

Registrar's Copy

SLR Consulting Limited

Report and Financial Statements

Period ended

4 January 2019

Company Number 03880506



SLR Consulting Limited

**Report and financial statements
for the period ended 4 January 2019**

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Directors

N C Penhall
A J Edwards
P R MacKellar
J M Green

Secretary and registered office

J M Green
7 Wornal Park, Menmarsh Road, Worminghall, Aylesbury, Buckinghamshire, HP18 9PH

Company number

03880506

Auditors

BDO LLP, Level 12, Thames Tower, Station Road, Reading, RG1 1LX

SLR Consulting Limited
Strategic report
for the period ended 4 January 2019

This strategic report sets out for stakeholders the environment in which SLR Consulting Limited ("the Company") exists, the strategy that the Board of directors ("the Board") set in the context of that environment and the resulting performance for the 14 month period ended 4 January 2019.

Change in control of SLR and reporting period

On 25 March 2018 SLR Management Limited ("SLRM"), a parent company and former ultimate parent undertaking of the Company, announced that it had agreed to partner with Charterhouse Capital Partners LLP ("Charterhouse"), a leading European private equity firm, to support the business in its next phase of growth and development. As part of the deal, a new organisational structure of the business was established, headed by SLR Global Limited ("SLRG"), the new ultimate parent undertaking of the SLR group of companies ("the Group"). Charterhouse hold a majority investment in SLRG, which is ultimately controlled by the Charterhouse Capital Partners X Fund No.1 and No.2 ("CCP X Funds"). The management team and certain other employees of the Group hold a minority stake in the SLRG. The previous minority investor, 3i Group, fully divested its holding in SLRM. The transaction was implemented by way of a conditional court approved scheme of arrangement by the business and completion took place on 21 June 2018. Subsequent to the change in control, the Group elected to change the accounting reference date to 31 December 2018 with financial statements drawn up for a 14-month period to 4 January 2019.

Operating structure and environment

The principal activity of the Company is to provide environmental and advisory consultancy services from its offices spread across the entire UK.

The key elements of the Company's success are the diversity of services offered and its exposure to a variety of sectors. The Company's culture and broad-based employee ownership are also fundamental. The 'one team' culture combined with a clear and efficient management structure and strong support services and accounting functions strengthens the Company's successful operations.

Every member of the environmental and advisory teams belong to one of a number of service lines, driven by technical discipline and work together collaboratively to provide client solutions. Working alongside the service line structure are client sector teams aligned to our principal focus industries: Oil & Gas, Built Environment, Mining & Minerals, Infrastructure, Industry, and Power. The sector teams provide client leadership and ensure the Company understands and interprets industry trends.

Principal risks and uncertainties

The Company has always sought to minimise risk in all aspects of its operation. Primary risks and risk mitigation measures are briefly considered below. Further information on risks and uncertainties are included in the Report of the directors on page 5.

Strategic risks are limited in the Company's business. It has a focused strategy, closely aligned with its capabilities and is operating in growing markets. The environmental sector is largely regulatory-driven, which helps mitigate the potential exposure to political or general economic risk. Advisory services are allied to the environmental sector and driven by changes (growth or decline) in sectors or economies. The most significant risk is one of reputation and the Company works hard to mitigate this risk by hiring and retaining high quality staff, and applying appropriate quality management procedures. The nature of the environmental sector tends to attract staff with high ethical standards. This is reinforced by the Company ethos and procedures. The overall strategic risk and associated ethical risk is considered low.

The management team has a track record of successful leadership and has considerable strength and depth. The Company has a fast-growing and highly motivated team of professional staff, many of whom have significant shareholdings in the Company's ultimate parent company, SLR Global Limited. Risks associated with both management and key staff are considered low.

SLR Consulting Limited
Strategic report
for the period ended 4 January 2019 (*continued*)

Principal risks and uncertainties (*continued*)

The Company normally undertakes work under its Standard Conditions of Engagement. Where this is not the case, all non-standard contracts are reviewed by either a dedicated contracts review team, nominated senior manager or director. If appropriate, non-standard contracts are referred to the Company's legal advisors to assess and contain the risk.

The Company has a professional HR team, which works with the Company's legal advisors to minimise risks associated with employment law. Notwithstanding the above, certain sectors of the Company's business, such as development clients, can be litigious and there is always some risk with employees. The overall legal and compliance risk is considered low-to-moderate.

