

DAR AL-HANDASAH CONSULTANTS (SHAIR & PARTNERS) (U.K.) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

DAR AL-HANDASAH CONSULTANTS (SHAIR & PARTNERS) (U.K.) LIMITED

COMPANY INFORMATION

Directors	B S N Rihani P J Watson A A Loudon D J S Horner M B Sleiman
Company secretary	S McDonald
Registered number	01209014
Registered office	150 Holborn London EC1N 2NS
Independent auditor	MHA Maidstone United Kingdom
Bankers	Europe Arab Bank PLC 13-15 Moorgate London EC2R 6AD

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**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

Business review

The Company operates as a service company providing specialised professional services in connection with engineering, urban development, town and regional planning and economic studies to other Dar Group companies who serve clients in the emerging market territories of the Middle East, Africa and Asia. The future activities and workload of the Company, therefore, depends entirely on work fed through the Dar Group from other group companies who market the group's services and contract directly with the client for the services provided by the Company.

Turnover for the year was £15,556,486 (2021 - £13,314,746). The directors expect a similar level of activity for the forthcoming year. Turnover is calculated in line with the transfer pricing agreement, at a 5% uplift on costs.

The profit for the year amounted to £994,442 (2021 - £583,563). The directors do not recommend a final dividend (2021 - £nil). An exceptional intercompany write-off was included in the prior year and removing the effect of this, the balances are consistent.

The directors are confident that the current contracted backlog and business development activities and strategies of its fellow group undertakings, operating in the emerging markets in which the Company is experienced and specialises, are sufficient to sustain the on-going operation of the Company.

Principal risks and uncertainties

Business risk: The principal risks and uncertainties for the Company are its ability to attract and retain quality employees and perform work on contracts in accordance with the requirements of its clients. The Company focuses strongly on retaining its employees. To ensure quality delivery of projects, the group monitors progress on a regular basis and invests in technical and personal training and development of its employees, with regular reviews of each individuals training requirements.

Financial risks management objectives and policies

Credit risk: The Company is exposed to credit risk in relation to its debtors including from other Dar Group companies. Management monitors the intercompany balances periodically.

Foreign exchange risk: The Company is exposed to foreign currency risks on transactions denominated in a currency other than the functional currency. The major currency giving rise to currency risk is the Euro (EUR). Fluctuations in foreign exchange rates can significantly impact on the profit or loss. Management monitors the foreign exchange rates periodically.

Liquidity risk: The Company's main financial instruments include receivables and payables from and to other group companies, other debtors, prepayments and trade payables. The Company's ability to meet its financial obligations is dependent on the financial commitment of the ultimate parent undertaking, Dar Al-Handasah Consultants Shair & Partners Holdings Limited.

Financial key performance indicators

	2022	2021
	£	£
(Loss)/profit before tax	1,143,410	725,431
Current Assets	33,495,945	28,890,377
Current Liabilities	(23,881,437)	(20,140,257)
Non-current Liabilities	(68,267)	(91,793)

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

The profit before tax for the year amounted to £1,143,410 (2021 - £725,431). An exceptional intercompany write-off was included in the prior year and removing the effect of this, the balances are consistent.

Current assets at the year end have increased from £28,890,377 in the prior year to £33,495,945 in the current year. This was driven by a £3,164,500 increase in related party receivables due from head office, which resulted from additional amounts invoiced through the transfer pricing agreement compared to amounts transferred to the Company during the year.

Current liabilities increased from £20,140,257 in the prior year to £23,881,437 in the current year. This movement is the result of a £3,413,730 increase in Amounts owed to group undertakings.

Non-current liabilities comprise of finance leases. Further details, including the timing of liabilities, are provided in note 18.

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

A A Loudon
Director

Date: 20 December 2023

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

The directors present their report and the financial statements for the year ended 31 December 2022.

Directors

The directors who served during the year were:

B S N Rihani
P J Watson
A A Loudon
D J S Horner
M B Sleiman

Qualifying third party indemnity provisions

The Company carries an appropriate level of professional indemnity insurance cover for the size of the business and also has insurance cover for directors' and officers' liability.

Future developments

The directors do not anticipate a significant change in the business in the immediate future.

Matters covered in the Strategic report

Certain matters required by regulation to be dealt with in the annual report have been dealt with in the Strategic Report, rather than in the Directors' Report.

Financial risks management objectives and policies

Details of financial risks management objectives and policies can be found in the Strategic Report on page 1.

Dividends

Details of dividends can be found in the Strategic Report on page 1.

