

Ricardo Investments Limited  
Annual Report  
for the year ended 30 June 2017

Registered number: 02251330

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# Ricardo Investments Limited

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# Ricardo Investments Limited

## Directors and advisors

### Directors

D J Shemmans

I J Gibson

M W Garrett

P M Ryan

### Registered office

Shoreham Technical Centre

Shoreham-by-Sea

West Sussex

BN43 5FG

### Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

The Portland Building

25 High Street

Crawley

West Sussex

RH10 1BG

# Ricardo Investments Limited

## Strategic report

The Directors present their Strategic Report on the Company for the year ended 30 June 2017.

### Review of the business

Ricardo Investments Limited (the 'Company') is an intermediate holding company to several subsidiaries, which provide engineering, technical, environmental and strategic consultancy services, together with the manufacture and assembly of niche, high-quality and high-performance products. These subsidiaries sell their products and services to customers in the UK, the rest of Europe, the Middle East, Asia and North America.

The net book value of investments at the end of the financial year was £511,821,000 (2016: £77,070,000). As set out in more detail in Note 10, the value of investments have increased during the year primarily due to the completion of a process to restructure the legal entities within the Ricardo plc Group. This resulted in the transfer of investments in subsidiaries from Ricardo plc and their recognition in Ricardo Investments Limited at fair value. In addition, the acquisition of Motorcycle Engineering Italia s.r.l. was also completed during the year.

The Company has an investment in Ricardo GmbH, the cash flows of which are primarily derived from two subsidiaries, which provide engineering, technical and strategic consultancy services. Both of these subsidiaries each made a loss for the financial year ended 30 June 2017 and Ricardo GmbH had a net liabilities position as at that date. On this basis, an impairment review was performed at the year-end. Following this impairment review, it was noted that the carrying value exceeded the estimated future value in use by £18,125,000. As such, the carrying value of the Ricardo GmbH investment was impaired to its value in use and intercompany receivables of £32,312,000 owed by Ricardo GmbH were fully impaired.

Total comprehensive loss for the financial year was £23,544,000 (2016: total comprehensive income of £8,164,000). The primary reasons for this were the impairment of the investment and intercompany receivable owed by Ricardo GmbH referred to in the paragraph above, less the dividend income from subsidiaries. Total comprehensive income for the prior year was primarily as a result of the reversal of past impairment charges in respect of Ricardo GmbH.

### Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with those of the Group ultimately controlled by Ricardo plc (the 'Group') and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include those of the Company, are disclosed on pages 39 and 40 of the Ricardo plc Annual Report & Accounts 2017, which does not form part of this Annual Report.

### Key performance indicators

- Total comprehensive loss for the financial year was £23,544,000 (2016: total comprehensive income of £8,164,000), as explained above;
- Net book value of investments at the end of the financial year was £511,821,000 (2016: £77,070,000), as explained above; and,
- Net assets at the end of the financial year were £480,790,000 (2016: £18,444,000).

### Approval

Approved by the Board and signed on their behalf by:



D J Shemmans  
Director

24 November 2017

# Ricardo Investments Limited

## Directors' report

The Directors present their report and the audited financial statements of the Company for the year ended 30 June 2017.

### Future developments

The Strategic Report on page 2 provides a review of the business during the year, as well as the likely future developments of the Company together with events that occurred after the reporting date and form part of this report by cross-reference.

### Results and dividends

The Company's total comprehensive loss for the financial year was £23,544,000 (2016: total comprehensive income of £8,164,000). No ordinary dividends were paid during the financial year (2016: £Nil) and no final dividend is proposed (2016: £Nil). A preference dividend of £4,000 (2016: £4,000) was payable for the year and all accrued dividends were paid during the year.

### Directors

The Directors who held office between 1 July 2016 and the date of signing this report are shown below:

D J Shemmans

I J Gibson

M W Garrett

P M Ryan

### Directors' indemnities

The Company has purchased and maintained throughout the year and up until approval of these financial statements Directors' and Officers' liability insurance in respect of itself and its Directors. The Directors also have the benefit of the indemnity provisions in the Company's Articles of Association. The Company has entered into letter agreements for the benefit of the Directors of the Company in respect of liabilities which may attach to them in their capacity as Directors of the Company or associated companies. These provisions are qualifying third party indemnity provisions as defined in section 234 of the Companies Act 2006.

### Employees

The Company provides employees with various opportunities to obtain information on matters of concern to them and to improve awareness of the financial and economic factors that affect the performance of the Company. These include bi-annual 'Pulse' presentations to all members of staff, department and team briefings and meetings with Works Council Representatives that take place throughout the year.

All companies within the Group strive to operate fairly at all times and this includes not permitting discrimination against any employee or applicant for employment on the basis of race, religion or belief, colour, gender, disability, national origin, age, military service, veteran status, sexual orientation or marital status. This includes giving full and fair consideration to suitable applications for employment from disabled persons and making appropriate accommodations so that if existing employees become disabled they can continue to be employed, wherever practicable, in the same job or, if this is not practicable, making every effort to find suitable alternative employment and to provide relevant training.

# Ricardo Investments Limited

## Directors' report (continued)

### Statement of Directors' responsibilities in respect of the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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.

The Directors 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.