Financial risks mainly centre on the leveraged nature of SLR BD Limited, a parent company, although the level of operating profitability and the strong cash flows of the SLR group of companies are considered to make this a moderate-to-low risk. The Company has a robust finance function which minimises systemic risk. Overall the financial risks are considered low.

The Company's operations expose it to a variety of financial risks including the foreign currency exchange rates, credit risk and liquidity risk. These are monitored by the Board and were not considered to be significant at the balance sheet date.

Overall the Board considers that risk within the business is well managed, although the Board continues to monitor the risk profile as the Company develops.

Strategy

The Company's overall strategy is evaluated and updated on an ongoing annual basis by the leadership team and directors of the business.

During the current period the Board has reaffirmed the Company's ambition to become the leading consultancy for environmental and advisory solutions. To achieve this it will continue to develop the five principal elements of its business: culture, clients, people, business, and communities.

The Company's strategy is focused on providing high quality environmental consultancy and advisory services to clients with whom it seeks to develop a long-term relationship. The strategy is based on organic growth, complemented by the selective acquisition of high calibre companies, in order to strengthen and extend our technical, sectoral and geographic coverage.

The Company's continued focus on key sectors, together with nurturing and developing client relationships, all within a collaborative 'one team' culture will, we believe, lead to superior revenue and profit growth.

The strategy and plans have been shared with all employees and the Board provides regular updates on progress to key stakeholders.

SLR Consulting Limited

Strategic report for the period ended 4 January 2019 (*continued*)

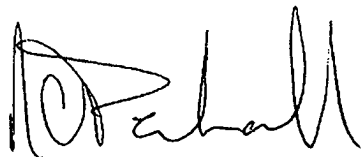
Performance

The Company's operations include an extensive range of technical offerings and have a wide sector exposure. This diversity, combined with the fact that a large number of projects undertaken are international in nature, provides resilience and mitigates the risk of adverse impact of any sector-specific downturns. Some transition from projects ending in 2017 and early 2018 resulted in a lower than expected turnover of £39.5 million as newer initiatives ramped up. An unaudited like-for-like comparison of turnover for the 52-week period to 5 January 2018 and the 52-week period to 4 January 2019 shows a 11.8% reduction from £38.4 million to £33.9 million, respectively.

Based on average number of technical staff during the period, the turnover per technical employee was £117,235 in the 14 months to 4 January 2019 vs £121,462 for the year to 3 November 2017. Profit after taxation decreased from £4.9 million for the year ended 3 November 2017 to £1.7 million in the current period and net assets moved from £37.0 million to £38.8 million in the current period.

The results of the Company for the period are set out on page 11 and the financial position is set out on page 12. The period covered by the financial statements is from 4 November 2017 to 4 January 2019. The statement of comprehensive income is set out on page 11 and shows the profit on ordinary activities for the period after accounting for interest income and taxation.

On behalf of the Board



N C Penhall
Director

23 September 2019

SLR Consulting Limited
Report of the directors
for the period ended 4 January 2019

The directors present their report together with the audited financial statements for the 14-month period ended 4 January 2019. The comparative numbers are for the year ended 3 November 2017. This report should be read in conjunction with the Strategic report.

Results and dividends

The statement of comprehensive income is set out on page 11 and shows the profit for the period.

No dividends were paid during the period (2017 - £Nil).

Directors

The directors of the Company during the period were as follows:

N C Penhall
A J Edwards
P R MacKellar
J M Green

At 4 January 2019, third party indemnity insurance for the benefit of the Company's directors was in force.

Statement of directors' responsibilities

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

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

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

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

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

SLR Consulting Limited
Report of the directors
for the period ended 4 January 2019 (continued)

Internal control and risk management

The Company has always sought to minimise risk in all aspects of its operations. Primary risks and risk mitigation measures are summarised in the Strategic report and detailed later in this report. In summary, many of the key areas of risk (strategic and ethical, management and key staff, clients and/or suppliers) are considered to be low; legal and compliance risks and accounting risks are considered to be low to moderate.

The Company's operations expose it to a variety of financial risks including the effects of changes in interest rates on debt, foreign currency exchange rates, credit risk and liquidity risk. These are monitored by the board of directors and were not considered significant at the balance sheet date. The Company's policies towards each of these individual risks are addressed below.