Disclosure of information to auditor

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.
- The confirmations are given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Post balance sheet events

A claim against the Company and a fellow subsidiary undertaking in Malaysia relating to works previously performed resulted in a judgement of damages against the Company and the subsidiary undertaking on 26 April 2013. The total amount of the judgement was approximately \$10m.

The latest hearing will take place in the Court of Appeal Malaysia on 19 January 2024, if it is not postponed again. Further details can be found in note 24 of the financial statements.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Auditor

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

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

A A Loudon

Director

Date: 20 December 2023

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAR AL-HANDASAH CONSULTANTS (SHAIR & PARTNERS) (U.K.) LIMITED

Opinion

We have audited the financial statements of Dar Al-Handasah Consultants (Shair & Partners) (U.K.) Limited (the 'Company') for the year ended 31 December 2022, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes, 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 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAR AL-HANDASAH CONSULTANTS (SHAIR & PARTNERS) (U.K.) LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's Report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In 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 or the Directors' report.

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

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 5, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAR AL-HANDASAH CONSULTANTS (SHAIR & PARTNERS) (U.K.) LIMITED (CONTINUED)

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- enquiry of management around actual and potential litigation claims;
- enquiry of entity staff to identify any instances of non-compliance with laws and regulations;
- performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias; and
- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulation.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Use of 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAR AL-HANDASAH CONSULTANTS (SHAIR & PARTNERS)
(U.K.) LIMITED (CONTINUED)

Duncan Cochrane-Dyet BSc BFP FCA (Senior Statutory Auditor)

for and on behalf of

MHA

Statutory Auditor

Maidstone

United Kingdom

22 December 2023

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313).

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	2021 £
Turnover	4	15,556,486	13,314,746
Cost of sales		(10,008,296)	(8,529,987)
Gross profit		5,548,190	4,784,759
Administrative expenses	12	(4,400,562)	(4,090,170)
Exceptional administrative expenses		-	3,382
Other operating income	5	-	30,337
Operating profit	6	1,147,628	728,308
Interest payable and similar expenses	10	(4,218)	(2,877)
Profit before tax		1,143,410	725,431
Tax on profit	11	(148,968)	(141,868)
Profit for the financial year		994,442	583,563

There was no other comprehensive income for 2022 (2021:£NIL).

The notes on pages 13 to 31 form part of these financial statements.

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	14	442,141	335,613
		<u>442,141</u>	<u>335,613</u>
Current assets			
Debtors	15	33,290,120	28,381,552
Cash at bank and in hand	16	205,825	508,825
		<u>33,495,945</u>	<u>28,890,377</u>
Creditors: amounts falling due within one year	17	(23,881,437)	(20,140,257)
Net current assets		<u>9,614,508</u>	<u>8,750,120</u>
Total assets less current liabilities		<u>10,056,649</u>	<u>9,085,733</u>
Creditors: amounts falling due after more than one year	18	(68,267)	(91,793)
Provisions for liabilities			
Other provisions	21	(500,000)	(500,000)
		<u>(500,000)</u>	<u>(500,000)</u>
Net assets		<u><u>9,488,382</u></u>	<u><u>8,493,940</u></u>
Capital and reserves			
Called up share capital	22	250,000	250,000
Profit and loss account	23	9,238,382	8,243,940
		<u><u>9,488,382</u></u>	<u><u>8,493,940</u></u>

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

A A Loudon
Director

Date: 20 December 2023

The notes on pages 13 to 31 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2021 (as previously stated)	250,000	7,654,441	7,904,441
Prior year adjustment - correction of error	-	5,936	5,936
At 1 January 2021 (as restated)	250,000	7,660,377	7,910,377
Comprehensive income for the year			
Profit for the year	-	583,563	583,563
At 1 January 2022	250,000	8,243,940	8,493,940
Comprehensive income for the year			
Profit for the year	-	994,442	994,442
At 31 December 2022	250,000	9,238,382	9,488,382

The notes on pages 13 to 31 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. General information

Dar Al-Handasah Consultants (Shair & Partners) (U.K.) Limited is a private company limited by shares incorporated in England and Wales within the United Kingdom. The address of the registered office is 150 Holborn, London, EC1N 2NS.

The principal activities of the Company are disclosed in the Strategic report.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

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

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

This information is included in the consolidated financial statements of Dar Al-Handasah Shair & Partners Holdings Limited as at 31 December 2022 and these financial statements may be obtained from Unit 2401, Level 24, Index Tower, Dubai International Finance Centre, Dubai, 506855, United Arab Emirates.