### Statement of disclosure of information to auditors

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

### Independent auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office.

Approved by the Board and signed on their behalf by:



D J Shemmans

Director

24 November 2017

## Independent auditors' report to the members of Ricardo Investments Limited

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### Report on the audit of the financial statements

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#### Opinion

In our opinion, Ricardo Investments Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the statement of financial position as at 30 June 2017, the statement of comprehensive income, and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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#### Conclusions relating to going concern

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

- 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

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#### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

## Ricardo Investments Limited

### Independent auditors' report to the members of Ricardo Investments Limited (continued)

#### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

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#### Responsibilities for the financial statements and the audit

##### *Responsibilities of the Directors for the financial statements*

As explained more fully in the Statement of Directors' responsibilities set out on page 4, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

##### *Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

##### *Use of this report*

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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#### Other required reporting

##### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Andrew Paynter (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors, Gatwick  
30 November 2017



# Ricardo Investments Limited

## Statement of comprehensive income

For the year ended 30 June 2017

	Note	2017 £'000	2016 £'000
Revenue	2	534	-
Gross profit		534	-
Administrative expenses		(210)	(211)
Specific adjusting items <sup>(1)</sup>	3	(51,245)	9,007
Operating (loss)/profit	4	(50,921)	8,796
Income from subsidiaries		26,502	-
(Loss)/profit before interest and taxation		(24,419)	8,796
Finance income	7	938	13
Finance costs	7	(1,580)	(962)
Net finance costs	7	(642)	(949)
(Loss)/profit before taxation		(25,061)	7,847
Comprising:			
Underlying profit/(loss) before taxation		26,184	(1,160)
Acquisition-related expenditure	3	(808)	243
Reversal of past impairment charges of fixed asset investments	3	-	8,764
Impairment charges of fixed asset investments	3	(18,125)	-
Impairment of amounts owed by fellow Group undertakings	3	(32,312)	-
Income tax credit on (loss)/profit	8	209	317
(Loss)/profit for the financial year		(24,852)	8,164
Currency translation on foreign currency net investments		1,308	-
<b>Total comprehensive (loss)/income for the financial year</b>		<b>(23,544)</b>	<b>8,164</b>

(1) Specific adjusting items comprise acquisition-related expenditure, reorganisation costs and impairment charges in respect of fixed asset investments and amounts owed by fellow Group undertakings.

Further details are given in Note 3.

# Ricardo Investments Limited

## Statement of financial position

As at 30 June 2017

	Note	2017 £'000	2016 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	9	799	56
Investments	10	511,821	77,070
		<b>512,620</b>	<b>77,126</b>
<b>Current assets</b>			
Trade and other receivables	12	20,364	1,889
Current tax assets		556	346
Cash and cash equivalents		94	14
		<b>21,014</b>	<b>2,249</b>
<b>Total assets</b>		<b>533,634</b>	<b>79,375</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	13	(12,763)	(20,861)
<b>Net current assets/(liabilities)</b>		<b>8,251</b>	<b>(18,612)</b>
<b>Non-current liabilities</b>			
Borrowings	14	(40,080)	(40,070)
Deferred tax liabilities	11	(1)	-
		<b>(40,081)</b>	<b>(40,070)</b>
<b>Total liabilities</b>		<b>(52,844)</b>	<b>(60,931)</b>
<b>Net assets</b>		<b>480,790</b>	<b>18,444</b>
<b>Shareholders' equity</b>			
Share capital	15	1,000	1,000
Share premium	16	19,487	19,487
Capital contribution reserve		29,286	-
Retained earnings		431,017	(2,043)
<b>Total equity</b>		<b>480,790</b>	<b>18,444</b>

The notes on pages 10 to 24 are an integral part of these financial statements.

The financial statements of Ricardo Investments Limited, registered number 02251330, on pages 7 to 26 were approved by the Board of Directors on 24 November 2017 and were signed on its behalf by:



D J Shemmans  
Director

# Ricardo Investments Limited

## Statement of changes in equity

For the year ended 30 June 2017

	Note	Share capital £'000	Share premium £'000	Capital contribution reserve £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 July 2015		1,000	19,487	-	(10,207)	10,280
Profit for the financial year		-	-	-	8,164	8,164
Balance as at 30 June 2016		1,000	19,487	-	(2,043)	18,444
Balance as at 1 July 2016		1,000	19,487	-	(2,043)	18,444
Loss for the financial year		-	-	-	(24,852)	(24,852)
Other comprehensive income for the financial year		-	-	-	1,308	1,308
Total comprehensive loss for the financial year		-	-	-	(23,544)	(23,544)
Transfer of intercompany receivable <sup>(1)</sup>		-	-	29,286	-	29,286
Transfer of investments recognised at fair value	10	-	-	-	456,604	456,604
Balance as at 30 June 2017		1,000	19,487	29,286	431,017	480,790

(1) During the year an intercompany receivable held by Ricardo plc and owed by a fellow group subsidiary was transferred to the Company for nil consideration and has been recognised as a capital contribution.

# Ricardo Investments Limited

## Notes to the financial statements

For the year ended 30 June 2017

### 1 Accounting policies

Ricardo Investments Limited (the 'Company') is an intermediate holding company to several subsidiaries, which provide engineering, technical, environmental and strategic consultancy services, together with the manufacture and assembly of niche, high-quality and high-performance products. These subsidiaries sell their products and services to customers in the UK, the rest of Europe, the Middle East, Asia and North America.

The Company is a private company and limited by shares. The Company is incorporated and domiciled in the United Kingdom and registered in England and Wales. The address of its registered office is Shoreham Technical Centre, Shoreham-by-Sea, West Sussex, BN43 5FG, United Kingdom.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

#### a) Basis of preparation

These financial statements of Ricardo Investments Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ('FRS 101'), including the 2015/16 cycle amendments to FRS 101 issued in July 2016.

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006, including the amendments to the EU Accounting Directive, which have been enacted through The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 (SI 2015/980).

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 1(e).