Credit risk

The Company's policy in respect of credit risk is to require appropriate credit checks on potential customers before projects commence.

Cash flow and interest rate risk

The interest rate on borrowings is at market rate and the Company's policy is to keep the borrowings within defined limits such that the risk that could arise from a significant change in interest rates would not have a material impact on cash flows. The directors monitor the overall level of borrowings and interest costs to limit any adverse effects on the performance of the Company.

Liquidity risk

The Company's policy has been to ensure continuity of funding through acquiring an element of the fixed assets under hire purchase contracts and finance leases and arranging funding for operations via medium and long-term loans. The Company has access to the Group's bank facilities which are committed to July 2025.

Foreign currency risk

The Company is exposed in its trading operations to the risk of changes in foreign currency exchange rates. The main foreign currencies in which the Company operates are the US Dollar and the Euro. The Company does not use derivative financial instruments to mitigate foreign currency risk.

Employment policies

The Company's business is based on attracting, retaining, and motivating staff of the highest technical quality, who are also commercial in their approach and committed to the strategy and growth of the Company. The Board recognises that the retention and motivation of existing employees and the attraction of new high calibre employees is critical in a professional services company. As such, the Company uses a range of dedicated and sophisticated methods to achieve this, including professional training and development, a flexible approach to working hours and practices, and a wide range of staff incentives incorporating government approved ownership schemes.

Employment of disabled persons

Based on information provided by applicants, and interviews conducted, SLR has received applications for employment from disabled persons during the period. These applicants were assessed in accordance with the Company's equal opportunities policy, which confirms the Company's commitment to apply employment criteria that are fair, equitable and consistent regardless of an applicant's race, creed, colour, nationality, sex or disability.

Existing disabled staff are treated in accordance with the Company's equal opportunities policy and are actively encouraged to partake in the career development and training programmes, which are available to all staff.

SLR Consulting Limited
Report of the directors
for the period ended 4 January 2019 (continued)

Employment policies (continued)

Employee involvement

As a professional services firm with wide employee ownership, SLR is committed to providing all its employees with regular briefings on the development of the Company and key issues affecting its staff. This is achieved using IT systems, and direct meetings and discussions.

The Company has an intranet site, SLR Connect, which provides a wide range of information to all staff including all employment policies, detailed financial information, news on fellow employees, company developments, etc. In addition, the management and senior technical staff convene regular staff meetings to update staff on the strategic and local development of the business, including the potential acquisitions of other companies. An essential part of these meetings is an open question and answer session where all employees are encouraged to raise any issues they may have for discussion.

Career development and professional training

The Company is committed to strong organic growth, which provides clear opportunities for staff to develop their careers within the business. The Company also supports professional development and has programmes in place to help employees achieve Chartered status (or equivalent) in their chosen profession. SLR also supports staff in continuing education and is currently providing bursaries and support for several staff attending full or part-time university or college courses.

Charitable initiatives and support

The Company focusses on working with its employees to support charities local to their operations. As well as direct contributions to local charities, the Company also provides indirect support such as paying employees' entrance fees for charitable events and providing staff time pro bono.

In 2018, SLR supported staff participating in a number of diverse charitable events, as well as making direct donations to a range of charities.

Employee incentives

As well as providing staff with industry standard employment packages in terms of salary and other benefits, the Company runs a discretionary bonus scheme to which all staff are eligible. The Company also operated share option schemes to provide ownership to key employees. The employee ownership scheme was considered by the Board to have been very successful in retaining key employees who were delivering significant shareholder value. There was no share option scheme in operation at the balance sheet date.

Overall, the Board considers that perceived risk within the business is well managed, although the Board continues to monitor the risk profile as the Company develops.

Modern slavery

In compliance with s.54 of the Modern Slavery Act 2015, SLR's Modern Slavery Statement sets out the steps taken by SLR Consulting Limited to prevent slavery or human trafficking from taking place in our supply chains. The full statement is available at www.slrconsulting.com.

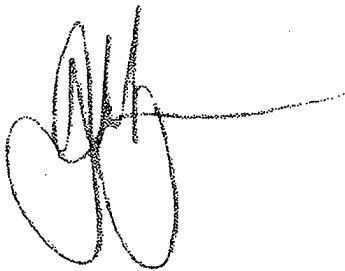
SLR Consulting Limited

**Report of the directors
for the period ended 4 January 2019 (*continued*)**

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

By order of the Board

A handwritten signature in black ink, consisting of stylized loops and a long horizontal stroke extending to the right.

