

Registered number 02251330

Ricardo Investments Limited (formerly
Ricardo Consulting Engineers Limited)
Annual report
for the year ended 30 June 2015

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Ricardo Investments Limited (formerly Ricardo Consulting Engineers Limited)

Annual report for the year ended 30 June 2015

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Ricardo Investments Limited (formerly Ricardo Consulting Engineers 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 (formerly Ricardo Consulting Engineers Limited)

Strategic report

The Directors present their strategic report on the Company for the year ended 30 June 2015.

Review of the business

Ricardo Investments Limited is an intermediate holding company, with investments at the year-end in the Technical Consulting and Strategic Consulting businesses in Germany.

The Technical Consulting business provides engineering, design and consultancy services to customers in its chosen market sectors, which predominantly include Motorcycles & Personal Transport and Passenger Cars.

During the year, the Group's UK and German Technical Consulting businesses were integrated to form a European Technical Consulting division. At the year-end, an impairment review was performed, resulting in an impairment of £8,764,000. Going forward, the European reorganisation will improve coordination and delivery to our clients, as well as achieving cost efficiencies.

The Strategic Consulting business, which provides global management consultancy services, had a successful year.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Ricardo plc Group (the 'Group') and are not managed separately. Accordingly, the principal risks and uncertainties of Ricardo plc, which include those of the Company, are discussed on pages 77 to 79 of the Ricardo plc Annual Report & Accounts 2015, which does not form part of this Annual report.

Key performance indicators

- Loss for the financial year was £8,790,000 (2014: £19,000);
- Net assets at the end of the financial year were £11,853,000 (2014: £20,643,000); and
- Value of investments at the end of the financial year were £22,310,000 (2014: £31,074,000).

The movement in these key performance indicators are as a result of an impairment charge in the Company's investments, which is set out in more detail in Note 8.

Future developments

As explained further in Note 18, the Company has acquired the Lloyd's Register Rail and Cascade Consulting businesses after the balance sheet date.

It is anticipated that the Company will become the intermediate holding company for a number of legacy and recently acquired businesses across the Group, with a view to holding all of the Group's investments in its subsidiaries in order to protect the reserves of its ultimate holding company, Ricardo plc.

Approved by the Board and signed on their behalf by:



D J Shemmans

Director

11 December 2015

Ricardo Investments Limited (formerly Ricardo Consulting Engineers Limited)

Directors' report

The Directors present their report and the audited financial statements of the Company for the year ended 30 June 2015. This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Results and dividends

The Company's loss for the financial year was £8,790,000 (2014: £19,000). No ordinary dividend was paid in 2015 (2014: £Nil). A preference dividend of £4,000 (2014: £4,000) was payable for the year and all accrued dividends were paid during the year.

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.

Going concern

The Company has net assets of £11,853,000 (2014: £20,643,000) and the Directors have received confirmation that Ricardo plc intends to support the Company for at least one year from the date of approval of these financial statements. After making enquiries, the Directors consider the ultimate parent is in a position to give all necessary financial support based on the facilities available to Ricardo plc.

On this basis the Directors are satisfied that the Company has sufficient net assets and continued access to financial support in order to continue as a going concern for a period of at least one year from the date of approval of these financial statements and therefore the financial statements have been prepared under the going concern basis.

Change of name

On 4 February 2015, the Company changed its name from Ricardo Consulting Engineers Limited to Ricardo Investments Limited.

Directors

The Directors who held office between 1 July 2014 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.

Employee information

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.

The Company strives 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 (formerly Ricardo Consulting Engineers Limited)

Directors' report (continued)

Statement of Directors' responsibilities

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

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

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

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

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

11 December 2015

Ricardo Investments Limited (formerly Ricardo Consulting Engineers Limited)

Independent auditors' report to the members of Ricardo Investments Limited (formerly Ricardo Consulting Engineers Limited)

Report on the financial statements

Our opinion

In our opinion, Ricardo Investments Limited (formerly Ricardo Consulting Engineers Limited)'s financial statements (the 'financial statements'):

- give a true and fair view of the state of the Company's affairs as at 30 June 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the balance sheet as at 30 June 2015;
- the profit and loss account and the statement of total recognised gains and losses for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, 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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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, 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made.

We have no exceptions to report arising from this responsibility.