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7 'Financial Instruments: Disclosures';
- paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1; and
  - paragraph 118(e) of IAS 38 'Intangible Assets';
- paragraphs 10(d), 10(f), 16, 38A-D, 40A-D, 111 and 134-136 of IAS 1 'Presentation of Financial Statements';
- IAS 7 'Statement of Cash Flows';
- paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors';
- paragraph 17 of IAS 24 'Related Party Disclosures';
- the requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of the Group headed by Ricardo plc, provided that any subsidiary which is party to the transaction is wholly-owned by such a member; and
- the requirements of paragraphs 130(f)(ii)-(iii), 134(d)-(f) and 135(c)-(e) of IAS 36 'Impairment of Assets'.

#### *New Standards, amendments and IFRIC Interpretations*

No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 30 June 2017, have had a material impact on the Company.

#### b) Basis of consolidation

The financial statements contain information about Ricardo Investments Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary are included by full consolidation in the financial statements of its parent, Ricardo plc, a company incorporated in the United Kingdom and registered in England and Wales.

## Notes to the financial statements (continued)

For the year ended 30 June 2017

### 1 Accounting policies (continued)

#### c) Going concern

The Company's business activities together with the factors likely to affect its future development and financial position, in addition to its principal risks and uncertainties, are set out in the Strategic Report on page 2. The financial and liquidity position of the Company is presented on page 8.

The Directors have a reasonable expectation that the Company has adequate resources to be able to operate within the level of its current facilities and continue in operational existence for a period of at least twelve months from the date of approval of these financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing these financial statements.

#### d) Statement of cash flows and related party disclosures

The Company is a controlled subsidiary of Ricardo plc and is included in its consolidated financial statements, which are publicly available (see Note 19). Consequently, the Company has taken advantage of the exemption from preparing a statement of cash flows in accordance with Financial Reporting Standard 101 Paragraphs 5 and 8(h).

The Company is also exempt under the terms of Financial Reporting Standard 101 Paragraph 8(k) from disclosing related party transactions with entities that are part of the Group, on the basis that the Company is a wholly-owned subsidiary of Ricardo plc.

#### e) Management judgements and key accounting estimates

In preparing the financial statements, management is required to exercise judgement in making estimates and assumptions that affect reported amounts and disclosures. These judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from those estimates and assumptions. The following accounting policies have been identified as being particularly sensitive to complex or subjective judgements or estimates:

##### *Investments*

Management makes an assessment of the Company's investments to determine whether an indicator of impairment exists. Where applicable, management then evaluates the carrying value of investments against their value in use to determine if there has been an impairment in value, which would result in the inability to recover the carrying amount.

The value in use is estimated using a discounted cash flow valuation. A pre-tax discount rate is used to discount the cash flows, which are derived from externally sourced data reflecting the current market assessment of these investments.

The basis for the projected cash flows is the Group's three-year plan, which is prepared by management and reviewed and approved by the Board. The plan reflects past experience and management's assessment of the current contract portfolio, contract wins, contract retention, price increases, and gross margin, as well as future expected market trends.

Cash flows after the three-year plan are projected into perpetuity using a growth rate based on inflation and an average long-term economic growth rate for the territory.

#### f) Revenue

The Company principally earns revenue through the supply of services to fellow Group companies. Revenue is stated net of value added and other sales taxes.

#### g) Intangible assets

##### *Software*

Purchased software is capitalised on the basis of the purchase price plus any external and internal costs directly attributable to bring the specific software to the condition necessary for it to be capable of operating in the manner intended.

##### *Amortisation*

Amortisation is calculated using the straight-line method to allocate the cost of intangible assets over their estimated useful lives, which for software is over 5 years.

## Notes to the financial statements (continued)

For the year ended 30 June 2017

### 1 Accounting policies (continued)

#### h) Fixed asset investments

Investments in subsidiaries are initially recognised at fair value and subsequently measured for any impairment in value. The Company evaluates the carrying value of investments in each financial year to determine if there has been an impairment in value, which would result in the inability to recover the carrying amount. When it is determined that the carrying value exceeds the recoverable amount, the excess is written-off to the Statement of Comprehensive Income.

#### i) Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets that are not available for use are not subject to amortisation and are tested annually for impairment. Intangible assets with finite useful lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date.

#### j) Financial instruments

##### *Non-derivative financial instruments*

The Company's non-derivative financial instruments comprise trade receivables, trade payables, cash and cash equivalents and borrowings. In the Statement of Financial Position, bank loans are shown within borrowings as non-current liabilities.

Trade receivables and payables are measured initially at fair value, and subsequently at amortised cost. Trade receivables are stated net of allowances for irrecoverable amounts. Evidence of impairment of trade receivables include indications that customers are experiencing significant financial difficulty or have significantly overdue balances.

Borrowings are recognised initially at fair value net of direct issue costs and subsequently at amortised cost using the effective interest rate method. Differences between initial value and redemption value are recorded in the Statement of Comprehensive Income over the period of the loan.

The fair values of non-derivative financial instruments other than loans due for repayment after more than one year are approximately equal to their book values. The fair value of loans due for repayment after more than one year is estimated by discounting the future contractual cash flows at the current market interest rate available to the Company for similar financial instruments.

#### k) Foreign currencies

The functional and presentation currency of the Company is Pounds Sterling. The functional currency is the currency of the primary economic environment in which the Company operates. Transactions in currencies other than the functional currency are recorded at prevailing exchange rates.

At each reporting date, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing at the date when the transaction occurred. Gains and losses arising on retranslation and settlements are included in the Statement of Comprehensive Income for the year.