**J M Green
Secretary**

23 September 2019

SLR Consulting Limited
Report of the independent auditors

TO THE MEMBERS OF SLR CONSULTING LIMITED

Opinion

We have audited the financial statements of SLR Consulting Limited for the period ended 4 January 2019 which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 4 January 2019 of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

SLR Consulting Limited

Report of the independent auditors (*Continued*)

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic report and Report of the directors for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Report of the directors 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Report of the directors.

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

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

SLR Consulting Limited

Report of the independent auditors (*Continued*)

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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



*Simon Brooker (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Reading
United Kingdom*

24 SEPTEMBER 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

SLR Consulting Limited

**Statement of comprehensive income
for the period ended 4 January 2019**

	Note	Period ended 4 January 2019 £	Year ended 3 November 2017 £
Turnover	3	39,525,005	39,232,322
Cost of sales		<u>(17,298,507)</u>	<u>(17,363,389)</u>
Gross profit		22,226,498	21,868,933
Administrative expenses		<u>(22,838,333)</u>	(17,236,770)
Other operating income		<u>2,302,180</u>	<u>1,476,268</u>
Operating profit	6	1,690,345	6,108,431
Interest payable	7	(7,699)	(29,717)
Interest receivable		:	<u>2,741</u>
Profit on ordinary activities before taxation		1,682,646	6,081,455
Taxation on profit from ordinary activities	8	<u>(2,820)</u>	<u>(1,173,876)</u>
Profit on ordinary activities after taxation		<u>1,679,826</u>	<u>4,907,579</u>
Total comprehensive income for the period		<u>1,679,826</u>	<u>4,907,579</u>

All amounts relate to continuing activities.

All recognised gains and losses are included in the statement of comprehensive income.

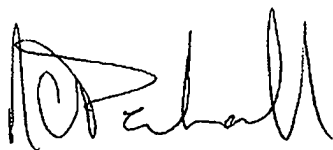
The notes on pages 14 to 25 form part of these financial statements

SLR Consulting Limited

**Balance sheet
at 4 January 2019**

Company Number 03880506	Note	4 January 2019 £	4 January 2019 £	3 November 2017 £	3 November 2017 £
Fixed assets					
Tangible assets	9		782,890		854,597
Current assets					
Debtors	10	46,240,446		44,491,468	
Cash at bank and in hand		<u>318,008</u>		<u>234,890</u>	
		46,558,454		44,726,358	
Creditors: amounts falling due within one year	11	<u>(8,532,201)</u>		<u>(8,505,731)</u>	
Net current assets			<u>38,026,253</u>		<u>36,220,627</u>
Total asset less current liabilities			<u>38,809,143</u>		<u>37,075,224</u>
Creditors: amounts falling due after more than one year	12		=		<u>(47,004)</u>
Net assets			<u>38,809,143</u>		<u>37,028,220</u>
Capital and reserves					
Called up share capital	14		100		100
Capital contribution			948,884		847,787
Profit and loss account			<u>37,860,159</u>		<u>36,180,333</u>
			<u>38,809,143</u>		<u>37,028,220</u>

The financial statements were approved by the Board and authorised for issue on 23 September 2019.



**N C Penhall
Director**

The notes on pages 14 to 25 form part of these financial statements

SLR Consulting Limited

**Statement of changes in equity for the period
ended 4 January 2019**

	Share capital £	Capital contribution £	Profit and loss account £	Total equity £
4 November 2017	100	847,787	36,180,333	37,028,220
Profit for the period	=	=	<u>1,679,826</u>	<u>1,679,826</u>
Total comprehensive income for the period	=	=	<u>1,679,826</u>	<u>1,679,826</u>
Share-based payment	=	<u>101,097</u>	=	<u>101,097</u>
Total contribution by and distribution to owners	=	<u>101,097</u>	=	<u>101,097</u>
4 January 2019	<u>100</u>	<u>948,884</u>	<u>37,860,159</u>	<u>38,809,143</u>
	Share capital £	Capital contribution £	Profit and loss account £	Total equity £
28 October 2016	100	746,342	31,272,754	32,019,196
Profit for the year	=	=	<u>4,907,579</u>	<u>4,907,579</u>
Total comprehensive income for the period	=	=	<u>4,907,579</u>	<u>4,907,579</u>
Share-based payment	=	<u>101,445</u>	=	<u>101,445</u>
Total contribution by and distribution to owners	=	<u>101,445</u>	=	<u>101,445</u>
3 November 2017	<u>100</u>	<u>847,787</u>	<u>36,180,333</u>	<u>37,028,220</u>

