is also important to the Board and initiatives have been implemented throughout the year to ensure that employee welfare and engagement remains at the forefront of all operations. During the year, Artelia received recognition at the International Safety Awards for its Mates in Mind campaign to improve the mental wellbeing of not just employees, but the wider construction chain.

Health and Safety

Artelia has been commissioned on over 350 individual assignments during 2018. During undertaking these assignments, no recordable incidents involving its staff or partners took place. The Board will continue to focus on sustaining a zero-incident performance record and improving health and safety standards wherever possible.

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

M B Day
Director

Date: 21 June 2019

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

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

Principal activity

The principal activity of the company is that of construction consultancy nationwide in the UK, including project management, cost management and programme management.

Directors

The directors who served during the year and to the date of this report were:

D M Combe
A Pigot
T Naughton
I C Bailey
M B Day

Directors' responsibilities statement

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

Company law requires the directors to prepare audited financial statements for each financial year. Under that law the directors have elected to prepare the audited 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 audited 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 audited financial statements, the directors are required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the audited 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 audited 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.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

Results and dividends

The profit for the year, after taxation, amounted to £794,208 (2017 - £394,177).

No dividend has been paid or declared in respect of the year ended 31 December 2018.

Brexit

The Directors consider that the continued uncertainty relating to the terms on which the United Kingdom may leave the European Union mean that it is not currently possible to effectively evaluate factors that could impact trade and the wider economy.

Going concern

The directors, having considered the financial position of the company for a period of at least twelve months from the date of signing these financial statements, have no reason to believe that a material uncertainty exists that may cast doubt about the ability of the company to continue as a going concern.

Accordingly the directors have a reasonable expectation that the company will continue in operational existence and continues to adopt the going concern basis of accounting in preparing the financial statements.

Provision of information to auditor

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

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

Post balance sheet events

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

Auditor

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

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

M B Day
Director

Date: 21 June 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARTELIA PROJECTS UK LIMITED

Opinion

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

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of uncertainties due to Britain exiting the European Union on our audit

The Directors' view on the impact of Brexit is disclosed on page 4.

The terms on which the United Kingdom may withdraw from the European Union are not clear, and it is therefore not currently possible to evaluate all the potential implications to the company's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the company as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the company's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the company and this is particularly the case in relation to Brexit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARTELIA PROJECTS UK LIMITED

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARTELIA PROJECTS UK LIMITED

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out 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 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 the audit 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.

Mike Bailey

(Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Times House

Throwley Way

Sutton

Surrey

SM1 4JQ

24 June 2019

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Turnover	4	12,920,510	12,590,275
Cost of sales		(7,395,178)	(7,459,178)
Gross profit		<u>5,525,332</u>	<u>5,131,097</u>
Administrative expenses		(4,639,175)	(4,507,208)
Operating profit	5	886,157	623,889
Income from fixed assets investments		112,526	31,218
Interest receivable and similar income	10	3,587	481
Interest payable and expenses	11	(19,673)	(23,035)
Profit before tax		<u>982,597</u>	<u>632,553</u>
Tax on profit	12	(188,389)	(238,376)
Profit for the financial year		<u><u>794,208</u></u>	<u><u>394,177</u></u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u><u>794,208</u></u>	<u><u>394,177</u></u>

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

The notes on pages 11 to 28 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	13	1,408,846	1,661,025
Tangible assets	14	48,499	71,647
Investments	15	413,025	413,025
		<u>1,870,370</u>	<u>2,145,697</u>
Current assets			
Debtors: amounts falling due within one year	16	3,345,593	3,390,816
Cash at bank and in hand	17	2,211,415	1,783,735
		<u>5,557,008</u>	<u>5,174,551</u>
Creditors: amounts falling due within one year	18	(3,865,164)	(4,181,848)
Net current assets		<u>1,691,844</u>	<u>992,703</u>
Total assets less current liabilities		<u>3,562,214</u>	<u>3,138,400</u>
Creditors: amounts falling due after more than one year	19	(714,270)	(1,174,019)
Provisions for liabilities			
Other provisions	21	(141,600)	(52,245)
		<u>(141,600)</u>	<u>(52,245)</u>
Net assets		<u>2,706,344</u>	<u>1,912,136</u>
Capital and reserves			
Called up share capital	22	30,000	30,000
Other reserves	23	2,552,806	2,552,806
Profit and loss account	23	123,538	(670,670)
Total equity		<u>2,706,344</u>	<u>1,912,136</u>