#### l) Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income or directly in equity.

# Ricardo Investments Limited

## Notes to the financial statements (continued)

For the year ended 30 June 2017

### 1 Accounting policies (continued)

#### l) Taxation (continued)

The current tax charge is the expected tax payable on taxable income for the year, calculated using the average rate applicable for the year on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income. The current tax charge also includes any adjustment to tax payable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and is therefore inherently uncertain. It establishes provisions where appropriate on the basis of amounts expected to be paid to the relevant tax authorities.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that it is not probable that they will reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available in the foreseeable future against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised within the foreseeable future.

#### m) Dividends

Dividends are recognised as a liability in the year in which they are fully authorised. Interim dividends are recognised when paid.

#### n) Specific adjusting items

Specific adjusting items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Company and due to the significance of their nature or amount. These items comprise acquisition-related expenditure, reorganisation costs and impairment charges in respect of fixed asset investments and amounts owed by fellow Group undertakings. Acquisition-related expenditure is incurred by the Company to effect a business combination, including the costs associated with the integration of acquired businesses.

### 2 Revenue

#### a) Revenue by category

	2017 £'000	2016 £'000
Rendering of services	534	-
<b>Total</b>	<b>534</b>	<b>-</b>

#### b) Revenue by customer location

	2017 £'000	2016 £'000
United Kingdom	292	-
Rest of Europe	82	-
North America	60	-
Asia	100	-
<b>Total</b>	<b>534</b>	<b>-</b>

# Ricardo Investments Limited

## Notes to the financial statements (continued)

For the year ended 30 June 2017

### 3 Specific adjusting items

	2017 £'000	2016 £'000
<b>Amounts (charged)/credited to the Statement of Comprehensive Income:</b>		
Acquisition-related expenditure associated with LR Rail <sup>(1)</sup>	-	(80)
Release of accrued acquisition-related expenditure associated with LR Rail <sup>(2)</sup>	-	921
Other acquisition-related expenditure <sup>(3)</sup>	(758)	(598)
Reorganisation costs <sup>(4)</sup>	(50)	-
Reversal of past impairment charge of fixed asset investments <sup>(5)</sup>	-	8,764
Impairment charge of fixed asset investments <sup>(6)</sup>	(18,125)	-
Impairment of amounts owed by fellow Group undertakings <sup>(7)</sup>	(32,312)	-
<b>Total</b>	<b>(51,245)</b>	<b>9,007</b>

(1) The expenditure associated with the Lloyd's Register Rail ('LR Rail') acquisition comprises expenditure incurred in the year ended 30 June 2016 for services rendered to, and consumed by, the Company to effect the LR Rail acquisition, which materially completed on 1 July 2015.

(2) Of the expenditure associated with the LR Rail acquisition in the year ended 30 June 2016, £921,000 was in respect of services that were billed to, and paid by, the Company's ultimate parent company, Ricardo plc. These accrued costs were therefore released by the Company in the prior year.

(3) Other acquisition-related expenditure primarily comprises costs incurred in the years ended 30 June 2017 and 30 June 2016 for services rendered to, and consumed by, the Company to effect the Motorcycle Engineering Italia (Exnovo) and Control Point Corporation acquisitions, together with the Cascade acquisition in the previous financial year. The expenditure also comprises costs associated with the integration of the Motorcycle Engineering Italia (Exnovo) and Cascade businesses subsequent to their acquisition. In addition, the costs of the associated earn-out arrangements of the Motorcycle Engineering Italia (Exnovo) acquisition, together with the Cascade acquisition made in the prior year are also included.

(4) Reorganisation costs relate to activities undertaken during the year to commence a process to market the test cell facilities and related equipment situated at the Group's technical centre in Chicago for sale.

(5) An impairment of fixed asset investments in Ricardo GmbH of £8,764,000 was charged in the year ended 30 June 2015, which was subsequently reversed in the year ended 30 June 2016.

(6) An impairment of fixed asset investments was charged to specific adjusting items within the Statement of Comprehensive Income. Further details are provided in Note 10.

(7) An impairment of amounts owed by fellow Group undertakings was charged to specific adjusting items within the Statement of Comprehensive Income. Further details are provided in Note 12.



# Ricardo Investments Limited

## Notes to the financial statements (continued)

For the year ended 30 June 2017

### 4 Operating (loss)/profit

	2017	2016
	£'000	£'000
Operating (loss)/profit is stated after (charging)/crediting:		
Amortisation of intangible assets (Note 9)	(57)	-
Reversal of past impairment charges of fixed asset investments (Note 10)	-	8,764
Impairment charges of fixed asset investments (Note 10)	(18,125)	-
Impairment charges of intercompany receivables (Note 12)	(32,312)	-

In the current and prior year, the auditors' remuneration was paid by the ultimate parent company, Ricardo plc. No allocation was made in respect of the Company.

### 5 Directors' remuneration

No emoluments were paid by the Company to any Director in either year.

The emoluments of the Directors were paid by the ultimate parent company. Their services to this Company are considered incidental to their duties in respect of other Group entities.

# Ricardo Investments Limited

## Notes to the financial statements (continued)

For the year ended 30 June 2017

### 6 Employee information

	2017 £'000	2016 £'000
Staff costs were as follows:		
Wages and salaries	347	221
Social security costs	40	19
Other pension costs	22	8
<b>Total</b>	<b>409</b>	<b>248</b>
	2017 No.	2016 No.
The average monthly number of persons employed by the Company during the year was:		
Management and administration	5	2
<b>Total</b>	<b>5</b>	<b>2</b>

### 7 Net finance costs

	2017 £'000	2016 £'000
Finance income		
Interest receivable from Group undertakings	938	13
<b>Total finance income</b>	<b>938</b>	<b>13</b>
	2017 £'000	2016 £'000
Finance costs		
Interest payable on bank borrowings	(1,067)	(886)
Interest payable to Group undertakings	(509)	(72)
Dividend payable on preference shares: 4p (2016: 4p) per share	(4)	(4)
<b>Total finance costs</b>	<b>(1,580)</b>	<b>(962)</b>
	2017 £'000	2016 £'000
Net finance costs		
Finance income	938	13
Finance costs	(1,580)	(962)
<b>Net finance costs</b>	<b>(642)</b>	<b>(949)</b>