The notes on pages 14 to 25 form part of these financial statements

SLR Consulting Limited

Notes forming part of the financial statements for the period ended 4 January 2019

1 Accounting policies

SLR Consulting Limited ("the Company") is a private company limited by shares and is incorporated in England & Wales under the Companies Act. The address of the Company's registered office is given on the contents page and the nature of the Company's operations and its principal activities are set out in the Strategic report. These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies (Accounts and Reports) Regulations 2008.

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

These financial statements are for the period from 4 November 2017 to 4 January 2019.

Reduced disclosures

In preparing the separate financial statements of the Company, advantage has been taken of the following disclosure exemptions permitted by the reduced disclosure regime within FRS 102:

- 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 for financial instruments measured at amortised cost or cost less impairment, interest income/expense and net gains/losses for financial instruments measured at amortised cost and descriptions of hedging relationships;
- 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 and how the fair value of options granted was measured; and
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

This information is included in the consolidated financial statements of SLR Global Limited, the parent company of the largest group for which consolidated accounts are prepared, as at 4 January 2019 and their financial statements are available from its registered office, 7 Wornal Park, Menmarsh Road, Worminghall, Aylesbury, Buckinghamshire, HP18 9PH.

The following principal accounting policies have been applied:

Other operating income

Other operating income is derived from recharges made to group undertakings as a result of costs incurred on behalf of group companies.

Going concern

The directors have considered the cash flow requirements for a period covering at least twelve months from the date of approval of these financial statements. Based on these projections, the directors consider that the Company will have sufficient cash resources during this period to pay all of its liabilities as they fall due and therefore consider it appropriate to continue to prepare the accounts on a going concern basis.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable (net of VAT and local taxes) from the provision of work for external clients during the period in the ordinary nature of the business.

SLR Consulting Limited

Notes forming part of the financial statements for the period ended 4 January 2019 (*continued*)

1 Accounting policies (*continued*)

Turnover (continued)

Services provided to clients during the period which at the balance sheet date have not been billed, have been recognised as turnover. Turnover recognised in this manner is based on an assessment of the fair value of the services provided at the balance sheet date as a proportion of the total value of the engagement. Provision is made against unbilled amounts on those engagements where the right to receive payment is contingent on factors outside the control of the business. Unbilled revenue is included in accrued income.

Tangible fixed assets

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

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset to its estimated residual value on a straight line basis over its expected useful lives, as follows:

Plant and machinery	-	20%-33% per annum
Fixtures and fittings	-	10%-33% per annum
Motor vehicles	-	17%-33% per annum
Computer equipment	-	33%-50% per annum

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'administrative expenses' in the income statement.

Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company's subsidiaries operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the Company can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

SLR Consulting Limited

Notes forming part of the financial statements for the period ended 4 January 2019 (*continued*)

1. Accounting policies (*continued*)

Leased assets

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

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to income statement on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the Company recognises annual rent expense equal to amounts owed to the lessor.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight-line basis.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard (1 November 2014) to continue to be charged over the shorter period to the first market rent review rather than the term of the lease.

Foreign currency

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 rate of exchange ruling at the balance sheet date and the gains or losses on translation are taken directly to the income statement.

Pension costs

Contributions to the Company's defined contribution pension scheme are charged to the income statement in the period in which they become payable.

Financial assets

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

SLR Consulting Limited

Notes forming part of the financial statements for the period ended 4 January 2019 (*continued*)

1 Accounting policies (*continued*)

Finance costs

Finance costs are charged to the statement of comprehensive income over the term of the debt so that the amount charged is at a constant rate on the carrying amount.

Share-based payment

The fair value of employee share option plans is measured at the date of grant of the option using an appropriate valuation model. The resulting cost, as adjusted for the expected and actual level of vesting of the options, is charged to income over the period in which the options vest. At each balance sheet date before vesting, the cumulative expense is calculated; representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions, of the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement with a corresponding entry in equity.

