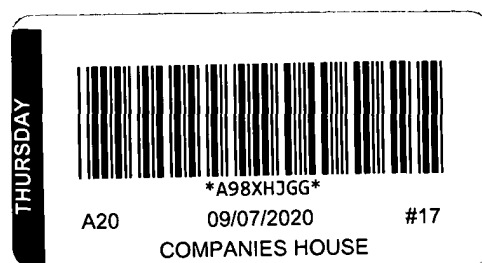


RSBG UK Limited (Formerly RSBG Infrastructure Ltd)

Annual Report and Financial Statements

For the year ended 31 December 2019



Company Registration No. 09592767 (England and Wales)

RSBG UK Limited (Formerly RSBG Infrastructure Ltd)

Company Information

Directors	T S Prabhu J B Grady Lady B S Judge J Wild S Carter	(Appointed 1 March 2020)
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Secretary	L S Roberts
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Company number	09592767
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Registered office	5 Manchester Square London W1U 3PD
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Auditor	Moore Kingston Smith LLP Devonshire House 60 Goswell Road London EC1M 7AD
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RSBG UK Limited (Formerly RSBG Infrastructure Ltd)

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RSBG UK Limited (Formerly RSBG Infrastructure Ltd)

Strategic Report

For the year ended 31 December 2019

The directors present the strategic report for the year ended 31 December 2019.

The principal activities of the group during the year encompassed all disciplines of architecture, consulting engineering and project management including specialist areas such as mechanical and electrical, building structures, civil engineering, land development and regeneration infrastructure, traffic & transportation rail, intelligent transportation systems, fire engineering, waste management, water, wastewater and environmental engineering, sustainable development, facilities management and property services.

The group expanded the services during the year to include research, strategy and design (branding and comms services interior design and front-end digital) for commercial clients through a newly acquired subsidiary The Yard Creative Ltd. The acquisition was completed on 8 April 2019.

Fair review of the business

Our successes to date have been the result of targeting and winning medium-term contracts with high quality clients, many being blue chip companies or government/public sector bodies both in the UK and overseas. In the UK our focus is on existing clients with whom we have a history of repeat business. Overseas we are working on Sovereign Fund sponsored projects, often with the same clients that we work with in the UK.

Each of our principal UK offices has medium term framework contracts which provide core profitability and cash flow. Our framework clients include: South West Water, Wessex Water, Severn Trent Water, Homes & Communities Agency, Transport for London, Highways England, as well as various Local Authorities. In London we are working for Lovell and Oxford University, McLaren Construction (South) Ltd and Yoo Capital on high profile building structure projects.

We performed well on several UK based, large scale projects in the period. Most notably the Midland Metro project, Specialist Professional and Technical Services (SPaTS) framework with Highways England, Luton Century Park project and Kensington Olympia.

In addition to the projects mentioned, we have had significant success in recruiting whole teams into our business to deliver programmes of work in new services. A common theme amongst the people we have recruited is their enthusiasm towards our group-wide strategy and how this resonates with what they, and their clients, recognise in the value chain.

Our framework projects allow cash flows in the foreseeable future to be predicted with a high level of accuracy. This, together with our existing balance sheet strength, gives rise to a wide variety of market opportunities. We continue to monitor resource utilisation, job profitability, invoicing and cash collection very closely.

Overall, the business has performed well during a year of staffing and structural changes. The outlook for the group for the next financial year and beyond is stable, reflecting a core level order book in the UK and overseas. We continue to pursue our successful orientation towards overseas markets, meaning we are well placed to win further work in the growing markets of Africa, India and the Middle East.

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

RSBG UK Limited (Formerly RSBG Infrastructure Ltd)

Strategic Report (Continued)

For the year ended 31 December 2019

Principal risks and uncertainties

The unfolding COVID-19 situation is creating new uncertainties within the business. Risks in this regard are mitigated through our robust business continuity plans. Additionally, secured workload for the year has been largely unaffected at this stage by either short term financial decisions or by practical limitations brought about from changing work patterns.

The group has the majority of contracts with Public Sector clients which are expected to remain much stronger during the uncertain times. Contracts held with Private Sector clients are predominantly large corporates who are more resilient and we expect these contracts to remain strong for a period of time.

Economic environment: We monitor economic indicators and sentiment in the markets in which we operate. The company is a subsidiary of a strong group, capable of withstanding economic instability working in a diverse portfolio of sectors, markets and regions, monitoring our staffing levels, job profitability and cash flows and by building realism and flexibility into future plans.

Environmental: The nature of the construction industry naturally impacts on the natural environment. As consultants, we have a responsibility to minimise and mitigate any damage to the environment and improve it for the benefit of all concerned. The business has identified its aspects and subsequent impacts on the natural world. We employ a dedicated environmental team who provide advice as required to clients and staff. All our staff have received environmental awareness training.

Financial: Where possible the group manages risk of foreign exchange rate movements by the natural hedge of employing local staff, or by taking out forward exchange rate contracts where the future receipt rate of foreign exchanging monies is known. When working for an overseas government client represents a potential counter party risk we have taken out the relevant credit insurance to mitigate that risk.

Geo political: Political instability in the regions within which we operate can threaten our ability to deliver contractual services and receive payment as well as endangering the safety of our staff. We obtain the latest professional risk and security information before engaging in contracts in new geographies and continue to monitor the stability and seek professional advice in respect of the markets in which we trade.

Government Policy: We operate in a fluid competitive environment which may be altered by government changes in the regulatory environment, changes in public sector procurement practices, or by any significant industry consolidation. We seek to mitigate this risk by regularly monitoring market developments and competitor activity and undertaking benchmarking processes.