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

M B Day
Director

Date: 21 June 2019

The notes on pages 11 to 28 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Capital contribution reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2017	30,000	2,552,806	(1,064,847)	1,517,959
Comprehensive income for the year				
Profit for the year	-	-	394,177	394,177
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	394,177	394,177
Total transactions with owners	-	-	-	-
At 1 January 2018	30,000	2,552,806	(670,670)	1,912,136
Comprehensive income for the year				
Profit for the year	-	-	794,208	794,208
Total comprehensive income for the year	-	-	794,208	794,208
Total transactions with owners	-	-	-	-
At 31 December 2018	<u>30,000</u>	<u>2,552,806</u>	<u>123,538</u>	<u>2,706,344</u>

The notes on pages 11 to 28 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. General information

Artelia Projects UK Limited is a private company limited by shares and registered in England and Wales, registration number 03913368. The registered office is High Holborn House, 52-54 High Holborn, London, WC1V 6RL.

The principal activity of the company is that of construction consultancy nationwide in the UK, including project management, cost management and programme management.

The financial statements have been prepared in Pound Sterling as this is the currency of the primary economic environment in which the company operates and is rounded to the nearest pound.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

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

This information is included in the consolidated financial statements of Artelia SAS as at 31 December 2018 and these financial statements may be obtained from 2 Avenue Lacassagne, 69003 Lyon, France.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.3 Going concern

The directors, having considered the financial position of the company for a period of at least twelve months from the date of signing these financial statements, have no reason to believe that a material uncertainty exists that may cast doubt about the ability of the company to continue as a going concern.

Accordingly the directors have a reasonable expectation that the company will continue in operational existence and continues to adopt the going concern basis of accounting in preparing the financial statements.

2.4 Exemption from preparing consolidated financial statements

The company is a parent company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

2.5 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.6 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 cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

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.

Amortisation is provided on the following bases:

Software	-	% 33% straight line
Goodwill	-	% 5-7% straight line

2.7 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:

Office equipment	-	20-25% 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.8 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. When there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.10 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.

2.11 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.

2.12 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.

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.

2.13 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.14 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.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

2.15 Finance costs

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

2.16 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.

2.17 Pensions

Defined contribution pension plan

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.18 Interest income

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

2.19 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.

2.20 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 balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

3. Judgements in applying accounting policies and key sources of estimation uncertainty**Critical judgements in applying the company's accounting policies**

The Directors do not deem there to have been any critical judgements in the process of applying the company's accounting policies.

Key sources of estimation**Determining useful economic lives of tangible and intangible fixed assets**

The Company depreciates tangible and intangible fixed assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on variety of factors, including technological innovation, product life cycles and maintenance programmes

Recoverability of debtors

The company establishes a provision for debtors that are estimated not to be recoverable. When assessing recoverability the directors have considered factors such as the aging of the debtors, past experience of recoverability, and the credit profile of individual or groups of customers.

Revenue recognition

The company uses the percentage of completion method to recognise project revenue for fixed-price contracts. This method requires the directors to estimate the level of services performed at each reporting date as a proportion of the total services to be performed to complete the contract. Variations to estimates could result in the over or under recognition of revenue.