# Ricardo Investments Limited

## Notes to the financial statements (continued)

For the year ended 30 June 2017

### 8 Income tax credit on (loss)/profit

#### a) Analysis of income tax credit for the financial year

	2017	2016
	£'000	£'000
<b>Income tax credit included in (loss)/profit</b>		
<b>Current tax</b>		
UK corporation tax		
- UK corporation tax on (loss)/profit for the financial year	(211)	(330)
- Adjustments in respect of prior years	1	(9)
<b>Total current tax</b>	<b>(210)</b>	<b>(339)</b>
<b>Deferred tax (Note 11)</b>		
Origination and reversal of timing differences		
- Current year	-	22
- Prior year	1	-
<b>Total deferred tax</b>	<b>1</b>	<b>22</b>
<b>Income tax credit on (loss)/profit</b>	<b>(209)</b>	<b>(317)</b>

The income tax credit for the financial year is lower (2016: higher) than the standard rate of corporation tax in the UK. The differences are set out below:

	2017	2016
	£'000	£'000
<b>(Loss)/profit before taxation</b>	<b>(25,061)</b>	<b>7,847</b>
<b>(Loss)/profit multiplied by the average enacted rate of tax in the UK of 19.75% (2016: 20.00%)</b>	<b>(4,950)</b>	<b>1,569</b>
Effects of:		
Expenses not deductible for tax purposes	9,986	60
Non-taxable income for tax purposes	(5,234)	(1,937)
Adjustments in respect of prior years	1	(9)
<b>Tax credit on (loss)/profit</b>	<b>(209)</b>	<b>(317)</b>

#### b) Factors affecting current and future tax charges

The tax rate for the current year is lower than the prior year due to changes in the UK corporation tax rate which decreased from 20% to 19% from 1 April 2017.

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2016 on 15 September 2016. These include reductions to the main rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the reporting date have been measured and reflected in these financial statements by using the enacted rate of 19%.

# Ricardo Investments Limited

## Notes to the financial statements (continued)

For the year ended 30 June 2017

### 9 Intangible assets

	Software £'000
<b>Cost</b>	
At 1 July 2015	-
Additions	56
At 30 June 2016	56
Additions	800
<b>At 30 June 2017</b>	<b>856</b>
<b>Accumulated amortisation</b>	
At 1 July 2015 and 30 June 2016	-
Charge for the year	(57)
<b>At 30 June 2017</b>	<b>(57)</b>
<b>Net book value</b>	
At 30 June 2017	799
At 30 June 2016	56
At 30 June 2015	-

The carrying amount of assets under construction included in software amounts to £nil (2016: £56,000).

# Ricardo Investments Limited

## Notes to the financial statements (continued)

For the year ended 30 June 2017

### 10 Investments

	Shares in Group undertakings £'000
<b>Cost</b>	
At 1 July 2015	31,074
Additions <sup>(1)(2)(3)</sup>	45,996
At 30 June 2016	77,070
Additions <sup>(4)(5)</sup>	458,496
Disposals	(5)
Intercompany transfers <sup>(6)</sup>	(5,615)
<b>At 30 June 2017</b>	<b>529,946</b>
<b>Provision for impairment</b>	
At 1 July 2015	(8,764)
Reversal of past impairment charges <sup>(7)</sup>	8,764
At 30 June 2016	-
Impairment charge <sup>(7)</sup>	(18,125)
<b>At 30 June 2017</b>	<b>(18,125)</b>
<b>Net book value</b>	
<b>At 30 June 2017</b>	<b>511,821</b>
At 30 June 2016	77,070
At 30 June 2015	22,310

- (1) On 1 July 2015, the Group materially completed the acquisition of the Lloyd's Register Rail ('LR Rail') business, operating assets and employees of Lloyd's Register Rail Limited and Lloyd's Register Rail Europe B.V., together with various other assets relating to the rail business of Lloyd's Register Group Limited and the group of companies of which it is the ultimate holding company. The total consideration for this acquisition, and the fair value of the investment was £40,696,000.
- (2) On 1 March 2016, the Group also acquired the interests of all partners of a related joint venture operation in China for consideration of £2,077,000, which is deemed to be the fair value of the investment.
- (3) On 18 August 2015, the Group acquired the entire issued share capital of Cascade Consulting Holdings Limited and its subsidiary, Cascade Consulting (Environment & Planning) Limited (together, 'Cascade') for total consideration of £3,223,000, which is deemed to be the fair value of the investment.
- (4) On 29 July 2016, the Group acquired the entire issued share capital of Motorcycle Engineering Italia s.r.l., which was subsequently renamed Ricardo Motorcycle Italia s.r.l., for total cash consideration of £1,892,000 (€2,248,000). This business was formed from the operating assets and employees of Exnovo s.r.l., a vehicle design house which creates class-leading aesthetics for global motorcycle and scooter brands.
- (5) On 10 October 2016 (19 October for Ricardo Italia s.r.l.), a process was completed to restructure the legal entities within the Group ultimately controlled by Ricardo plc, which is also the immediate parent company of Ricardo Investments Limited, as disclosed in Note 19. As a result of this process, an agreement was reached to undertake the transfer of several directly and indirectly(\*) owned investments in subsidiaries from Ricardo plc to Ricardo Investments Limited. The transfer of these directly owned investments were recognised in Ricardo Investments Limited at fair value. The investments that have been transferred, together with their principal activities and their fair values are set out on the following page.