Health and safety: Our business is concerned with the build environment and this entails significant safety and health risks. Should the group's policy or practice in this area prove inadequate, there would be a consequent risk to employees, clients, contractors and third parties. We take safety and health seriously and ensure that all staff are appropriately trained, and procedures are continuously reviewed and improved. We have recently introduced a series of Corner interactive training and assessment modules for use by all staff.

Markets: The nature of the contracting environment inevitably changes over time. More and more clients seek to transfer risk to consultants; contractors will also seek to share risks. We only accept risks that are sufficiently well understood and evaluated, and to facilitate this we have implemented a companywide training programme in contract risk management review procedures which forces contract terms to be subject to appropriate scrutiny and manageable risks to be reduced.

Physical and data security: Our business is dependent on the secure storage and transmission of data in either physical or electronic form. However, the risk remains that confidential client business or personal data is mishandled, resulting in breach of contract, the inappropriate release of commercially sensitive information or the loss of personal information of our clients or employees. In addition, our business systems are always a target for hackers and viruses. We use appropriate physical security, secure networks and encryption in order to protect data. We train staff on best practice in information security and confidentiality. The directors seek to ensure best practice and raise the profile of security across the business.

RSBG UK Limited (Formerly RSBG Infrastructure Ltd)

Strategic Report (Continued)

For the year ended 31 December 2019

Project management: Managing projects is core to our business. Inadequate project management skills could lead to financial and reputational loss. Our internal processes mitigate these risks with mandatory adherence to internal project management systems and processes linked to our internal quality control processes and augmented by, regular audit, ongoing training and selective recruitment.

Reputation risk: Our business is built on repeat business with core clients to whom we deliver our services on budget and on time. There is a risk that a major failure from poor design, project management or delivery could impact our ability to win future work. We mitigate this risk by managing our contractual commitments and ensuring we have robust cost and project management systems linked to our internal quality processes.

Staff recruitment and retention: Our staff and sub consultants are our key resource. Failure to recruit and retain top quality staff would constrain our growth and prevent us achieving our potential. We have to compete with a large number of other organisations to secure the best of the available talent. There has been a noticeable increase in the level of activity within the private sector in the UK. We therefore continue to focus on all of our people policies, including a continued investment in training and employee communications. We continue to participate in external salary and benefit surveys to ensure we remain competitive. We continue to improve the range of benefits available under our flexible benefits package. We have also continued to make a number of strategic appointments to improve the business.

Technical design and consultancy contracts: The group has an un quantified contingent liabilities arising in the normal course of business under engineering design and consultancy contracts, however the company is covered by professional indemnity insurance in respect of any claims.

Key performance indicators

The Directors use a range of performance measures to monitor and manage the business. A number of these measures are particularly important in the generation of shareholder value, thus are considered key performance indicators (KPIs). Our KPIs monitor past performance which not only provides us with information to manage the business in the present, but also enables us to make informed choices regarding future strategic decisions. Turnover, gross profit margin, adjusted EBITDA and operating cash flows are monitored closely and indicate the efficiency with which we have turned operating performance into cash. KPIs for the year ended 31 December 2019 are turnover of £73.6m (2018: £75.2m), gross profit margin of 35.5% (2018 as restated: 33.0%) and adjusted EBITDA of £4.2m (2018: £7.5m).

On behalf of the board



.....
J B Grady
Director
.....

RSBG UK Limited (Formerly RSBG Infrastructure Ltd)

Directors' Report

For the year ended 31 December 2019

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

Directors

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

T S Prabhu
J B Grady
Lady B S Judge
J Wild
S Carter

(Appointed 1 March 2020)

Results and dividends

The group results for 2019 are considered successful in a challenging economic climate with adjusted EBITDA of £4,186,968 (2018: £7,522,647). The loss for the year, after taxation, amounted to £2,130,169 (2018: £837,699 profit). Throughout the year the group maintained a strong cash flow position reflecting the high level of financial management controls which our systems and processes underpin.

Ordinary dividends were paid amounting to £2,941,176, (2018: £2,941,176). The directors do not recommend payment of a further dividend.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

Auditor

Moore Kingston Smith LLP were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

RSBG UK Limited (Formerly RSBG Infrastructure Ltd)

Directors' Report (Continued)

For the year ended 31 December 2019

Statement of disclosure to auditor

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

On behalf of the board



.....
J B Grady

Director

Date: ...22 May 2020.....

RSBG UK Limited (Formerly RSBG Infrastructure Ltd)

Directors' Responsibilities Statement

For the year ended 31 December 2019

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

RSBG UK Limited (Formerly RSBG Infrastructure Ltd)

Independent Auditor's Report

To the Members of RSBG UK Limited (Formerly RSBG Infrastructure Ltd)

Opinion

We have audited the financial statements of RSBG UK Limited (Formerly RSBG Infrastructure Ltd) (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the Group Statement of Comprehensive Income, the Group Statement Of Financial Position, the Company Statement Of Financial Position, the Group Statement of Changes in Equity, the Company 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 group's and the parent company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent 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.

RSBG UK Limited (Formerly RSBG Infrastructure Ltd)

Independent Auditor's Report (Continued)

To the Members of RSBG UK Limited (Formerly RSBG Infrastructure Ltd)

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent 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.