4. Turnover

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

	2018 £	2017 £
Consultancy	12,920,510	12,590,275
	<u>12,920,510</u>	<u>12,590,275</u>

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	12,920,510	12,590,275
	<u>12,920,510</u>	<u>12,590,275</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

5. Operating profit

The operating profit is stated after charging:

	2018	2017
	£	£
Depreciation of tangible fixed assets	43,511	41,819
Amortisation of intangible assets, including goodwill	252,179	279,942
Exchange differences	22,553	98,602
Defined contribution pension cost	<u>285,739</u>	<u>272,603</u>

6. Auditor's remuneration

	2018	2017
	£	£
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	20,000	20,000
Other services relating to taxation	4,550	4,550
All other services	<u>12,681</u>	<u>13,700</u>

7. Employees

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

	2018	2017
	£	£
Wages and salaries	5,352,271	4,868,859
Social security costs	577,633	505,514
Cost of defined contribution scheme	285,739	272,603
	<u>6,215,643</u>	<u>5,646,976</u>

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

2018	2017
No.	No.
<u>96</u>	<u>84</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

8. Directors' remuneration

	2018	2017
	£	£
Directors' emoluments	400,702	469,861
Company contributions to defined contribution pension schemes	34,754	37,881
	<u>435,456</u>	<u>507,742</u>

During the year retirement benefits were accruing to 3 directors (2017 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £145,890 (2017 - £115,647).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £12,829 (2017 - £10,042).

Artelia consider the directors to be the key management personnel.

9. Income from investments

	2018	2017
	£	£
Income from fixed asset investments	112,526	31,218
	<u>112,526</u>	<u>31,218</u>

10. Interest receivable

	2018	2017
	£	£
Other interest receivable	3,587	481
	<u>3,587</u>	<u>481</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

11. Interest payable and similar expenses

	2018 £	2017 £
Interest on loans from group undertakings	19,673	23,035
	<u>19,673</u>	<u>23,035</u>

12. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	8,245	10
Adjustments in respect of previous periods	-	-
Total current tax	<u>8,245</u>	<u>10</u>
Deferred tax		
Origination and reversal of timing differences	180,144	238,366
Total deferred tax	<u>180,144</u>	<u>238,366</u>
Taxation on profit on ordinary activities	<u>188,389</u>	<u>238,376</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

12. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2017 - higher than) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>982,597</u>	<u>632,553</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	186,693	121,766
Effects of:		
Expenses not deductible for tax purposes	5,737	13,223
Capital allowances for year in excess of depreciation	33,809	137,308
Income tax not taxable for tax purposes	(21,380)	(6,153)
Adjust deferred tax to average rate	(21,519)	(30,529)
Deferred tax not recognised	-	7,349
Adjustments to tax charge in respect of prior periods	(2,768)	(4,588)
Chargeable gains	<u>7,817</u>	<u>-</u>
Total tax charge for the year	<u><u>188,389</u></u>	<u><u>238,376</u></u>

Factors that may affect future tax charges

A reduction in the UK corporation tax rate to 17% from 1 April 2020, was substantively enacted on 6 September 2016.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

13. Intangible assets

	Patents £	Goodwill £	Total £
Cost			
At 1 January 2018	295,281	3,071,294	3,366,575
At 31 December 2018	295,281	3,071,294	3,366,575
Amortisation			
At 1 January 2018	208,610	1,496,940	1,705,550
Charge for the year	80,328	171,851	252,179
At 31 December 2018	288,938	1,668,791	1,957,729
Net book value			
At 31 December 2018	6,343	1,402,503	1,408,846
At 31 December 2017	86,671	1,574,354	1,661,025

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

14. Tangible fixed assets

	Plant & machinery £	Fixtures & fittings £	Total £
Cost or valuation			
At 1 January 2018	117,465	52,541	170,006
Additions	19,431	1,770	21,201
Disposals	(26,289)	-	(26,289)
At 31 December 2018	110,607	54,311	164,918
Depreciation			
At 1 January 2018	70,363	27,996	98,359
Charge for the year	32,536	10,975	43,511
Disposals	(25,451)	-	(25,451)
At 31 December 2018	77,448	38,971	116,419
Net book value			
At 31 December 2018	33,159	15,340	48,499
At 31 December 2017	47,102	24,545	71,647

15. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2018	413,025
At 31 December 2018	413,025

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Subsidiary undertaking

The following was a subsidiary undertaking of the company:

Name	Registered office	Principal activity	Class of shares	Holding
Appleyards Limited	High Holborn House, 52-54 High Holbron, Holborn, London, WC1V 6RL	Dormant	Ordinary	100 %

16. Debtors

	2018	2017
	£	£
Trade debtors	2,005,691	1,659,199
Amounts owed by group undertakings	-	3,000
Other debtors	155,671	62,300
Prepayments and accrued income	1,002,996	1,304,938
Deferred taxation	181,235	361,379
	<u>3,345,593</u>	<u>3,390,816</u>

Amounts owed by group undertakings are interest free and payable on demand.

17. Cash and cash equivalents

	2018	2017
	£	£
Cash at bank and in hand	2,211,415	1,783,735
	<u>2,211,415</u>	<u>1,783,735</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

18. Creditors: Amounts falling due within one year

	2018	2017
	£	£
Trade creditors	108,617	361,247
Amounts owed to group undertakings	772,196	902,819
Corporation tax	8,245	10
Other taxation and social security	318,275	547,448
Other creditors	1,218,222	773,288
Accruals and deferred income	1,439,609	1,597,036
	<u>3,865,164</u>	<u>4,181,848</u>

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

19. Creditors: Amounts falling due after more than one year

	2018	2017
	£	£
Amounts owed to group undertakings	714,270	1,174,019
	<u>714,270</u>	<u>1,174,019</u>

Amounts owed to group undertakings are interest bearing at EURIBAR +1.5%.

20. Deferred taxation

	2018	2017
	£	£
At beginning of year	361,379	599,745
Charged to profit or loss	(180,144)	(238,366)
At end of year	<u>181,235</u>	<u>361,379</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

20. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	3,587	3,029
Tax losses carried forward	115,150	101,942
Short term timing differences	62,498	256,408
	<u>181,235</u>	<u>361,379</u>

21. Provisions

	Provision for loss making contracts £	Other Provision £	Total £
At 1 January 2018	52,245	-	52,245
Charged to profit or loss	(43,445)	132,800	89,355
At 31 December 2018	<u>8,800</u>	<u>132,800</u>	<u>141,600</u>

The Other Provision relates to a claim against the company. Although uncertain, the amount recognised represents the best estimate of the likely amounts payable.

22. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
30,000 (2017 - 30,000) Ordinary shares of £1 each	<u>30,000</u>	<u>30,000</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

23. Reserves**Other reserves**

The reserve comprises of a capital contribution received from the parent company.

Profit & loss account

The reserve comprises the cumulative profits and losses of the company, less dividends paid.

24. Pension commitments

The company operates a defined contributions pension scheme. 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 £285,739 (2017: £272,603). Contributions totalling £48,883 (2017: £39,133) were payable to the fund at the reporting date and are included in creditors.

25. Commitments under operating leases

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

	2018 £	2017 £
Not later than 1 year	489,373	544,652
Later than 1 year and not later than 5 years	198,309	642,145
	<u>687,682</u>	<u>1,186,797</u>

26. Related party transactions

The company has taken advantage of the exemption under section 33 of FRS102 'The Financial Reporting Standard Applicable in the UK and ROI' from the requirement to disclose transactions with group companies as the subsidiaries that are party to the transactions are wholly owned by the company. There were no other related party transactions.

27. Post balance sheet events

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

28. Controlling party

The immediate and ultimate parent company is Artelia SAS, a company incorporated in France. Artelia SAS prepares consolidated financial statements and copies can be obtained from 2 Avenue Lacassagne, 69003 Lyon, France.

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