Sturrock and Robson Services Ltd

Directors' Report and Financial Statements

Registered number: 07762372

For the year ended 30 June 2019

Contents

Company Information

Directors	D G Mech A S Merrell G R Robson M G Bolle
Registered number	07762372
Registered office	4 Fitzhardinge Street London W1H 6EG
Independent auditors	KPMG LLP, 15 Canada Square Canary Wharf London E14 5GL

Directors' Report

The directors present their directors' report and the audited financial statements for the year ended 30 June 2019.

Principal activities

The principal activity of the company is that of providing management and professional services to Sturrock and Robson International B.V. and its subsidiaries.

Results and dividends

The profit for the year, after taxation, amounted to £337,000 (2018: £397,000).
During the year, no dividends were paid (2018 period: £nil).

Directors

The directors who held office during the year and to the date of this report were as follows:

D G Mech
A S Merrell (appointed 15 October 2018)
R Shamuyarira (resigned 12 October 2018)
G R Robson (appointed 22 November 2018)
M G Bolle (appointed 22 November 2018)

Going concern

The financial statements have been prepared on a going concern basis. This is because the directors are satisfied that the company has sufficient resources in order to meet its financial obligations as they arise. In addition, the company's contractual arrangements with fellow subsidiaries of its ultimate parent company, Sturrock and Robson International B.V. allow for the majority of the company's costs to be recovered with most at a margin where the service provided is value adding.

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 directors are aware, there is no relevant audit information of which the company and the auditor is unaware; and
- the directors have taken all the steps that ought to have been taken as directors in order to be aware of any relevant audit information and to establish that the company and the 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, KPMG LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Directors' Report

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by sections 415A of the Companies Act 2006.

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

ASMerrell

A S Merrell

Director

Date:

Statement of Directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing 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 they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STURROCK AND ROBSON SERVICES LIMITED

Opinion

We have audited the financial statements of Sturrock and Robson Services Ltd ("the company") for the year ended 30 June 2019 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

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

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STURROCK AND ROBSON SERVICES LIMITED *(continued)*

Directors' report

The directors are responsible for the Directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STURROCK AND ROBSON SERVICES LIMITED *(continued)*

The purpose of our audit work and to whom we owe our responsibilities

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.

Richard Johnson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
KPMG LLP
15 Canada Square
London
E14 5GL

6 December 2019

Statement of Comprehensive Income

for the year ended 30 June 2019

	Note	Year ended 30-Jun 2019 £000	Year ended 30-Jun 2018 £000
Turnover	2	4,473	4,726
Cost of sales		(4,004)	(4,146)
Gross Profit		469	580
Administrative expenses		(206)	(209)
Operating profit	3	263	371
Finance income	6	43	66
Profit before taxation		306	437
Tax credit / (expense)	7	31	(40)
Profit for the financial year		337	397
Total comprehensive income for the year		337	397

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

The notes on pages 14 to 30 form part of these financial statements.

Balance Sheet

as at 30 June 2019

	Note	2019 £000	2018 £000
Non-current assets			
Property, plant and equipment	8	55	175
Deferred tax assets	11	42	4
Total non-current assets		97	179
Current assets			
Trade and other receivables	9	3,006	4,393
Total assets		3,103	4,572
Current liabilities			
Bank overdraft		(539)	(1,088)
Trade and other payables	10	(1,409)	(2,666)
Total current liabilities		(1,948)	(3,754)
Total liabilities		(1,948)	(3,754)
Net assets		1,155	818
Equity			
Share capital	12	1	1
Retained earnings		1,154	817
Total equity		1,155	818

The notes on pages 14 to 30 form part of these financial statements.

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

A S Merrell
Director

4 December 2019

Sturrock and Robson Services Ltd
Registered number 07762372

Statement of changes in equity

for the year ended 30 June 2019

	Attributable to owners of the Company		
	Share capital £000	**Retained earnings £000**	**Total equity £000**
Balance at 1 July 2017	1	420	421
Total comprehensive income for the year	-	397	397
Balance at 1 July 2018	1	817	818
Total comprehensive income for the year	-	337	337
Balance at 30 June 2019	1	1,154	1,155

The notes on pages 14 to 30 form part of these financial statements.

Share capital represents the nominal value of shares that have been issued.

Retained earnings includes all current and prior period retained profits and losses.