RSBG UK Limited (Formerly RSBG Infrastructure Ltd)

Independent Auditor's Report (Continued)

To the Members of RSBG UK Limited (Formerly RSBG Infrastructure Ltd)

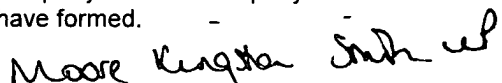
As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Rebecca Shields (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP

22 May 2020

Chartered Accountants
Statutory Auditor

Devonshire House
60 Goswell Road
London
EC1M 7AD

RSBG UK Limited (Formerly RSBG Infrastructure Ltd)

Group Statement of Comprehensive Income

For the year ended 31 December 2019

		2019	2018
	Notes	£	as restated £
Turnover	3	73,564,316	75,201,260
Cost of sales		(47,423,160)	(50,382,577)
Gross profit		26,141,156	24,818,683
Administrative expenses		(28,311,180)	(23,288,427)
Other operating income		480,867	609,173
Operating profit before depreciation, amortisation and profit/(loss) on disposal of tangible fixed assets (adjusted EBITDA)		4,186,968	7,522,647
Depreciation and amortisation		(5,879,858)	(5,374,228)
Profit/(loss) on disposal of tangible fixed assets		3,733	(8,990)
Operating (loss)/profit	4	(1,689,157)	2,139,429
Interest receivable and similar income	8	64,004	126,635
Interest payable and similar expenses	9	(133,104)	(160,672)
(Loss)/profit before taxation		(1,758,257)	2,105,392
Tax on (loss)/profit	10	(371,912)	(1,267,693)
(Loss)/profit for the financial year	25	(2,130,169)	837,699
Other comprehensive income			
Currency translation differences		(88,992)	(87,254)
Total comprehensive income for the year		(2,219,161)	750,445

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

RSBG UK Limited (Formerly RSBG Infrastructure Ltd)

Group Statement Of Financial Position

As at 31 December 2019

	Notes	2019		2018	
		£	£	£	£
Fixed assets					
Intangible assets	12	57,884,240		58,959,767	
Tangible assets	13	1,480,460		1,338,517	
		<u>59,364,700</u>		<u>60,298,284</u>	
Current assets					
Debtors	16	33,453,662	30,328,503		
Cash at bank and in hand		2,993,651	5,023,519		
		<u>36,447,313</u>	<u>35,352,022</u>		
Creditors: amounts falling due within one year	17	(54,222,524)	(51,953,165)		
Net current liabilities		<u>(17,775,211)</u>		<u>(16,601,143)</u>	
Total assets less current liabilities		<u>41,589,489</u>		<u>43,697,141</u>	
Creditors: amounts falling due after more than one year	18	(276,188)		(508,955)	
Provisions for liabilities					
Provisions	21	(2,570,071)	(548,550)		
Deferred tax liability	22	(5,741,688)	(5,862,031)		
		<u>(8,311,759)</u>		<u>(6,410,581)</u>	
Net assets		<u>33,001,542</u>		<u>36,777,605</u>	
Capital and reserves					
Called up share capital	24	3,457		3,457	
Share premium account	25	7,199,443		7,199,443	
Foreign exchange reserve	25	(60,779)		28,213	
Other reserves	25	37,520,548		36,136,274	
Profit and loss reserves	25	(11,661,127)		(6,589,782)	
Total equity		<u>33,001,542</u>		<u>36,777,605</u>	

The financial statements were approved by the board of directors and authorised for issue on 22 May 2020 and are signed on its behalf by:



J B Grady
Director

RSBG UK Limited (Formerly RSBG Infrastructure Ltd)

Company Statement Of Financial Position

As at 31 December 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Intangible assets	12	1,213,176		-	
Tangible assets	13	39,865		-	
Investments	14	34,312,836		35,070,992	
		<u>35,565,877</u>		<u>35,070,992</u>	
Current assets					
Debtors	16	8,920,479		3,905,151	
Cash at bank and in hand		-		1,583,241	
		<u>8,920,479</u>		<u>5,488,392</u>	
Creditors: amounts falling due within one year	17	(37,486,672)		(33,318,086)	
Net current liabilities		<u>(28,566,193)</u>		<u>(27,829,694)</u>	
Total assets less current liabilities		<u>6,999,684</u>		<u>7,241,298</u>	
Capital and reserves					
Called up share capital	24	3,457		3,457	
Share premium account	25	7,199,443		7,199,443	
Profit and loss reserves	25	(203,216)		38,398	
Total equity		<u>6,999,684</u>		<u>7,241,298</u>	

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £2,699,562 (2018: £2,902,422 profit).

The financial statements were approved by the board of directors and authorised for issue on 22 May 2020 and are signed on its behalf by:



J B Grady
Director

Company Registration No.

RSBG UK Limited (Formerly RSBG Infrastructure Ltd)

Group Statement of Changes in Equity For the year ended 31 December 2019

	Notes	Share capital £	Share premium account £	Foreign exchange reserves £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 January 2018		3,457	7,199,443	115,467	36,136,274	(4,486,305)	38,968,336
Year ended 31 December 2018:							
Profit and total comprehensive income for the year		-	-	-	-	837,699	837,699
Dividends	11	-	-	-	-	(2,941,176)	(2,941,176)
Currency translation differences		-	-	(87,254)	-	-	(87,254)
Balance at 31 December 2018		3,457	7,199,443	28,213	36,136,274	(6,589,782)	36,777,605
Year ended 31 December 2019:							
Loss and total comprehensive income for the year		-	-	-	-	(2,130,169)	(2,130,169)
Dividends	11	-	-	-	-	(2,941,176)	(2,941,176)
Currency translation differences		-	-	(88,992)	-	-	(88,992)
Waiver of intercompany debt		-	-	-	1,384,274	-	1,384,274
Balance at 31 December 2019		3,457	7,199,443	(60,779)	37,520,548	(11,661,127)	33,001,542

RSBG UK Limited (Formerly RSBG Infrastructure Ltd)

Company Statement of Changes in Equity

For the year ended 31 December 2019

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 January 2018		3,457	7,199,443	77,152	7,280,052
Year ended 31 December 2018:					
Profit and total comprehensive income for the year		-	-	2,902,422	2,902,422
Dividends	11	-	-	(2,941,176)	(2,941,176)
Balance at 31 December 2018		3,457	7,199,443	38,398	7,241,298
Year ended 31 December 2019:					
Profit and total comprehensive income for the year		-	-	2,699,562	2,699,562
Dividends	11	-	-	(2,941,176)	(2,941,176)
Balance at 31 December 2019		3,457	7,199,443	(203,216)	6,999,684

RSBG UK Limited (Formerly RSBG Infrastructure Ltd)

Notes to the Financial Statements

For the year ended 31 December 2019

1 Accounting policies

Company information

RSBG UK Limited (Formerly RSBG Infrastructure Ltd) ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 5 Manchester Square, London, United Kingdom, W1U 3PD.