Reserves

The Company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- Capital Contribution relates to the share-based payments in respect of share options awarded to employees of the Company by its ultimate parent company.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Trade debtors impairment loss

Trade debtors are reviewed for impairment loss on an ongoing basis and provision made for any balances where there is uncertainty against the recoverability of the balance. This methodology is applied on a customer by customer basis.

Creditors, provisions and liabilities

These are recognised at the balance sheet date and include amounts for accrued holiday pay, employee bonuses. Although these amounts are reviewed on a regular basis and adjusted to reflect management's best current estimates, the judgemental nature of these items means that future amounts settled may be different from those provided.

SLR Consulting Limited

**Notes forming part of the financial statements
for the period ended 4 January 2019 (continued)**

3 Turnover

Turnover is wholly attributable to the principal activity of the Company and arises in the following geographical markets:

	Period ended 4 January 2019 £	Year ended 3 November 2017 £
United Kingdom	34,058,635	29,971,241
Europe	3,363,889	5,779,518
United States	343,304	181,030
Africa	333,630	533,624
Asia-Pacific	764,973	263,487
Rest of the world	<u>660,574</u>	<u>2,503,422</u>
	<u>39,525,005</u>	<u>39,232,322</u>

4 Employees

	Period ended 4 January 2019 £	As restated year ended 3 November 2017 £
Staff costs consist of:		
Wages and salaries	22,749,106	18,736,238
Social security costs	2,498,316	2,061,614
Other pension costs	1,230,317	1,006,710
Share-based payments	<u>101,097</u>	<u>101,445</u>
	<u>26,578,836</u>	<u>21,906,007</u>

The wages and salaries cost for the year ended 3 November 2017 has been restated to reflect revised allocation of salary related overheads of £1,611,212.

The average number of employees, including directors, during the period analysed by category was as follows:

	Period ended 4 January 2019 Number	Year ended 3 November 2017 Number
Technical	337	323
Management and administration	<u>71</u>	<u>77</u>
	<u>408</u>	<u>400</u>

SLR Consulting Limited

**Notes forming part of the financial statements
for the period ended 4 January 2019 (continued)**

5 Directors

	Period ended 4 January 2019 £	Year ended 3 November 2017 £
Directors' emoluments	553,655	467,929
Payments to defined contribution pension scheme	<u>42,052</u>	<u>34,582</u>
	<u>595,707</u>	<u>502,511</u>
Emoluments of the highest paid director:		
Emoluments	<u>181,411</u>	<u>155,905</u>
Amounts paid to the Company's defined contribution pension scheme	<u>12,664</u>	<u>10,875</u>
No director exercised (2017 - Nil) options during the period.		
There were 4 (2017 - 4) directors in the Company's defined contribution pension scheme during the period.		

6 Operating profit

	Period ended 4 January 2019 £	Year ended 3 November 2017 £
This has been arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	628,019	467,720
Profit on disposal of tangible fixed assets	(430)	(2,481)
Land and buildings – operating leases	1,104,557	854,004
Hire of other assets – operating leases	80,501	156,607
Audit services	71,832	42,155
Exchange differences	<u>16,449</u>	<u>126,179</u>

The Company has taken advantage of the exemption from the requirement to disclose details of the auditors' remuneration for non-audit services as this is disclosed in the consolidated accounts of its ultimate parent company, SLR Global Limited.

7 Interest payable

	Period ended 4 January 2019 £	Year ended 3 November 2017 £
Other interest payable	2,626	12,988
Hire purchase and finance leases	<u>5,073</u>	<u>16,729</u>
	<u>7,699</u>	<u>29,717</u>

SLR Consulting Limited

**Notes forming part of the financial statements
for the period ended 4 January 2019 (continued)**

8 Taxation on profit from ordinary activities

	Period ended 4 January 2019 £	Year ended 3 November 2017 £
<i>Current tax</i>		
UK corporation tax on profits of the period	-	697,775
Adjustments in respect of previous years	2,820	(35,707)
Group relief payable	-	<u>519,491</u>
Total current tax	2,820	1,181,559
<i>Deferred tax</i>		
Origination and reversal of timing differences	-	<u>(7,683)</u>
Tax on profit on ordinary activities	<u>2,820</u>	<u>1,173,876</u>