Ricardo Investments Limited (formerly Ricardo Consulting Engineers Limited)

Independent auditors' report to the members of Ricardo Investments Limited (formerly Ricardo Consulting Engineers Limited) (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

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 and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ('ISAs (UK & Ireland)'). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

What an audit of financial statements involves

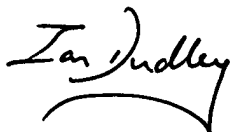
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Ian Dudley (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Gatwick
// December 2015

Ricardo Investments Limited (formerly Ricardo Consulting Engineers Limited)

Profit and loss account for the year ended 30 June 2015

	Note	2015 £'000	2014 £'000
Administrative expenses		(8,823)	-
Operating (loss)/result	2	(8,823)	-
Interest receivable and similar income	5	22	-
Interest payable and similar charges	6	(28)	(4)
Loss on ordinary activities before taxation		(8,829)	(4)
Tax on loss on ordinary activities	7	39	(15)
Loss for the financial year	14	(8,790)	(19)

All amounts relate to continuing operations.

Statement of total recognised gains and losses for the year ended 30 June 2015

	2015 £'000	Restated 2014 £'000
Loss for the financial year	(8,790)	(19)
Currency translation difference on foreign currency investments	-	(2,042)
Prior year adjustment (Note 14)	-	2,042
Total recognised gains and losses relating to the year	(8,790)	(19)

There are no material differences between the loss on ordinary activities before taxation and the loss for the financial year stated above and their historical cost equivalents.

Ricardo Investments Limited (formerly Ricardo Consulting Engineers Limited)

Balance sheet as at 30 June 2015

	Note	2015 £'000	Restated 2014 £'000
Fixed assets			
Investments	8	22,310	31,074
Current assets			
Debtors	9	3,342	1,608
Cash at bank and in hand		39,175	12
		42,517	1,620
Current liabilities			
Creditors - amounts falling due within one year	10	(12,914)	(11,951)
Net current assets/(liabilities)		29,603	(10,331)
Total assets less current liabilities		51,913	20,743
Creditors - amounts falling due after more than one year	11	(40,060)	(100)
Net assets		11,853	20,643
Capital and reserves			
Called-up share capital	12	1,000	1,000
Share premium account	13	19,487	19,487
Profit and loss account	14	(8,634)	156
Total shareholders' funds	15	11,853	20,643

The financial statements of Ricardo Investments Limited (formerly Ricardo Consulting Engineers Limited), registered number 02251330, on pages 7 to 17 were approved by the Board of Directors on 11 December 2015 and were signed on its behalf by:



D J Shemmans
Director

Ricardo Investments Limited (formerly Ricardo Consulting Engineers Limited)

Notes to the financial statements for the year ended 30 June 2015

1 Accounting policies

a) Basis of preparation

These financial statements have been prepared on the going concern basis, under the historical cost convention, as modified by financial assets and financial liabilities (including derivative instruments) at fair value through profit and loss and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The principal accounting policies are set out below and have been applied consistently throughout the year.

b) Going concern

The Directors have received confirmation that Ricardo plc intends to support the Company for at least one year from the date of approval of these financial statements. After making enquiries, the Directors consider the ultimate parent is in a position to give all necessary financial support based on the facilities available to Ricardo plc.

The financial statements have been prepared under the going concern basis which is appropriate due to the continued financial support of the ultimate parent company, Ricardo plc.

c) Basis of consolidation

The financial statements contain information about Ricardo Investments Limited (formerly Ricardo Consulting Engineers 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 undertakings are included by full consolidation in the financial statements of its parent, Ricardo plc, a company registered in England and Wales.

d) Cash flow statement and related party disclosures

The Company is a wholly-owned subsidiary of Ricardo plc and is included in the consolidated financial statements of Ricardo plc, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996) 'Cash flow statements'.

The Company is also exempt under the terms of Financial Reporting Standard 8 'Related party disclosures' from disclosing related party transactions with entities that are part of the Ricardo plc Group.

e) Foreign currencies

Transactions in currencies other than the local currency of the Company's primary economic environment are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet 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 of monetary items are included in the profit and loss account for the year.

Ricardo Investments Limited (formerly Ricardo Consulting Engineers Limited)

Notes to the financial statements for the year ended 30 June 2015 (continued)

1 Accounting policies (continued)

f) Taxation

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

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

Deferred tax is provided in full, using the balance sheet liability method, on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured on an undiscounted basis. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not 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 balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available 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.

g) Dividends

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

h) Fixed asset investments

Investments are stated at cost, less 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 profit and loss account.

Ricardo Investments Limited (formerly Ricardo Consulting Engineers Limited)

Notes to the financial statements for the year ended 30 June 2015 (continued)

2 Operating profit

In the current year an impairment of fixed asset investments was charged to administrative expenses of £8,764,000. Further details are provided in Note 8.

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

3 Directors' remuneration

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

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

4 Employee information

	2015	2014
	No.	No.
The average monthly number of persons (including executive directors) employed by the Company during the year was:		
Management and administration	2	-

Total remuneration costs of £56,000 (2014: £Nil) in respect of employees, of which £7,000 (2014: £Nil) related to social security costs, was paid by the ultimate parent company, Ricardo plc, and recharged to the Company.