The group consists of RSBG UK Limited (Formerly RSBG Infrastructure Ltd) and all of its subsidiaries.

1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The information is included in the consolidated financial statements of RAG-Stiftung, a company registered in Germany, as at 31 December 2019, and these financial statements may be obtained from RAG-Stiftung, Ruttenscheider Strasse 1 -3, 45128 Essen, Germany.

RSBG UK Limited (Formerly RSBG Infrastructure Ltd)

Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

1 Accounting policies

(Continued)

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of RSBG UK Limited (Formerly RSBG Infrastructure Ltd) and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2019. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The directors have assessed the impacts of the COVID-19 pandemic and have concluded that there is no significant impact to the going concern status of the group. More details are included in note 29. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

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

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

RSBG UK Limited (Formerly RSBG Infrastructure Ltd)

Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

1 Accounting policies

(Continued)

1.5 Research and development expenditure

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

1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.7 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives. All intangible fixed 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 10 years.

1.8 Tangible fixed assets

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

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

Short-term leasehold property	Over the term of the lease
Fixtures and fittings	25% straight line
Computer equipment	25% straight line
Motor vehicles	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.9 Fixed asset investments

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

RSBG UK Limited (Formerly RSBG Infrastructure Ltd)

Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

1 Accounting policies

(Continued)

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.10 Impairment of fixed assets

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

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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

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

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

1.11 Cash at bank and in hand

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

1.12 Financial instruments

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

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

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

RSBG UK Limited (Formerly RSBG Infrastructure Ltd)

Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

1 Accounting policies

(Continued)

Basic financial assets

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

Other financial assets

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

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

RSBG UK Limited (Formerly RSBG Infrastructure Ltd)

Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

1 Accounting policies

(Continued)

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

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

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

Other financial liabilities

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

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

Derecognition of financial liabilities

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

1.13 Equity instruments

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

1.14 Taxation

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

Current tax

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

RSBG UK Limited (Formerly RSBG Infrastructure Ltd)

Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

1 Accounting policies

(Continued)

Deferred tax

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

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

1.15 Provisions

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

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

1.16 Employee benefits

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

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

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

1.17 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.18 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

RSBG UK Limited (Formerly RSBG Infrastructure Ltd)

Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

1 Accounting policies

(Continued)

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

1.19 Foreign exchange

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

1.20 Prior year restatement

A prior year restatement was recognised to better reflect the true cost of sales and administrative aspects of specific employees' salaries. This resulted in a decrease in cost of sales and an increase in administrative expenses of £1,147,241 for the year ending 31 December 2018.

RSBG UK Limited (Formerly RSBG Infrastructure Ltd)

Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Contingent consideration

As part of the acquisition process, a forecast is prepared which projects the financial performance of the business over the expected earn-out period. These forecasts are reviewed and updated based on actual performance. Part of the cost of the acquisition is sometimes dependent on the trading performance of the acquired business following the transaction. The contingent consideration is based on these estimates of the future performance of the acquired business at the date of the acquisition. The contingent consideration is classified as a financial liability, measured at fair value.

Business combinations

On initial recognition, the assets and liabilities of the acquired business and the consideration paid for them are included in the consolidated financial statements at their fair values. In measuring fair value, management uses estimates of future cash flows and discount rates. Any subsequent changes in these estimates would affect the amount of goodwill recognised.

Intangible asset valuation

In attributing value to intangible assets arising on acquisition, management has made certain assumptions in terms of cash flows attributable to intellectual property and customer relationships. The key assumptions relate to the trading performance of the acquired business, royalty rates applied in the royalty relief calculation and discount rates applied to calculate the present value of future cash flows.

Goodwill and Intangible asset amortisation

The Group recognises a significant amount of goodwill and intangible assets. Management have estimated the useful economic life to be between 14 to 17 years. This based on forecasting prepared for the cash generating unit to which the assets relate.

Amounts recoverable on long term contracts

Amounts recoverable on long term contracts are assessed on an individual basis with revenue earned being ascertained based on the stage of completion of the contract which is estimated using a combination of the milestones in the contract and the time spent to date. This is compared to the total time expected to be required to undertake the contract. Judgements of the total time required to undertake the contracts are made on a regular basis and subject to management review. These judgements may differ from the actual results due to a variety of factors such as efficiency of working, accuracy of assessment of progress to date and client decision making.

Trade debtors

An allowance for doubtful debts is maintained for estimated losses resulting from the inability of the Company's customers to make required payments.

RSBG UK Limited (Formerly RSBG Infrastructure Ltd)

Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

3 Turnover and other revenue

	2019 £	2018 £
Turnover analysed by geographical market		
United Kingdom	65,342,216	68,207,873
Rest of Europe	803,318	430,346
Rest of the world	7,418,782	6,563,041
	<u>73,564,316</u>	<u>75,201,260</u>

	2019 £	2018 £
Other significant revenue		
Interest income	64,004	126,635
Other operating income	346,708	420,879
R&D tax credit	134,159	188,294
	<u>544,871</u>	<u>735,808</u>

4 Operating (loss)/profit

	2019 £	2018 £
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange losses	86,826	24,358
Depreciation of owned tangible fixed assets	646,066	495,560
(Profit)/loss on disposal of tangible fixed assets	(3,733)	8,990
Amortisation of intangible assets	5,233,792	4,878,668
Operating lease charges	2,404,897	2,440,407
	<u>8,368,048</u>	<u>7,847,983</u>