The tax assessed for the period is different to the standard rate of corporation tax in the UK. The differences are explained below:

	Period ended 4 January 2019 £	Year ended 3 November 2017 £
Profit on ordinary activities before tax	<u>1,682,646</u>	<u>6,081,455</u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2017 – 19.41%)	319,703	1,180,410
Effects of:		
Expenses not deductible for tax purposes	27,985	29,029
Other permanent differences	(267,574)	(871)
Adjustments to tax charge in respect of previous years	5,849	(35,707)
Other differences	(85,456)	(65)
Tax rate differences	<u>2,313</u>	<u>1,080</u>
Total tax charge for the period	<u>2,820</u>	<u>1,173,876</u>

On 6 September 2016, Parliament substantively enacted a corporation tax rate of 17% to apply from 1 April 2020. Deferred tax has been calculated at the rate at which it is expected the relevant timing differences will reverse.

SLR Consulting Limited

**Notes forming part of the financial statements
for the period ended 4 January 2019 (continued)**

9 Tangible assets

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Total £
<i>Cost</i>					
At 4 November 2017	703,683	1,034,408	21,608	5,147,693	6,907,392
Additions:	169,440	43,820	-	343,342	556,602
Disposals	<u>(1,156)</u>	<u>(20,010)</u>	<u>(21,608)</u>	<u>(2,132,798)</u>	<u>(2,175,572)</u>
At 4 January 2019	<u>871,967</u>	<u>1,058,218</u>	=	<u>3,358,237</u>	<u>5,288,422</u>
<i>Depreciation</i>					
At 4 November 2017	591,247	806,115	21,608	4,633,825	6,052,795
Provided for the period	128,725	70,377	-	428,917	628,019
Disposals	<u>(866)</u>	<u>(20,010)</u>	<u>(21,608)</u>	<u>(2,132,798)</u>	<u>(2,175,282)</u>
At 4 January 2019	<u>719,106</u>	<u>856,482</u>	=	<u>2,929,944</u>	<u>4,505,532</u>
<i>Net book value</i>					
At 4 January 2019	<u>152,861</u>	<u>201,736</u>	=	<u>428,293</u>	<u>782,890</u>
At 3 November 2017	<u>112,436</u>	<u>228,293</u>	=	<u>513,868</u>	<u>854,597</u>
Assets held under finance leases and hire purchase contracts:					
<i>Net book value</i>					
At 4 January 2019	=	=	=	=	=
At 3 November 2017	=	=	=	<u>80,081</u>	<u>80,081</u>

SLR Consulting Limited

**Notes forming part of the financial statements
for the period ended 4 January 2019 (continued)**

10 Debtors

	4 January 2019 £	3 November 2017 £
Trade debtors	6,793,591	8,854,785
Prepayments	1,020,128	804,682
Amounts due from group undertakings	37,488,038	34,096,224
Other debtors	18,884	1,877
Accrued income	809,812	671,807
Corporation tax	47,900	-
Deferred tax	<u>62,093</u>	<u>62,093</u>
	<u>46,240,446</u>	<u>44,491,468</u>

11 Creditors: amounts falling due within one year

	4 January 2019 £	3 November 2017 £
Trade creditors	2,317,896	2,523,663
Amounts owed to group undertakings	2,373,294	2,373,294
Obligations under finance leases and hire purchase contracts	-	58,314
Other loans	-	114,793
Accruals	766,082	964,227
Deferred income	1,228,132	863,989
Taxation and social security	1,846,797	1,307,877
Corporation tax	-	<u>299,574</u>
	<u>8,532,201</u>	<u>8,505,731</u>

SLR Consulting Limited

Notes forming part of the financial statements
for the period ended 4 January 2019 (continued)

12 Creditors: amounts falling due after more than one year

	4 January 2019 £	3 November 2017 £
Obligations under finance leases and hire purchase contracts	-	19,852
Other creditors	=	<u>27,152</u>
	=	<u>47,004</u>

Maturity of debt:

	4 January 2019 Finance leases £	4 January 2019 Other loans £	3 November 2017 Finance leases £	3 November 2017 Other loans £
Within one year	-	-	58,314	114,793
In more than one year but not more than two years	=	=	<u>19,852</u>	<u>27,152</u>
	=	=	<u>78,166</u>	<u>141,945</u>

13 Finance leases

The Company enters into finance leases for office equipment. These leases are classified as finance leases as the rental period matches the full useful economic life of the assets.