2.3 Going concern

The Company has total net assets of £9,488,382 and a profit before tax of £1,143,410. The ultimate parent undertaking has committed to provide financial support as is required to enable the Company to meet its financial obligations as they fall due for a period of not less than 12 months from the date of approval of these financial statements. As a result, the directors believe it is appropriate to adopt the going concern basis in preparing the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue from other Group Companies

Revenue receivable from the ultimate parent undertaking represents costs recharged to that entity at an agreed mark-up of 6.5%. Income from fellow subsidiary undertakings, where this is the simple recharge of expenses, is not subject to a mark-up.

Rendering of services

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

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

Amounts recoverable under long term contracts are included in debtors.

2.5 Tangible fixed assets

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

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

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.5 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	-	15%
Office equipment	-	20%

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.6 Leased assets: the Company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.7 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

2.8 Exceptional items

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

2.9 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.11 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

2.12 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.13 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.14 Finance costs

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

2.15 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

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

Temporary rent concessions occurring as a direct consequence of the COVID-19 pandemic have been recognised on a systematic basis over the periods that the change in lease payments is intended to compensate. This is conditional on:

- the change in lease payments resulting in revised consideration for the lease that is less than the consideration for the lease immediately preceding the change;
- any reduction in lease payments affecting only payments originally due on or before 30 June 2022;
- there being no significant change to other terms and conditions of the lease.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.16 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.18 Current and deferred taxation

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

In recognising revenue from the ultimate parent undertaking on a cost-plus basis, the directors have assumed with the benefit of professional advice that the amount of the mark-up is equivalent to arms-length transactions. The Company also enters into both fixed price and cost plus contracts with a number of external customers and projects are often undertaken over a long period of time. The directors have made critical judgements regarding the stage of completion of fixed price projects at the year end, the future costs to complete, and the recoverability of balances arising on these contracts. Upon commencement of a contract, work in progress is measured as the total of time and material costs incurred to date. This basis of measurement will continue until a reliable estimate of the time to complete the contract can be made, (usually once the project is more than 50% complete), at which point the stage of completion is estimated as total costs to date as a proportion of the estimated total expected costs. Income to be recognised is then calculated as the same proportion of the fixed total price. Once a contract reaches this stage, the recoverability of a contract can then be assessed through a comparison of total expected costs to the contract value, with any losses incurred recognised immediately in the profit and loss account. Amounts receivable from customers where invoices on account to date are lower than revenue to be recognised on such contracts at the end of the reporting period has been calculated using these assumptions and recognised in debtors.

Key sources of estimation uncertainty

There were no key sources of estimation uncertainty.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

4. Turnover

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

	2022 £	2021 £
Fees receivable - domestic	3,786,704	3,094,763
Management charges receivable	309,980	287,700
Fees receivable - intercompany	11,459,802	9,932,283
	<u>15,556,486</u>	<u>13,314,746</u>

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	592,467	454,699
Rest of Europe	3,496,855	2,759,392
Rest of the world	11,467,164	10,100,655
	<u>15,556,486</u>	<u>13,314,746</u>

5. Other operating income

	2022 £	2021 £
Government grants receivable	-	30,337
	<u>-</u>	<u>30,337</u>

6. Operating profit

The operating profit is stated after charging:

	2022 £	2021 £
Depreciation and amortisation	126,322	108,290
Exchange differences	2,737	32,301
Other operating lease rentals	<u>1,115,442</u>	<u>982,337</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

7. Auditor's remuneration

During the year, the Company obtained the following services from the Company's auditor:

	2022	2021
	£	£
Fees payable to the Company's auditor for the audit of the Company's financial statements	18,425	39,591

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the consolidated accounts of the ultimate parent Company.

8. Employees

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

	2022	2021
	£	£
Wages and salaries	5,274,418	4,640,437
Social security costs	636,803	532,727
Cost of defined contribution scheme	681,785	689,818
	<u>6,593,006</u>	<u>5,862,982</u>

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

	2022	2021
	No.	No.
Engineering consultants	74	62
Administration and IT	10	11
	<u>84</u>	<u>73</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

9. Directors' remuneration

	2022	2021
	£	£
Directors' emoluments	469,673	460,619
Company contributions to defined contribution pension schemes	40,024	43,597
	<u>509,697</u>	<u>504,216</u>

During the year retirement benefits were accruing to 1 director (2021 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £334,786 (2021 - £294,174).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2021 - £NIL).