5 Auditor's remuneration

	2019 £	2018 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	95,800	123,450
For other services		
Taxation compliance services	26,400	10,645
All other non-audit services	34,000	76,690
	<u>156,200</u>	<u>210,785</u>

RSBG UK Limited (Formerly RSBG Infrastructure Ltd)

Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

6 Employees

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

	Group 2019 Number	2018 Number	Company 2019 Number	2018 Number
Management	31	25	4	-
Administration	148	158	12	-
Engineering	758	929	-	-
	<u>937</u>	<u>1,112</u>	<u>16</u>	<u>-</u>

Their aggregate remuneration comprised:

	Group 2019 £	2018 as restated £	Company 2019 £	2018 £
Wages and salaries	40,869,891	38,419,085	2,435,164	-
Social security costs	4,066,197	3,461,408	400,891	-
Pension costs	2,277,561	1,812,333	125,965	-
	<u>47,213,649</u>	<u>43,692,826</u>	<u>2,962,020</u>	<u>-</u>

7 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	1,000,640	525,525
Company pension contributions to defined contribution schemes	5,193	31,250
	<u>1,005,833</u>	<u>556,775</u>

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

	2019 £	2018 £
Remuneration for qualifying services	729,599	324,899
Company pension contributions to defined contribution schemes	-	20,500
	<u>-</u>	<u>20,500</u>

During the year retirement benefits were accruing to 1 director (2018: 2) in respect of defined contribution pension schemes.

RSBG UK Limited (Formerly RSBG Infrastructure Ltd)

Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

8 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Other interest income	64,004	126,635

9 Interest payable and similar expenses

	2019 £	2018 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	11,459	16,597
Interest on finance leases and hire purchase contracts	9,756	-
Interest payable to group undertakings	53,872	44,038
Other interest on financial liabilities	58,017	100,037
	133,104	160,672

10 Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	792,356	1,419,090
Adjustments in respect of prior periods	-	46,794
Double tax relief	(11,060)	(11,080)
Total current tax	781,296	1,454,804
Deferred tax		
Origination and reversal of timing differences	(409,384)	(187,111)
Total tax charge for the year	371,912	1,267,693

RSBG UK Limited (Formerly RSBG Infrastructure Ltd)

Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

10 Taxation

(Continued)

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

	2019 £	2018 £
(Loss)/profit before taxation	(1,758,257)	2,105,392
<i>Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)</i>	(334,069)	400,024
Tax effect of expenses that are not deductible in determining taxable profit	16,798	546,012
Tax effect of income not taxable in determining taxable profit	-	(38,557)
Tax effect of utilisation of tax losses not previously recognised	(43,650)	-
Unutilised tax losses carried forward	6,545	-
Adjustments in respect of prior years	-	46,794
Double tax relief	-	157,353
Group relief	-	63,633
Permanent capital allowances in excess of depreciation	(145,321)	-
Depreciation on assets not qualifying for tax allowances	111,490	-
Amortisation on assets not qualifying for tax allowances	558,356	-
Research and development tax credit	(16,690)	(8,993)
Other non-reversing timing differences	(30,824)	-
Effect of overseas tax rates	249,277	-
Effect of change in tax rates of deferred tax	-	111,673
Deferred tax not recognised	-	(10,246)
Taxation charge for the year	371,912	1,267,693

11 Dividends

	2019 £	2018 £
Final paid	2,941,176	2,941,176

RSBG UK Limited (Formerly RSBG Infrastructure Ltd)

Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

12 Intangible fixed assets

Group	Goodwill	Computer software	Order books	Customer relationships	Trademarks	Total
	£	£	£	£	£	£
Cost						
At 1 January 2019	27,588,213	1,601,231	1,726,377	23,786,533	16,002,100	70,704,454
Additions	2,946,023	180,567	43,670	1,734,463	340,841	5,245,564
Disposals	-	(303,307)	-	-	-	(303,307)
Adjustments	(1,104,669)	-	-	-	-	(1,104,669)
At 31 December 2019	29,429,567	1,478,491	1,770,047	25,520,996	16,342,941	74,542,042
Amortisation and impairment						
At 1 January 2019	4,408,665	423,439	1,351,391	2,999,193	2,561,999	11,744,687
Amortisation charged for the year	1,928,634	140,424	418,656	1,693,633	1,052,445	5,233,792
Disposals	-	(302,547)	-	-	-	(302,547)
Adjustments	(18,130)	-	-	-	-	(18,130)
At 31 December 2019	6,319,169	261,316	1,770,047	4,692,826	3,614,444	16,657,802
Carrying amount						
At 31 December 2019	23,110,398	1,217,175	-	20,828,170	12,728,497	57,884,240
At 31 December 2018	23,179,548	1,177,792	374,986	20,787,340	13,440,101	58,959,767

RSBG UK Limited (Formerly RSBG Infrastructure Ltd)

Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

Goodwill of £18,226,103, trademarks of £9,843,494, customer relationships of £7,037,623 and an order book of £349,354 arose on the purchase of the business of the Pell Frischmann group in 2015.

Goodwill of £3,808,310, trademarks of £3,092,848, customer relationships of £4,421,765 and an order book of £497,573 arose on the purchase of the business of the McBains group in 2017. The goodwill increased by £346,513 in the current year as a result of a change to the estimated earn-out.

Goodwill of £2,001,008, trademarks of £736,960, customer relationships of £3,257,855 and an order book of £317,384 arose on the purchase of the business of 4way Consulting in 2017. The goodwill has since increased by £184,503 in prior years and £250,000 in the current year as a result of a change to the estimated earn-out.

Goodwill of £967,247, trademarks of £1,481,696, customer relationships of £5,115,536 and an order book of £356,943 arose on the purchase of the business of Desco (Design & Consultancy) in 2016. The goodwill has since increased by £6,080 in prior years.