# Ricardo Investments Limited

## Notes to the financial statements (continued)

For the year ended 30 June 2017

### 10 Investments (continued)

Investments transferred into the Company:

Fellow subsidiary	Principal activities	Fair value (£'000)
Ricardo UK Limited	Automotive, Strategic Consulting and Performance Products	316,971
Ricardo Consulting Engineers Limited*	Dormant	-
Ricardo-AEA Limited	Environmental Consulting	63,749
PPA Energy (Pty) Limited*	Environmental Consulting	-
Ricardo, Inc.	Automotive, Strategic Consulting and Software	54,088
Ricardo Defense Systems LLC*	Automotive Consulting and Performance Products	-
Ricardo Prague s.r.o.	Automotive Consulting and Software	11,892
Ricardo Vepro Limited†	Dormant	6,468
Ricardo Japan K.K.	Automotive, Rail Consulting and Business Development	2,256
Ricardo Asia Limited	Automotive, Rail Consulting and Business Development	990
Power Planning Associates Limited	Environmental Consulting	163
Ricardo Italia s.r.l.	Automotive Consulting and Business Development	26
Ricardo Russia Limited	Business Development	1
Ricardo Mayfly Limited	Dormant	-
Ricardo Pension Scheme (Trustees) Limited	Dormant	-
Ricardo Technology Limited	Dormant	-
Ricardo Transmissions Limited	Dormant	-
<b>Total investments transferred and recognised at fair value</b>		<b>456,604</b>

† On 1 May 2016, the trade and assets of Ricardo Vepro Limited were transferred to Ricardo UK Limited. Accordingly, the investment value of £6,468,000 was reallocated to Ricardo UK Limited.

- (6) On 21 December 2016, £5,615,000 of the investments acquired as part of the LR Rail acquisition (as set out in footnotes 1 and 2, above) were internally transferred from the Company to fellow group subsidiaries in order to appropriately reflect only the investments in subsidiaries in which the Company has direct ownership.
- (7) Where an indicator of impairment exists, the Directors have performed an impairment review to compare the value in use with the carrying value of investments. The value in use was estimated using a discounted cash flow valuation. A pre-tax discount rate was used to discount the cash flows, which were derived from externally sourced data reflecting the current market assessment of these investments.

The basis for the projected cash flows was the Group's three-year plan, which was prepared by management and reviewed and approved by the Board. The plan reflects past experience and management's assessment of the current contract portfolio, contract wins, contract retention, price increases, and gross margin, as well as future expected market trends. Cash flows after the three-year plan were projected into perpetuity using a growth rate based on inflation and an average long-term economic growth rate for the territory.

The results of the impairment review show that the carrying value of these investments is in excess of their value in use, resulting in an impairment of £18,125,000 (2016: £Nil). Following the impairment arising during the year, the Directors are of the opinion that the carrying value of these investments is supported by their underlying net assets.

The result of this impairment review in the prior year resulted in the reversal of past impairment charges of £8,764,000.

# Ricardo Investments Limited

## Notes to the financial statements (continued)

For the year ended 30 June 2017

### 11 Deferred tax liabilities

	2017	2016
Recognised deferred tax asset/(liability)	£'000	£'000
At 1 July	-	22
Current year tax charge	(1)	(22)
At 30 June	(1)	-
	2017	2016
Deferred tax comprises	£'000	£'000
Other timing differences	(1)	-
At 30 June	(1)	-

### 12 Trade and other receivables

	2017	2016
	£'000	£'000
Amounts owed by fellow Group undertakings	52,674	1,868
Less provision for impairment of receivables <sup>(1)</sup>	(32,312)	-
Amounts owed by fellow Group undertakings - net	20,319	1,868
Other receivables	1	21
At 30 June	20,320	1,889

(1) The provision for impairment of amounts owed by fellow Group undertakings was fully charged to the Statement of Comprehensive Income during this financial year and is in respect of amounts owed by Ricardo GmbH.

All amounts are due within one year.

Amounts owed by Group undertakings are unsecured, have no fixed repayment date and are repayable on demand. All amounts owed by Group undertakings were interest-bearing at rates between 2.4% and 3.0%. In the prior year, no amounts owed by Group undertakings were interest-bearing.

### 13 Trade and other payables

	2017	2016
	£'000	£'000
Amounts owed to Group undertakings	11,367	20,208
Accruals and deferred income	1,396	653
At 30 June	12,763	20,861

Amounts owed to Group undertakings are unsecured, have no fixed repayment date and are repayable on demand.

No amounts owed to Group undertakings are interest-bearing. In the prior year, amounts owed to Group undertakings include £8,521,000 bearing interest at rates between 2.7% and 3.1% and the remaining £11,687,000 was interest-free.

## Ricardo Investments Limited

### Notes to the financial statements (continued)

For the year ended 30 June 2017

#### 14 Borrowings

	2017	2016
	£'000	£'000
Bank loans	39,980	39,970
Preference share capital (100,000 shares at £1 each each)	100	100
<b>At 30 June</b>	<b>40,080</b>	<b>40,070</b>

##### Bank loans

The non-current bank loans are repayable in the year ending 30 June 2020 and are denominated in Pounds Sterling. The non-current bank loans have variable rates of interest which are dependent upon the leverage of the Ricardo plc Group and range from 1.6% to 2.35% above LIBOR. Leverage is defined as being net debt as a proportion of EBITDA. EBITDA is defined as being operating profit before interest, tax, depreciation and amortisation. At the reporting date, the Group was paying interest at the 2<sup>nd</sup> tier rate of LIBOR + 1.85%. The Ricardo plc Group's leverage at the reporting date will qualify to attract the lowest rate of interest, being LIBOR + 1.6%.