Statement of cash flows

for the year ended 30 June 2019

	Note	**2019**	2018
		£000	£000
Cash flows from operating activities			
Profit for the year		337	397
Adjustments for:			
Depreciation	8	136	156
Interest received	6	(43)	(66)
Taxation	7	(31)	40
		399	527
Decrease / (increase) in trade and other receivables		1,491	(1,605)
Decrease in trade and other payables		(1,177)	(139)
Net cash generated from / (used in) operating activities		713	(1,217)
Taxation paid		(191)	(78)
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(18)	(66)
Proceeds from sale of property, plant and equipment		2	-
Interest received		43	66
Net cash inflow from investing activities		27	-
Net increase / (decrease) in cash and cash equivalents		549	(1,295)
Cash and equivalents at beginning of the year		(1,088)	207
Cash and equivalents at end of the year		(539)	(1,088)

The notes on pages 14 to 30 form part of these financial statements.

Notes to the financial statements

for the year ended 30 June 2019

1 Accounting policies

General information

Sturrock and Robson Services Limited is a private company, limited by shares incorporated in England in the United Kingdom. The address of its registered office and principal place of business is 4 Fitzhardinge Street, London, W1H 6EG. The company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The company's ultimate parent undertaking, Sturrock and Robson International B.V., includes the company in its consolidated financial statements. The consolidated financial statements of Sturrock and Robson International B.V. are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the Dutch Commercial Register.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost convention.
The financial statements are presented in Pounds Sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000.

Going concern

The financial statements have been prepared on a going concern basis. This is because the directors are satisfied that the company has sufficient resources in order to meet its financial obligations as they arise. In addition, the company's contractual arrangements with fellow subsidiaries of its ultimate parent company, Sturrock and Robson International B.V. allow for all the company's costs to be recovered with most at a margin where the service provided is value adding.

Financial instruments (from 1 July 2018)

Financial assets

The company classifies its financial assets in the following categories: amortised cost, at fair value through other comprehensive income and at fair value through profit or loss. The classification depends on the business model within which the financial asset is held and contractual cash flow characteristics of the financial asset. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions, and is not designated at fair value through profit or loss:

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

Notes to the financial statements

for the year ended 30 June 2019

1 Accounting policies (continued)

Financial Instruments (from 1 July 2018) (continued)

The company holds several financial assets at amortised cost as follows:

- Trade and other receivables (excluding payments in advance)
- Amounts due to and from associated companies

Financial assets at amortised cost are subsequently carried at amortised cost using the effective interest method.

(ii) *Financial assets at fair value through other comprehensive income*

An investment in debt instruments is measured at fair value through other comprehensive income, if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income are subsequently measured at fair value. Foreign exchange gains and losses, and impairment losses are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

The company does not currently hold any financial assets at fair value through other comprehensive income.

(iii) *Financial assets at fair value through profit or loss*

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. On initial recognition, the company may irrevocably designate a financial asset as at fair value through profit or loss, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Net gains and losses, including any interest or dividend income, are recognised in profit or loss, except for derivative financial assets designated as hedging instruments.

The company does not currently hold any financial assets at fair value through profit or loss.

Financial liabilities

All financial liabilities are recognised initially at fair value plus or minus, in the case of a financial liability not at fair value through profit or loss, directly attributable transaction costs.

Notes to the financial statements

for the year ended 30 June 2019

1 Accounting policies (continued)

The subsequent measurement of financial liabilities depends on their classification, as described below:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of selling or repurchasing in the near term or are part of a portfolio of financial instruments that are managed together for obtaining short-term profit. This category also includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships.

Gains and losses on liabilities held for trading are recognised in the statement of comprehensive income as follows:

- The amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless doing so would create or enlarge an accounting mismatch in profit or loss; and
- The remaining amount of change in the fair value is recognised in profit or loss.

(ii) Financial liabilities at amortised cost

The company only holds financial liabilities which are subsequently at amortised cost using the effective interest rate method. Gains and losses arising on those financial liabilities are recognised in profit or loss.

Amortised cost is calculated by taking into account of any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as finance expenses in profit or loss.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at fair value through other comprehensive income, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

The company recognises impairment losses for financial assets on initial recognition at an amount equal to 12-month expected credit losses, which reflect the portion of lifetime cash shortfalls resulting from possible default events within 12 months after the reporting date. However, if there is a significant increase in credit risk since initial recognition, the impairment loss is measured at an amount equal to full lifetime expected credit losses, which reflect the lifetime cash shortfalls resulting from all possible default events over the life of the financial asset.

Notes to the financial statements

for the year ended 30 June 2019

1 Accounting policies (continued)

Financial Instruments (from 1 July 2018) (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the company considers the changes in the risk of default occurring since initial recognition. The company regards a financial asset that is more than 120 days past due as being in default. This assumption is based on historical debt recoverability.