Goodwill of £2,394,960, trademarks of £847,103, customer relationships of £3,953,754 and an order book of £205,124 arose on the purchase of the business of Leslie Jones Architects in 2018. The goodwill was reduced by £1,104,669 in the current year as a result of the cost of the investment decreasing.

Goodwill of £2,349,511, trademarks of £340,841, customer relationships of £1,734,462 and an order book of £43,670 arose on the purchase of the business of The Yard Creative in the year (see note 26).

The intangible assets are being amortised over their useful economic lives as detailed in the accounting policies.

Company	Computer software
	£
Cost	
At 1 January 2019	-
Additions	178,416
Transfers from group undertakings	1,172,869
	<hr/>
At 31 December 2019	1,351,285
	<hr/>
Amortisation and impairment	
At 1 January 2019	-
Amortisation charged for the year	138,109
	<hr/>
At 31 December 2019	138,109
	<hr/>
Carrying amount	
At 31 December 2019	1,213,176
	<hr/>
At 31 December 2018	-
	<hr/>

During the year the company was transferred computer software with a carrying amount of £1,172,869 from a fellow group undertaking. The consideration was equal to the carrying amount.

RSBG UK Limited (Formerly RSBG Infrastructure Ltd)

Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

13 Tangible fixed assets

Group	Short-term leasehold property £	Fixtures and fittings £	Computer equipment £	Motor vehicles £	Total £
Cost					
At 1 January 2019	566,959	1,569,787	1,565,965	131,238	3,833,949
Additions	54,063	283,682	430,522	14,110	782,377
Arising from business combinations	-	-	60,918	-	60,918
Disposals	(10,003)	(279,534)	(349,252)	(115,616)	(754,405)
At 31 December 2019	611,019	1,573,935	1,708,153	29,732	3,922,839
Depreciation and impairment					
At 1 January 2019	258,259	1,198,517	918,229	120,427	2,495,432
Depreciation charged in the year	92,652	184,628	353,241	15,545	646,066
Eliminated in respect of disposals	(9,900)	(279,534)	(336,401)	(115,616)	(741,451)
Arising from business combinations	-	-	42,332	-	42,332
At 31 December 2019	341,011	1,103,611	977,401	20,356	2,442,379
Carrying amount					
At 31 December 2019	270,008	470,324	730,752	9,376	1,480,460
At 31 December 2018	308,700	371,270	647,736	10,811	1,338,517

Company	Fixtures and fittings £	Computer equipment £	Total £
Cost			
At 1 January 2019	-	-	-
Additions	1,000	57,145	58,145
Disposals	-	(5,684)	(5,684)
At 31 December 2019	1,000	51,461	52,461
Depreciation and impairment			
At 1 January 2019	-	-	-
Depreciation charged in the year	125	12,711	12,836
Eliminated in respect of disposals	-	(240)	(240)
At 31 December 2019	125	12,471	12,596
Carrying amount			
At 31 December 2019	875	38,990	39,865

RSBG UK Limited (Formerly RSBG Infrastructure Ltd)

Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

14 Fixed asset investments

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Investments in subsidiaries	15	-	-	34,312,836	35,070,992

Movements in fixed asset investments Company

	Shares in group undertakings £
Cost or valuation	
At 1 January 2019	35,070,992
Additions	346,513
Adjustments	(1,104,669)
At 31 December 2019	34,312,836
Carrying amount	
At 31 December 2019	34,312,836
At 31 December 2018	35,070,992

During the year the company, as a result of adjustments to earn-outs, increased its investment in the McBains group by £346,513 and reduced its investment in Leslie Jones Architects by £1,104,669.

RSBG UK Limited (Formerly RSBG Infrastructure Ltd)

Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

15 Subsidiaries

Details of the company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
4way Consulting Ltd	UK	Consulting engineering	Ordinary	-	100.00
4way Holding Ltd	UK	Holding company	Ordinary	-	100.00
Decas (Asia) Inc	Philippines	Consulting engineering	Ordinary	-	100.00
Desco (2011) Ltd	UK	Holding company	Ordinary	-	100.00
Desco (Design and Consultancy) Ltd	UK	Consulting engineering	Ordinary	-	100.00
Desco Qatar Mechanical and Electrical Consulting Engineers WLL	Qatar	Non-trading	Ordinary	-	49.00
Frischmann Prabhu India Design Services Pvt	India	Consulting engineering	Ordinary	99.90	-
Frischmann Prabhu India Project Management Consultancy Services Pvt	India	Consulting engineering	Ordinary	99.90	-
Leslie Jones Architects Limited	UK	Architectural services	Ordinary	-	100.00
MBC Group Limited	UK	Holding company	Ordinary	100.00	-
McBains Consulting Limited	UK	Holding company	Ordinary	-	100.00
McBains Cooper Consulting Limited	UK	Holding company	Ordinary	-	100.00
McBains Cooper Hellas Technical Consulting S.A.	Greece	Property consultancy	Ordinary	-	100.00
McBains Cooper International Limited	UK	Holding company	Ordinary	-	100.00
McBains Cooper Limited	UK	Holding company	Ordinary	-	100.00
McBains Cooper Mexico, S.A. de C.V.	Mexico	Dormant	Ordinary	-	100.00
McBains Limited	UK	Property consultancy	Ordinary	-	100.00
McBains Cooper Mexico Servicios SA de C.V.	Mexico	Dormant	Ordinary	-	100.00
Pell Frischmann Consultants Limited	UK	Consulting engineering	Ordinary	-	100.00
Pell Frischmann Consulting Engineers Limited	UK	Consulting engineering	Ordinary	100.00	-
Pell Frischmann Information Technology Limited	UK	Non-trading	Ordinary	-	99.90
Pell Frischmann Brown Beech Consulting Engineers Limited	UK	Dormant	Ordinary	100.00	-
Urban:Kind Limited	UK	Holding company	Ordinary	100.00	-
The Yard Creative Limited	UK	Research, strategy and design services	Ordinary	-	100.00

RSBG UK Limited (Formerly RSBG Infrastructure Ltd)

Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

15 Subsidiaries

(Continued)

The registered office for each subsidiary is available from the company secretary at the registered office of the company.