##### Preference share capital

The fixed rate preference shareholders have the right to vote at a general meeting of the Company and each share carries one vote.

The fixed rate preference shares have the right to receive a fixed rate cumulative dividend equal to 4% of their nominal value per annum, in preference to dividends paid on the non-voting ordinary shares.

On a return of capital on winding up or repayment of capital by any other means, the fixed rate preference shareholders are entitled to receive an amount equal to the amount paid up on these shares, in preference to any return of capital to the holders of the non-voting ordinary shares.

The holders of the fixed rate preference shares have no rights to any further participation in the profits or other assets of the Company.



# Ricardo Investments Limited

## Notes to the financial statements (continued)

For the year ended 30 June 2017

### 15 Share capital

	2017 £'000	2016 £'000
<b>Allotted and fully paid</b>		
1,000,100 (2016: 1,000,100) ordinary shares of £1 each	1,000	1,000

These ordinary shares do not have any voting rights, except where a resolution is proposed at a general meeting of the Company that cancels, varies or modifies any of the rights or privileges of the holders of these shares, in which case they shall only be entitled to vote on such resolution.

### 16 Share premium

	2017 £'000	2016 £'000
<b>At 1 July and 30 June</b>	<b>19,487</b>	<b>19,487</b>

### 17 Contingent liabilities

The Company is a participant in a Group banking arrangement. Under the terms of this arrangement the Company has an unlimited guarantee to support these Group facilities. The total amount outstanding under these Group facilities to which the guarantee relates is £59,700,000 (2016: £54,500,000), net of direct issue costs. Cash balances held by the Company are available for set-off, by the bank, against bank facilities advanced to other Group companies.

### 18 Capital commitments

At 30 June, the Company had the following contracts for future capital commitments not provided in the financial statements:

	2017 £'000	2016 £'000
<b>At 30 June</b>	<b>-</b>	<b>198</b>

### 19 Controlling party

The immediate and ultimate parent company and the controlling party is Ricardo plc, which is the parent of the smallest and largest group to consolidate these financial statements. Copies of the Ricardo plc consolidated financial statements can be obtained from [www.ricardo.com](http://www.ricardo.com) or the Company Secretary, Ricardo plc, Shoreham Technical Centre, Old Shoreham Road, Shoreham-by-Sea, West Sussex, BN43 5FG, United Kingdom.

# Ricardo Investments Limited

## Notes to the financial statements (continued)

For the year ended 30 June 2017

### 20 Subsidiaries

The Company controls and owns, directly(\*) or indirectly, 100% of the issued share capital, unless otherwise noted, of the following subsidiaries at 30 June 2017:

Subsidiary	Registered office	Principal activities
Ricardo UK Limited*	Shoreham Technical Centre, Old Shoreham Road, Shoreham-by-Sea, West Sussex, BN43 5FG, United Kingdom†	Automotive Consulting, Strategic Consulting and Performance Products
Ricardo Prague s.r.o.*	Palác Karlín, Thámova 11-13, 186 00 Praha 8, Czech Republic	Automotive Consulting and Software
Ricardo Italia s.r.l.*	Piazza Solferino 20, 10121, Torino, Italy	Automotive Consulting and Business Development
Ricardo Motorcycle Italia s.r.l.*	Via Giovanni Pascoli 47, 47853, Cerasolo, Coriano, Rimini, Italy	Automotive Consulting
Ricardo GmbH*	Güglingstraße 66-70, 73529, Schwäbisch Gmünd, Germany	Holding Company
Ricardo Deutschland GmbH	Güglingstraße 66-70, 73529, Schwäbisch Gmünd, Germany	Automotive Consulting
Ricardo Strategic Consulting GmbH	Luisenstraße 14, 80333, München, Germany	Strategic Consulting
Ricardo Russia Limited*	Shoreham Technical Centre, Old Shoreham Road, Shoreham-by-Sea, West Sussex, BN43 5FG, United Kingdom†	Business Development
Ricardo, Inc.*	Detroit Technical Center, 40000 Ricardo Drive, Van Buren Township, Detroit, Michigan, 48111-1641, United States	Automotive Consulting, Strategic Consulting and Software
Ricardo Defense Systems LLC	Suite 200, Detroit Technical Center, 40000 Ricardo Drive, Van Buren Township, Detroit, Michigan, 48111-1641, United States	Automotive Consulting and Performance Products
Ricardo India Private Limited <sup>(1)</sup>	Plaza M6, District Centre, Jasola, Mathura Road, New Delhi, 110076, India	Business Development
Ricardo Japan K.K.*	18th Floor, Shin Yokohama Square Building, 2-3-12, Shin Yokohama, Kohoku-ku, Yokohama, 222-0033, Japan	Automotive Consulting, Rail Consulting and Business Development
Ricardo Asia Limited*	Shoreham Technical Centre, Old Shoreham Road, Shoreham-by-Sea, West Sussex, BN43 5FG, United Kingdom†	Automotive Consulting, Rail Consulting and Business Development
Ricardo-AEA Limited*	Shoreham Technical Centre, Old Shoreham Road, Shoreham-by-Sea, West Sussex, BN43 5FG, United Kingdom†	Environmental Consulting
Cascade Consulting Holdings Limited*	Shoreham Technical Centre, Old Shoreham Road, Shoreham-by-Sea, West Sussex, BN43 5FG, United Kingdom†	Holding Company
Cascade Consulting (Environment & Planning) Limited	Shoreham Technical Centre, Old Shoreham Road, Shoreham-by-Sea, West Sussex, BN43 5FG, United Kingdom†	Environmental Consulting
Power Planning Associates Limited*	Shoreham Technical Centre, Old Shoreham Road, Shoreham-by-Sea, West Sussex, BN43 5FG, United Kingdom†	Environmental Consulting