10. Interest payable and similar expenses

	2022	2021
	£	£
Finance leases and hire purchase contracts	4,218	2,877
	<u>4,218</u>	<u>2,877</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

11. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	110,679	149,391
Adjustments in respect of previous periods	(43,657)	(10,396)
	<u>67,022</u>	<u>138,995</u>
Total current tax	<u>67,022</u>	<u>138,995</u>
Deferred tax		
Origination and reversal of timing differences	81,946	2,873
Total deferred tax	<u>81,946</u>	<u>2,873</u>
Tax on profit	<u>148,968</u>	<u>141,868</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2021 - the same as) the standard rate of corporation tax in the UK of 19% (2021 - 19%) as set out below:

	2022 £	2021 £
Profit on ordinary activities before tax	<u>1,143,410</u>	<u>725,431</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	217,248	137,832
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	525	(211)
Capital allowances for year in excess of depreciation	(11,139)	(23,327)
Adjustments to tax charge in respect of prior periods	(43,657)	(10,396)
Increase or decrease in pension fund prepayment leading to an increase (decrease) in tax	-	(6,484)
Other timing differences leading to an increase (decrease) in taxation	18,749	2,481
Non-taxable income	(2,091)	-
Other differences leading to an increase (decrease) in the tax charge	(30,667)	41,973
Total tax charge for the year	<u>148,968</u>	<u>141,868</u>

Factors that may affect future tax charges

The corporation tax charge for the period includes the effect of payments for group tax losses transferred from other group companies, calculated at the prevailing rate of tax.

Legislation has been introduced in the Finance Bill 2021 to effect an increase in the Corporation Tax main rate to 25% for the financial year beginning 1 April 2023.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

12. Exceptional items

	2022 £	2021 £
Loan write-off	-	(3,382)
	<u>-</u>	<u>(3,382)</u>

Amounts owed by the Company to Project Finance Advisory Limited totalling £3,382 were written off during the prior year.

13. Analysis of net debt

	At 1 January 2022 £	Cash flows £	Net movement on finance leases £	At 31 December 2022 £
Cash at bank and in hand	508,825	(301,893)	-	206,932
Bank overdrafts	-	(1,577)	-	(1,577)
Finance leases	(160,528)	-	5,281	(155,247)
	<u>348,297</u>	<u>(303,470)</u>	<u>5,281</u>	<u>50,108</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

14. Tangible fixed assets

	Long-term leasehold property £	Office equipment £	Total £
Cost or valuation			
At 1 January 2022	1,493,238	1,557,060	3,050,298
Additions	-	232,850	232,850
At 31 December 2022	1,493,238	1,789,910	3,283,148
Depreciation			
At 1 January 2022	1,472,072	1,242,613	2,714,685
Charge for the year on owned assets	5,241	121,081	126,322
At 31 December 2022	1,477,313	1,363,694	2,841,007
Net book value			
At 31 December 2022	15,925	426,216	442,141
At 31 December 2021	21,166	314,447	335,613

The net book value of land and buildings may be further analysed as follows:

	2022 £	2021 £
Long leasehold	15,925	21,166
	15,925	21,166

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2022 £	2021 £
Office equipment	208,888	196,621
	208,888	196,621

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

15. Debtors

	2022 £	2021 £
Due after more than one year		
Amounts owed by group undertakings	30,916,441	26,416,844
	<u>30,916,441</u>	<u>26,416,844</u>
Due within one year		
Trade debtors	248,825	548,059
Amounts owed by group undertakings	6,867	-
Other debtors	183,569	172,404
Prepayments and accrued income	1,710,643	938,524
Deferred taxation	223,775	305,721
	<u>33,290,120</u>	<u>28,381,552</u>

Amounts owed by group undertakings are unsecured, interest free and receivable on demand.

In the current year, the loan due from Dar Al-Handasah Consultants Shair & Partners Holdings Limited, included in Amounts owed by group undertakings, increased by £3,164,500.

16. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	205,825	508,825
Less: bank overdrafts	(470)	-
	<u>205,355</u>	<u>508,825</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

17. Creditors: Amounts falling due within one year

	2022	2021
	£	£
Bank overdrafts	470	-
Trade creditors	120,133	197,971
Amounts owed to group undertakings	22,577,970	19,164,240
Other taxation and social security	391,976	329,250
Obligations under finance lease and hire purchase contracts	86,980	68,735
Other creditors	570,828	100,269
Accruals and deferred income	133,080	279,792
	<u>23,881,437</u>	<u>20,140,257</u>

Amounts owed to group undertakings are unsecured, interest free and payable on demand.

Loans due to Dar 150 Holborn Development Limited, included in Amounts owed to group undertakings, increased by £44,198 in the year.

In the current year, the balance due to Dar Angola, included in Amounts owed to group undertakings, increased by £2,459,008.