16 Debtors

	Group 2019	2018	Company 2019	2018
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	16,653,739	15,221,580	-	-
Amounts recoverable on long term contracts	12,024,369	11,851,100	-	-
Corporation tax recoverable	1,814,571	793,876	-	-
Amounts due from group undertakings	179,188	-	8,782,697	3,864,308
Other debtors	944,345	768,069	67,721	-
Prepayments and accrued income	1,765,654	1,536,769	70,061	40,843
	<u>33,381,866</u>	<u>30,171,394</u>	<u>8,920,479</u>	<u>3,905,151</u>
Deferred tax asset (note 22)	71,796	157,109	-	-
	<u>33,453,662</u>	<u>30,328,503</u>	<u>8,920,479</u>	<u>3,905,151</u>

Amounts owed by group undertakings are unsecured and are repayable on demand. No interest is charged on these amounts as there is no fixed term of repayment.

Trade debtors are stated after provision for impairment of £351,829 (2018: £556,222).

17 Creditors: amounts falling due within one year

		Group 2019	2018	Company 2019	2018
	Notes	£	£	£	£
Bank loans and overdrafts	19	232,556	218,655	1,632,006	-
Obligations under finance leases	20	8,015	-	-	-
Other borrowings	19	-	3,625	-	-
Trade creditors		2,815,393	3,921,948	390,545	318,014
Deferred consideration		-	5,620,000	-	4,120,000
Amounts due to group undertakings		28,886,168	23,603,662	30,386,915	24,979,046
Amounts due to related parties		2,418,503	1,865,706	2,418,503	1,865,706
Corporation tax payable		242,258	826,376	-	-
Other taxation and social security		4,158,650	3,727,157	90,657	144,942
Other creditors		3,047,800	2,535,460	2,434,943	1,866,085
Accruals and deferred income		12,413,181	9,630,576	133,103	24,293
		<u>54,222,524</u>	<u>51,953,165</u>	<u>37,486,672</u>	<u>33,318,086</u>

Amounts owed by group undertakings are unsecured and are repayable on demand. No interest is charged on these amounts as there is no fixed term of repayment.

RSBG UK Limited (Formerly RSBG Infrastructure Ltd)

Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

18 Creditors: amounts falling due after more than one year

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Bank loans and overdrafts	19	276,188	508,955	-	-

19 Loans and overdrafts

	Group 2019 £	2018 £	Company 2019 £	2018 £
Bank loans	508,744	727,610	-	-
Bank overdrafts	-	-	1,632,006	-
Other loans	-	3,625	-	-
	<u>508,744</u>	<u>731,235</u>	<u>1,632,006</u>	<u>-</u>
Payable within one year	232,556	222,280	1,632,006	-
Payable after one year	<u>276,188</u>	<u>508,955</u>	<u>-</u>	<u>-</u>

£66,329 (2018: £117,961) of bank loans outstanding relate to a fixed sum loan, payable over 48 months with effect from 23 April 2017. The loan is unsecured.

The remainder of the loans outstanding at the end of the current year had the following terms and security:

In January 2018, the Group entered into a bank loan of £400,000 over a fixed term of 4 years. Repayments of £8,494 are payable monthly. Interest rate applied to the loan is 3% per annum over the Base Rate. The loan is secured by a debenture comprising of fixed and floating charges over all the assets and undertakings of the Company.

In August 2018, the Group entered into a bank loan of £300,000 over a fixed term of 4 years. Repayments of £6,641 are payable monthly. Interest rate applied to the loan is 3% per annum over the Base Rate. The loan is secured by a debenture comprising of fixed and floating charges over all the assets and undertakings of the Company.

Other loans

Other loans related to a vehicle loan from a bank. The loan was secured against the vehicles to which the loan related to and carried an interest of 9.35%. The loan was fully repaid in the year.

RSBG UK Limited (Formerly RSBG Infrastructure Ltd)

Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

20 Finance lease obligations

	Group 2019 £	2018 £	Company 2019 £	2018 £
Future minimum lease payments due under finance leases:				
Within one year	8,015	-	-	-

Finance lease payments represent rentals payable for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets.

21 Provisions for liabilities

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Dilapidations		313,084	410,805	-	-
Contract provisions		-	35,000	-	-
Other provisions		2,256,987	102,745	-	-
		2,570,071	548,550	-	-
Deferred tax liabilities	22	5,741,688	5,862,031	-	-
		8,311,759	6,410,581	-	-

Movements on provisions apart from deferred tax liabilities:

	Dilapidations £	Contract provisions £	Other provisions £	Total £
Group				
At 1 January 2019	410,805	35,000	102,745	548,550
Additional provisions in the year	7,667	-	175,417	183,084
Utilisation of provision	(105,388)	(35,000)	(21,175)	(161,563)
Arising on business combinations	-	-	2,000,000	2,000,000
At 31 December 2019	313,084	-	2,256,987	2,570,071

Consideration of £2,000,000 relating to the acquisition of The Yard Creative Limited was deferred and will be paid if pre-agreed conditions are met. There are set payment dates however the amounts to be paid on these dates is still to be determined.