In assessing the changes in the risk of default, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment including forward-looking information. In addition, if a financial asset is more than 30 days past due, the company assesses that a significant increase in credit risk has occurred.

The company determines that a financial asset is credit-impaired, when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Those events include, but are not limited to:

- A significant financial difficulty of the customer or borrower;
- a breach of contract, such as a default or a past due event;
- the Company has granted the customer or borrower a concession(s) that it would not otherwise consider.

The company will write off a financial asset when there is no reasonable expectation of recovery.

Financial instruments (applicable before 1 July 2018)

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables, including amounts due to and from associated companies, are recognised on an arm's length basis and initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any accumulated impairment.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, bank overdrafts and call deposits.

Notes to the financial statements

for the year ended 30 June 2019

1 Accounting policies (continued)

Financial Instruments (applicable before 1 July 2018) (continued)

Impairment of financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Property, plant and equipment

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.
Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Fixtures and fittings	1 to 3 years
Software and licences	3 years

Financial guarantee contracts

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Revenue

The company recognises revenue from management services charged to other group companies. Revenue is recognised as management services are provided. Management services are invoiced annually in advance and payment is due at the end of each financial quarter.

Notes to the financial statements

for the year ended 30 June 2019

1 Accounting policies (continued)

Contract assets

If the company performs by transferring services to another group company, before the company pays consideration or before payment is due, a contract asset is recognised when the company satisfies a performance obligation but does not have unconditional right to an amount of consideration (i.e. only a passage of time is required before consideration is due).

Contract assets are subject to the impairment requirements of IFRS 9. Consistent with trade and other receivables, the company measures lifetime expected credit losses for contract assets.

Contract liabilities

A contract liability is the obligation to transfer services to a group company for which the company has received consideration (or when consideration is due) from the group company. If a group company pays consideration before the company transfers services to the group company, a contract liability is recognised when the payment is made or when the payment is due (whichever is earlier).

Contract liabilities are recognised as revenue when the company satisfies the performance obligation.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

Impairment of non-financial assets

The carrying amounts of the company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Notes to the financial statements

for the year ended 30 June 2019

1 Accounting policies (continued)

Impairment of non-financial assets (continued)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised

Adopted IFRS not yet applied

The following adopted IFRS has been issued but has not been applied in these financial statements:

IFRS 16 *Leases*

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 *Leases* and the related interpretations when it becomes effective for accounting periods beginning on or after 1 January 2019. The company will apply IFRS 16 with effect from 1 July 2019.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions between operating leases and finance leases are removed for lessee accounting, being replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases.

The company intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets will be measured on transition at an amount equal to the lease liability.

Notes to the financial statements

for the year ended 30 June 2019

1 Accounting policies (continued)

Adopted IFRS not yet applied (continued)

Based on the current assessment, the company will recognise a right-of-use asset and corresponding lease liability of £170,000. The nature of expenses related to leases will now change because the company will recognise a depreciation charge for the right-of-use asset and an interest expense on the lease liability Previously, the company recognised operating lease expenditure on a straight-line basis over the term of the lease and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

New standards and interpretations adopted

During the year, the company has adopted the following new or revised standards and interpretations for the year ended 30 June 2019:

- IFRS 9 *Financial Instruments*
- IFRS 15 *Revenue from Contracts with Customers*

The adoption of these standards has not had a material impact on the financial statements as at and for the year ended 30 June 2019.

Judgements in applying accounting policies and key sources of estimation uncertainty

Key areas of judgement are as follows:

Useful lives and depreciation rates of fixed assets - Management uses their best estimate of the usage patterns and past experience of similar assets to determine the useful lives of assets.

Assessing indicators of impairment - The main key assumptions and judgements used in preparing these financial statements relate to impairment reviews of assets held by the company. The company has various loan receivables from other group companies. Going concern reviews of fellow subsidiary entities are carried out each year and used to assist in determining recoverability of these loan receivables.

2 Turnover

	2019	2018
	£000	£000
Management services	4,473	4,726
	4,473	4,726

All turnover arose within the United Kingdom.

Notes to the financial statements

for the year ended 30 June 2019

3 Operating profit

	2019	2018
	£000	£000
Operating profit is stated after charging		
Depreciation and other amounts written off tangible fixed assets	136	156
Auditor's remuneration:		
- Audit of these financial statements	9	4
Amounts receivable by the company's auditor and its associates in respect of:		
- Taxation compliance services	2	3

4 Directors' remuneration

	2019	2018
	£000	£000
Directors' emoluments	1,931	1,296
Company contributions to money purchase pension schemes	172	147
	2,103	1,443

Directors' emoluments include amounts receivable under incentive schemes of £171,000 (2018: £195,000) and company pension contributions of £172,000 (2018: £147,000). The aggregate of emoluments and amounts receivable under incentive schemes of the highest paid director was £641,000 (2018: £637,000), and company pension contributions of £34,000 (2018: £40,000) were made to a money purchase scheme on his behalf.