# Ricardo Investments Limited

## Notes to the financial statements (continued)

For the year ended 30 June 2017

### 20 Subsidiaries (continued)

Subsidiary	Registered office	Principal activities
PPA Energy (Pty) Limited	No 1 Eastgate Lane, Bedfordview, Johannesburg, Gauteng, 2007, South Africa	Environmental Consulting
Ricardo Rail Limited*	Shoreham Technical Centre, Old Shoreham Road, Shoreham-by-Sea, West Sussex, BN43 5FG, United Kingdom†	Rail Consulting
Ricardo Nederland B.V.*	Catharijnesingel 33, 3511 GC, Utrecht, The Netherlands	Rail Consulting
Ricardo Singapore Pte Limited	1 Fusionopolis Place, #09-11, Galaxis, 138522, Singapore	Rail Consulting
Ricardo Hong Kong Limited	Units 3211-18, 32/F Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong	Rail Consulting
Ricardo Beijing Company Limited	Suite 709-710, CCS Mansion, 9 Dongzhimen Nan Street, Beijing, 100007, PR China	Rail Consulting
Ricardo Technical Consultancy LLC (49%) <sup>(2)</sup>	1002, Regus Al Jaidah Business Centre, 10th Floor, Al Shoumoukh Tower B, C-Ring Road, Al Sadd, PO Box 55896, Doha, Qatar	Rail Consulting
Ricardo Gulf Technical Consultancy LLC (49%) <sup>(3)</sup>	11th Floor, Office 8, MSMK Building, Corniche Street, Abu Dhabi, United Arab Emirates	Rail Consulting
Chongqing Transportation Railway Safety Assessment Center Limited (60%) <sup>(4)</sup>	No. 2 Yangliu Road, Huangshan Avenue, New North District, Chongqing, 401123, PR China	Rail Consulting
Nanjing Delta Win Transportation Technical Services Limited (65%) <sup>(5)</sup>	Room 1101, No. 301, Zhongmen Street, Gulou District, Nanjing, Jiangsu Province, PR China	Rail Consulting
Ricardo Certification Limited*	Shoreham Technical Centre, Old Shoreham Road, Shoreham-by-Sea, West Sussex, BN43 5FG, United Kingdom†	Independent Assurance
Ricardo Certification B.V.	Radboudkwartier 227, 3511 GJ, Utrecht, The Netherlands	Independent Assurance
Ricardo Certification Denmark ApS	Nørre Farimagsgade 11, 1364, Copenhagen, Denmark	Independent Assurance
Ricardo Certification Iberia SL	Calle de Agustín de Foxá 29, 9ºB, 28036, Madrid, Spain	Independent Assurance
Ricardo Certificacion SL	Calle de Agustín de Foxá 29, 9ºB, 28036, Madrid, Spain	Dormant
Ricardo Environment Arabia LLC <sup>(6)</sup>	C/O Clyde and Co, The Business Gate, Building 14, Office Level 1, Qurtubah District, Airport Road, PO Box 16743, Riyadh 11474, Kingdom of Saudi Arabia	Dormant
Ricardo EMEA Limited	Shoreham Technical Centre, Old Shoreham Road, Shoreham-by-Sea, West Sussex, BN43 5FG, United Kingdom†	Dormant

# Ricardo Investments Limited

## Notes to the financial statements (continued)

For the year ended 30 June 2017

### 20 Subsidiaries (continued)

Subsidiary	Registered office	Principal activities
Ricardo Vepro Limited*	Shoreham Technical Centre, Old Shoreham Road, Shoreham-by-Sea, West Sussex, BN43 5FG, United Kingdom†	Dormant
Ricardo Consulting Engineers Limited	Shoreham Technical Centre, Old Shoreham Road, Shoreham-by-Sea, West Sussex, BN43 5FG, United Kingdom†	Dormant
Ricardo Technology Limited*	Shoreham Technical Centre, Old Shoreham Road, Shoreham-by-Sea, West Sussex, BN43 5FG, United Kingdom†	Dormant
Ricardo Transmissions Limited*	C/O Ricardo plc, Shoreham Technical Centre, Old Shoreham Road, Shoreham-by-Sea, West Sussex, BN43 5FG, United Kingdom†	Dormant
Ricardo Pension Scheme (Trustees) Limited*	Shoreham Technical Centre, Old Shoreham Road, Shoreham-by-Sea, West Sussex, BN43 5FG, United Kingdom†	Dormant
Ricardo Mayfly Limited*	C/O Intertrust Fiduciary Services (Jersey) Limited, 44 Esplanade, St Helier, JE4 9WG, Jersey	Dormant

† Registered in England and Wales.

- (1) 1% owned by Ricardo UK Limited and 99% owned by Ricardo plc.
- (2) 49% of share capital and 97% of retained earnings owned by Ricardo Rail Limited and 51% of share capital and 3% of retained earnings owned by Pro-Partnership LLC.
- (3) 49% of share capital and 80% of retained earnings owned by Ricardo Rail Limited and 51% of share capital and 20% of retained earnings owned by SSD Commercial Investment.
- (4) 60% owned by Ricardo Beijing Company Limited and 40% owned by Chongqing Science & Technology Testing Center Limited.
- (5) 40% owned by Ricardo Beijing Company Limited, 25% owned by Ricardo Hong Kong Limited and 35% owned by Jiangsu Urban Mass Transit Research & Design Institute Company Limited.
- (6) 85% owned by Ricardo-AEA Limited and 15% owned by Ricardo plc.