RSBG UK Limited (Formerly RSBG Infrastructure Ltd)

Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

22 Deferred taxation

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

	Liabilities 2019 £	Liabilities 2018 £	Assets 2019 £	Assets 2018 £
Group				
Accelerated capital allowances	115,076	72,840	16,513	-
Short term differences	(6,709)	(15,968)	-	667
Acquisitions	5,633,321	5,805,159	-	-
Employee benefit expense	-	-	55,283	156,442
	<u>5,741,688</u>	<u>5,862,031</u>	<u>71,796</u>	<u>157,109</u>

The company has no deferred tax assets or liabilities.

	Group 2019 £	Company 2019 £
Movements in the year:		
Liability at 1 January 2019	5,704,922	-
Credit to profit or loss	(409,384)	-
Charge to other comprehensive income	10,297	-
Deferred tax balance on acquisition	3,833	-
Arising on business combinations	360,224	-
Liability at 31 December 2019	<u>5,669,892</u>	<u>-</u>

The deferred tax balances set out above are not expected to reverse within 12 months. The deferred tax balances on acquisitions are expected to reverse by 31 December 2032.

23 Retirement benefit schemes

	2019 £	2018 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>2,277,561</u>	<u>1,812,333</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

RSBG UK Limited (Formerly RSBG Infrastructure Ltd)

Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

24 Share capital

	Group and company	
	2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
29,382,800 Ordinary A shares of £0.0001 each	2,938	2,938
4,350,000,000 Ordinary B1 shares of £0.0001 each	435	435
835,200 Ordinary B2 shares of £0.0001 each	84	84
	<u>3,457</u>	<u>3,457</u>

All shares rank equally for dividends, entitlement to vote and to participate in a winding up.

25 Reserves

Share premium

The share premium account contains any amounts paid in excess of the nominal value of the share capital.

Foreign exchange reserve

This reserve contains any exchange differences captured on retranslation of subsidiaries reserves.

Profit and Loss account

The profit and loss account contains all current and prior period retained earnings.

Other reserve

This reserve contains differences of £36,136,274 arising on consolidation between the value at which the parent company carries its investment and the aggregate of the nominal value of the company ordinary shares that the parent acquires where acquisition accounting has been applied.

Also included in other reserves is £1,384,274 which arose during the year on the waiver of an intercompany debt.

RSBG UK Limited (Formerly RSBG Infrastructure Ltd)

Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

26 Business combinations

On 8 April 2019 the group acquired 100% of the issued capital of The Yard Creative Limited for consideration of £4,418,196.

	Book Value £	Fair value adjustments £	Fair Value £
Tangible fixed assets	18,586	-	18,586
Intangible fixed assets	-	2,118,973	2,118,973
	<u>18,586</u>	<u>2,118,973</u>	<u>2,137,559</u>
Debtors	352,949	-	352,949
Cash	350,904	-	350,904
	<u>722,439</u>	<u>2,118,973</u>	<u>2,841,412</u>
Total assets			
Creditors	(408,670)	-	(408,670)
Deferred tax liability	(3,833)	(360,224)	(364,057)
	<u>309,936</u>	<u>1,758,749</u>	<u>2,068,685</u>
Total identifiable net assets			
Goodwill			2,349,511
			<u>4,418,196</u>
Total consideration			
			<u>4,418,196</u>
The consideration was satisfied by:			£
Cash			2,000,000
Acquired net debt balance			277,737
Contingent consideration			2,000,000
Directly attributable costs			140,459
			<u>4,418,196</u>
Contribution by the acquired business for the reporting period included in the consolidated statement of comprehensive income since acquisition:			£
Turnover			1,322,845
Profit after tax			<u>79,547</u>

RSBG UK Limited (Formerly RSBG Infrastructure Ltd)

Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

27 Contingent liabilities

There are unquantified contingent liabilities in the normal course of business arising under consultancy contracts and the company is covered by professional indemnity insurance in respect of claims which the directors believe is adequate.

There is also a cross guarantee and debenture between the company and its fellow group companies.

28 Operating lease commitments

Lessee

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

	Group 2019 £	2018 £
Within one year	1,561,147	1,289,332
Between two and five years	2,347,222	2,574,211
In over five years	-	225,585
	<u>3,908,369</u>	<u>4,089,128</u>

The Company had no commitments under the non-cancellable leases as at the reporting date.

29 Events after the reporting date

The directors have initiated robust business continuity plans in response to the COVID-19 pandemic. The secured workload for the year has been largely unaffected at this stage by either short term financial decisions or by practical limitations brought about from changing work patterns. The group have a large number of contracts with Public Sector clients which are all expected to proceed as planned. Contracts held with private clients are predominantly with large corporates who are more resilient and are still planning on proceeding with those projects.

RSBG UK Limited (Formerly RSBG Infrastructure Ltd)

Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

30 Related party transactions

The Group has taken advantage of the requirements of Section 33 Related Party Disclosures 1A.

During the year the Company was charged interest and paid a dividend to RSBG Investment Holding Limited, a fellow group undertaking, totalling £53,872 and £2,500,000 respectively (2018: £44,038 and £2,500,000).

The Group recharged expenses during the year totalling £304,604 (2018: £107,880) to fellow group undertakings.

Amounts owed by and to group undertakings are disclosed in notes 16 and 17.

At the balance sheet date the Group had received loans from a director amounting to £2,418,503 (2018: £1,865,706). There were no formal terms set with these loans and no interest was payable. Dividends of £220,588 (2018: £220,588) were paid to the director.

At the balance sheet date the Group had received loans from a relative of a director amounting to £2,418,503 (2018: £1,865,706). There were no formal terms set with these loans and no interest was payable. Dividends of £220,588 (2018: £220,588) were paid to the relative of the director.

31 Controlling party

The ultimate controlling party of the company is RAG-Stiftung, a company registered in Germany.

The largest and smallest group of undertakings which prepares consolidated financial statements including the company is RAG-Stiftung. These financial statements may be obtained from RAG-Stiftung, Ruttenscheider Strasse 1-3, 45128 Essen, Germany.