	Minimum lease payments 4 January 2019 £	Minimum lease payments 3 November 2017 £
Not more than one year – current liabilities	-	60,936
Between one and five years – non-current liabilities	=	<u>19,992</u>
	=	<u>80,928</u>

14 Share capital

	4 January 2019 Number	3 November 2017 Number	4 January 2019 £	3 November 2017 £
<i>Alloted, called up and fully paid</i>				
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

The Company's ordinary shares, which carry no right to fixed income, each carry the right to distributions and voting rights.

SLR Consulting Limited

Notes forming part of the financial statements for the period ended 4 January 2019 (continued)

15 Commitments under operating leases

At 4 January 2019, the Company had commitments under non-cancellable operating leases as set out below:

	4 January 2019 Land and buildings £	4 January 2019 Other £	3 November 2017 Land and buildings £	3 November 2017 Other £
Operating leases which expire:				
Within one year	867,896	87,011	704,722	117,239
In two to five years	1,763,970	28,413	1,396,521	115,542
In more than five years	<u>867,207</u>	-	<u>675,386</u>	-
	<u>3,499,073</u>	<u>115,424</u>	<u>2,776,629</u>	<u>232,781</u>

16 Pensions

The Company operates a defined contribution pension scheme. The assets of the scheme are held in independently administered funds. The pension cost charge represents contributions paid and payable by the Company to the funds during the period. As at 4 January 2019, the amounts payable to the funds totalled £152,789 (3 November 2017 - £156,828).

17 Contingent liabilities and guarantees

The Company has contingent liabilities in respect of guarantees for bank borrowings of its ultimate parent company SLR Global Limited, and certain of its subsidiary companies. Total bank borrowings subject to the guarantee as at 4 January 2019 amounted to £56.0 million (2017 - £23.5 million).

There is a fixed and floating charge over the assets of the Company in respect of security for the borrowings referred to above.

18 Related party transactions

The results of the Company are included in the consolidated financial statements of SLR Global Limited. Consequently, the Company is exempt under FRS 102 from disclosing details of transactions with wholly owned entities that are part of the same group.

SLR Consulting Limited

Notes forming part of the financial statements for the period ended 4 January 2019 (continued)

19 Ultimate parent company and ultimate controlling party

A controlling interest in the Company is ultimately held by Charterhouse Capital Partners X Funds ("CCP X Funds"), a collection of private equity funds managed as limited partnerships by Charterhouse General Partners LLP ("CGP LLP"), a limited liability partnership registered in the United Kingdom. The registered office of CCP X Funds and CGP LLP is Warwick Court, Paternoster Square, London, EC4M 7DX.

The directors consider the ultimate parent company to be SLR Global Limited, a company incorporated in the United Kingdom. SLR Global Limited is the parent of the largest group for which consolidated accounts including the Company are prepared.

SLR MD Limited, a company incorporated in the United Kingdom, is an intermediate parent company and is the smallest group for which consolidated accounts including the Company are prepared.

SLR Holdings Limited, a company incorporated in the United Kingdom, is the immediate parent company.

The consolidated accounts of SLR Global Limited and SLR MD Limited, as well as the company accounts of SLR Holdings Limited, are available from their registered office: 7 Wornal Park, Menmarsh Road, Worminghall, Aylesbury, Buckinghamshire, HP18 9PH.

20 Share-based payment

SLR Management Limited, a parent undertaking of the Company, operated equity-settled share-based remuneration schemes for employees of the Company. Options vested over a period of years and there were no performance criteria to be satisfied. Options were exercisable for a period of up to 7 years from grant date subject to vesting conditions and lapsed if the employee left.

No further options were granted subsequent to the acquisition of SLR Management Limited by SLR BD Limited, a company incorporated in the United Kingdom, on 21 June 2018. No options with respect to shares in SLR Management Limited remain either unvested or unexercised as at 4 January 2019.

The share-based remuneration expense for the Company comprises:

	Period ended 4 January 2019 £	Year ended 3 November 2017 £
Equity-settled schemes	<u>101,097</u>	<u>101,445</u>