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

	2022	2021
	£	£
Net obligations under finance leases and hire purchase contracts	68,267	91,793
	<u>68,267</u>	<u>91,793</u>

19. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2022	2021
	£	£
Within one year	102,179	69,293
Between 1-5 years	81,208	97,906
	<u>183,387</u>	<u>167,199</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

20. Deferred taxation

	2022 £
At beginning of year	305,721
Charged to profit or loss	(81,946)
At end of year	223,775

The deferred tax asset is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	223,775	289,309
Short term timing differences	-	16,412
	<u>223,775</u>	<u>305,721</u>

21. Provisions

	Office Dilapidation £
At 1 January 2022	500,000
At 31 December 2022	500,000

22. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
250,000 (2021 - 250,000) Ordinary shares of £1.00 each	<u>250,000</u>	<u>250,000</u>

Ordinary shares have full voting and dividend rights.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

23. Reserves

Profit and loss account

The Profit and loss account represents cumulative profits and losses net of dividends and other adjustments.

24. Contingent liabilities

A claim against the Company and a fellow subsidiary undertaking in Malaysia relating to works previously performed resulted in a judgement of damages against the Company and the subsidiary undertaking on 26 April 2013. The total amount of the judgement was approximately \$10m.

As previously reported the Dar entities were successful at the Court of Appeal in Malaysia in overturning the judgement against them. The Plaintiff appealed this decision to the highest court in Malaysia, the Federal Court. The appeal hearing took place on 7 February 2017 and the Plaintiff's application was dismissed with costs awarded against it. The substantive case was due to go back to the High Court for a retrial, however, the Plaintiff could not pay the significant outstanding monies due from it and was formally wound up by the court in Malaysia.

In the circumstances, Dar made and were successful in applications to vacate the trial dates and stay the proceedings.

The plaintiff has appealed the winding up order made against it. This was due for hearing at the Court of Appeal in Malaysia on 31 January 2020, but was adjourned as the parties to the winding up were seeing if they could negotiate a resolution.

Dar applied to the Court of Appeal in Malaysia to Strike Out the case against them (on the basis of the Plaintiff's insolvency and not having received sanction from the Court or Liquidator to proceed with the case). The Dar Defendants are awaiting the Strike Out appeals to be heard. These have been delayed numerous times by the court because of the COVID-19 pandemic and other issues. In November 2022, the Court of Appeal vacated the Appeal and the matter is now fixed for a case management on 21 September 2023 before the Assistant Registrar. This has been delayed and the hearing will take place in the Court of Appeal Malaysia on 19 January 2024, if it is not postponed again. The Dar Defendants have, anyway, obtained a stay of the High Court action until resolution of the Strike Out appeals so nothing will happen until the appeals are heard.

In any event, the Company has received written confirmation from its ultimate parent undertaking Dar Al-Handasah Consultants Shair & Partners Holdings Limited that the cost of any damages and associated legal expenses will be indemnified in full. Accordingly, no provision in respect of a potential settlement and associated legal expenses has been made in the financial statements.

25. Pension commitments

Defined Contribution Pension Scheme

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £681,785 (2021 - £689,818). Contributions totalling £nil (2021 - £65,548) were payable to the fund at the balance sheet date and are included in creditors.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

26. Commitments under operating leases

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	-	409,151
	<u>-</u>	<u>409,151</u>

27. Key management personnel remuneration

The key management personnel are made up of the Company Directors. Their remuneration is disclosed as Directors' remuneration in these financial statements.

28. Related party transactions

The following transactions occurred during the year which are classified as related party transactions:

At the balance sheet date, Maffei Engineering (UK) Limited owed Dar Al-Handasah Consultants (Shair & Partners) (U.K.) Limited £3,320 (2021 - £4,488), which is included in current assets. Maffei Engineering (UK) Limited is a wholly owned subsidiary undertaking of Maffei Engineering SPA, which is a 51% subsidiary of Dar Al-Handasah Consultants Shair & Partners Holdings Limited.

During the year, there were sales of £55,700 (2021 - £nil) with Maffei Engineering SPA, which is a 51% subsidiary of the Company. There were no amounts owing at the balance sheet date.

The Company has taken advantage of the FRS 102 paragraph 33.1A exemption not to disclose transactions with other members of the group that are wholly owned by the ultimate parent undertaking, Dar Al-Handasah Consultants Shair & Partners Holdings Limited.

29. Controlling party

The smallest and largest group in which the results of the Company are consolidated is that headed by the ultimate parent undertaking Dar Al-Handasah Consultants Shair & Partners Holdings Limited, a company registered in Dubai at the registered office address of Unit 2401, Level 24, Index Tower, Dubai International Finance Centre, Dubai, 506855, United Arab Emirates.

Dar Al-Handasah (UK) Limited, a company registered in England and Wales, is the immediate parent company.

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