The key management personnel comprise of the directors only.

Notes to the financial statements

for the year ended 30 June 2019

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year was 12 (2018: 14 including three directors).

The aggregate payroll costs of these persons were as follows:

	2019	2018
	£000	£000
Wages and salaries	2,332	2,525
Social security costs	287	287
Other pension costs	214	119
	2,833	2,931

6 Finance income

	2019	2018
	£000	£000
Receivable from Group Undertakings	43	66
	43	66

7 Taxation

Analysis of charge in year

	2019	2018
	£000	£000
UK corporation tax		
Current tax on income for the year	18	40
Group relief	58	-
Adjustments in respect of prior periods	(69)	-
Current tax charge	7	40
Deferred tax (credit)/charge		
Reversal of temporary differences	(38)	-
Total deferred tax credit *(note 11)*	(38)	-
Total tax charge	(31)	40

Notes to the financial statements

for the year ended 30 June 2019

7 Taxation (continued)

Factors affecting the tax charge for the current year

The total tax charge for the year is lower than (2018: lower than) the standard rate of corporation tax in the UK of 19% (2018: 19%). This is broken down below:

	2019	2018
	£000	£000
Profit on oridinary activities before tax	306	437
Current tax charge at 19% (2018: 19%)	58	83
Fixed asset ineligible depreciation	3	8
Expenses not deductible for tax purposes	8	3
Income not taxable for tax purposes	(4)	-
Adjustment to tax charge in respect of previous periods	(69)	-
Deferred tax not recognised	(27)	-
Payment of group relief	58	
Group relief claimed	(58)	(54)
Total tax (credit) / charge for the year	(31)	40

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 19% to 17% was substantively enacted in September 2016 and will take effect from 1 April 2020.

Notes to the financial statements

for the year ended 30 June 2019

8 Property, plant and equipment

	Fixtures £000	Software £000	Total £000
Cost			
At 1 July 2018	270	466	736
Additions	15	3	18
Disposals	(3)	-	(3)
At June 2019	282	469	751
Depreciation			
At 1 July 2018	255	306	561
Charge for the year	12	124	136
Disposals	(1)	-	(1)
At June 2019	266	430	696
Net book value			
At June 2019	16	39	55
At June 2018	15	160	175

9 Trade and other receivables

	2019 £000	2018 £000
Amounts due from group companies	2,766	4,200
Prepayments and deposits	22	41
Sundry debtors and accrued income	87	125
Corporation tax	86	-
VAT receivable	45	27
	3,006	4,393

Included within amounts owed by group undertakings is interest receivable of £nil (2018: £66,000).

Notes to the financial statements

for the year ended 30 June 2019

9 Trade and other receivables (continued)

Included within amounts owed by group undertakings are intercompany loans with a total value of £2,743,000 (2018: £3,712,000). The terms of these loans are as follows:

A loan to Sturrock and Robson USA Inc. has a principal value of £610,000 (2018: £113,000) with an annual interest rate of 7.75% and is due on 30 June 2020 (2018: interest free and repayable on demand).

A loan to Sturrock and Robson USA Inc. has a principal value of £1,193,000 (2018: £1,537,000) with an annual interest rate of 6% and is due on 30 June 2020 (2018: interest free and repayable on demand).

A loan to Excelsa Ventures Limited has a principal value of £300,000 (2018: £332,000) with an annual interest rate of 6% and is due on 30 June 2020 (2018: interest free and repayable on demand).

A loan to Reach Engineering and Diving Limited has a principal value of £640,000 (2018: £497,000) with an annual interest rate of 6% and is due on 30 June 2020 (2018: interest free and repayable on demand).

Amounts due from Sturrock and Robson USA Inc. and Reach Engineering and Diving Limited were converted to intercompany loans on 30 June 2019.

During the year, the intercompany loan to Sturrock and Robson International B.V. of £1,238,000 was repaid.

10 Trade and other payables

	2019	2018
	£000	£000
Trade payables	27	294
Non-trade payables and accrued expenses	745	857
Amounts due to group companies	579	1,373
Group relief payable	58	54
Corporation tax payable	-	84
Other creditors	-	4
	1,409	2,666

Included within amounts due to group companies were trading accounts with a total value of £251,000 (2018: £373,000). All accounts are interest free and repayable on demand.

During the year, the intercompany loan from Sturrock and Robson (UK) Limited of £1,000,000 was repaid.

Notes to the financial statements

for the year ended 30 June 2019

11 Deferred taxation

	2019	2018
	£000	£000
Deferred tax asset at the beginning of the year	**4**	4
Credit to comprehensive income (note 7)	**38**	-
Deferred tax asset at the end of the year	**42**	4

12 Called up share capital

	2019	2018
	£000	£000
Authorised, alloted, called up and fully paid		
Equity:		
1,000 ordinary shares of £1 each	1	1

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

13 Contingent liabilities

A cross guarantee and a debenture exists between the Company and certain other members of the Sturrock and Robson International BV Group for a multi-currency revolving credit facility. As at 30 June 2019, the total contingent liability in relation to this is £2,432,000 (2018: £2,886,000). This may become payable should the other members fail to pay their facility commitments. The facility matures in January 2021.

Under a group registration scheme, the company is jointly and severally liable for Value Added Tax payable by other group companies. At 30 June 2019 this contingent liability amounted to £16,000 (2018: £nil).

14 Related party disclosures

The company is under the control of its immediate holding company, Sturrock and Robson International B.V.

The company has taken the exemption under IAS 24 *Related Party Disclosures* and elected not to disclose the transactions and outstanding amounts with these 100%-owned entities.

Notes to the financial statements

for the year ended 30 June 2019

15 Post balance sheet events

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

16 Ultimate parent company

The Company is a subsidiary undertaking of Sturrock and Robson International B.V., which is the ultimate parent company and controlling party incorporated in The Netherlands.

The largest group in which the results of the Company are consolidated is Sturrock and Robson International B.V., incorporated in the Netherlands. The consolidated financial statements of this group are available to the public and may be obtained from the Dutch Commercial Register.

17 Financial instruments

(a) Fair values of financial instruments

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the year-end date if the effect is material.

Trade and other payables

The fair value of trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the year-end date if the effect is material.

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand.

The fair values together with the carrying amounts shown in the statement of financial position of all financial assets and liabilities are as follows:

Assets	**2019**		2018	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Amounts due from group undertakings	2,766	2,766	4,200	4,200
Other non-trade receivables	240	240	193	193
	3,006	3,006	4,393	4,393

Notes to the financial statements

for the year ended 30 June 2019

17 Financial instruments (continued)

Liabilities	**2019** Carrying amount	**2019** Fair value	2018 Carrying amount	2018 Fair value
Borrowings (overdraft)	539	539	1,088	1,088
Trade payables	27	27	294	294
Amounts owed to group undertakings	579	579	1,373	1,373
Other non-trade payables	745	745	861	861
Group relief payable	58	58	54	54
Corporation tax payable	-	-	84	84
	1,948	1,948	3,754	3,754

(b) Credit risk

Financial risk management

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers and other Group entities.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. Therefore, the maximum exposure to credit risk at the balance sheet date was the carrying amount of financial assets shown in the table below:

	2019 **£000**	2018 £000
Amounts due from Group undertakings	2,766	4,200
Other non-trade receivables	240	193
	3,006	4,393

(c) Liquidity risk

Financial risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The group manages its cash and borrowing requirements in order to create a mix of funding methods offering flexibility and cost effectiveness whilst ensuring the group has sufficient liquid resources to meet the operational needs of the business.

Notes to the financial statements

for the year ended 30 June 2019

17 Financial instruments (continued)

The following are the contractual maturities of financial liabilities:

	Trade payables	**Non-trade payables and accrued expenses**	Trade payables	Non-trade payables and accrued expenses
	2019	**2019**	2018	2018
	£000	**£000**	£000	£000
Not past due	27	1,382	294	2,372

(d) Market risk

Financial risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the company's income or the value of its holdings of financial instruments

Foreign currency risk

The company's exposure to foreign currency risk is as follows. This is based on the carrying amount of monetary financial instruments.

	Sterling	**Other**	Sterling	Other
	2019	**2019**	2018	2018
	£000	**£000**	£000	£000
Cash and cash equivalents	(539)	-	(1,088)	-
Trade and non-trade receivables	2,313	693	3,807	586
Trade and non-trade payables	(1,212)	(197)	(2,453)	(213)
	562	496	(266)	373

Sensitivity analysis

The company does not consider itself sensitive to movements in foreign exchange currency movements. The only foreign currency balances held are USD intercompany amounts which were not present in the prior year and are not considered material enough to present a significant risk to the company.

Interest rate risk

At the balance sheet date the company does not have any exposure to interest rate risk.