5 Interest receivable and similar income

	2015	2014
	£'000	£'000
Interest receivable from Group undertakings	22	-

6 Interest payable and similar charges

	2015	2014
	£'000	£'000
Interest payable to Group undertakings	24	-
Preference dividends paid	4	4
Total	28	4

Ricardo Investments Limited (formerly Ricardo Consulting Engineers Limited)

Notes to the financial statements for the year ended 30 June 2015 (continued)

7 Tax on loss on ordinary activities

a) Analysis of tax (credit)/charge for the financial year

	2015	2014
	£'000	£'000
Current tax		
UK corporation tax		
- UK corporation tax on profit for the financial year	(14)	-
- Adjustments in respect of prior years	(3)	15
Total current tax	(17)	15
Deferred tax (Note 9)		
Origination and reversal of timing differences		
- Current year	(22)	-
Total deferred tax	(22)	-
Tax on loss on ordinary activities	(39)	15

The tax credit for the financial year is lower (2014: tax charge is higher) than the standard effective rate of corporation tax in the UK of 20.75% (2014: 22.5%). The differences are explained below:

	2015	2014
	£'000	£'000
Loss on ordinary activities before tax	(8,829)	(4)
Loss on ordinary activities multiplied by the standard rate in the UK of 20.75% (2014: 22.5%)	(1,832)	(1)
Effects of:		
Expenses not deductible for tax purposes	1,818	1
Adjustments in respect of prior years	(3)	15
Current tax (credit)/charge for the year	(17)	15

b) Factors affecting current and future tax charges

The Finance Act 2013 included legislation to reduce the main rate of UK corporation tax from 21% to 20% with effect from 1 April 2015. As these changes had been substantively enacted at the reporting date, closing deferred tax balances in the UK have therefore been valued at 20%.

Further reductions to the UK corporation tax rate have been announced. The changes, which are expected to be enacted separately, propose to reduce the rate to 19% from 1 April 2017 and 18% from 1 April 2020. The changes had not been substantively enacted at the reporting date and, therefore, are not recognised in these financial statements.

Ricardo Investments Limited (formerly Ricardo Consulting Engineers Limited)

Notes to the financial statements for the year ended 30 June 2015 (continued)

8 Fixed asset investments

	Shares in group undertakings £'000
Cost	
At 1 July 2014 (as restated, see Note 14) and 30 June 2015	31,074
Provision for impairment	
Charge for the year	(8,764)
At 30 June 2015	(8,764)
Net book value	
At 30 June 2015	22,310
At 30 June 2014 (as restated, see Note 14)	31,074

Subsidiary undertakings

The Company owns directly, or indirectly(*), 100% of the issued ordinary share capital of the following subsidiaries at 30 June 2015:

Name of company	Country of incorporation	Principal activity
Ricardo GmbH	Germany	Holding company
Ricardo Deutschland GmbH*	Germany	Technical consulting
Ricardo Strategic Consulting GmbH*	Germany	Strategic consulting
Ricardo EMEA Limited	United Kingdom	Dormant
Ricardo Certification Limited	United Kingdom	Dormant
Ricardo Iberia SL*	Spain	Dormant
Ricardo Certificacion SL*	Spain	Dormant
Ricardo Danmark ApS*	Denmark	Dormant
Ricardo Certificering ApS*	Denmark	Dormant
Ricardo Certificering B.V.*	Netherlands	Dormant

During the year, a Group reorganisation was completed to form the European Technical Consulting business, of which several of the Company's subsidiaries are a constituent. 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 of 7.4% (2014: 7.8%) 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 of 3.6% (2014: 3.1%), 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 £8,764,000 (2014: £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 Company has taken the exemption available under Section 400 of the Companies Act 2006 from preparing consolidated financial statements, which include its subsidiaries, as all companies are included in the consolidated financial statements of Ricardo plc, the ultimate parent undertaking.

Ricardo Investments Limited (formerly Ricardo Consulting Engineers Limited)

Notes to the financial statements for the year ended 30 June 2015 (continued)

9 Debtors

	2015 £'000	2014 £'000
Amounts owed by Group undertakings	1,502	1,608
Corporation tax	8	-
Deferred tax	22	-
Other debtors (Note 18(a))	1,810	-
At 30 June	3,342	1,608

All amounts are due within one year. Amounts owed by Group undertakings are unsecured, have no fixed repayment date and bear interest at rates between 2.6% and 2.7%.

Deferred tax asset

	2015 £'000	2014 £'000
Recognised deferred tax asset		
At 1 July	-	-
Deferred tax credited in profit and loss account	22	-
At 30 June	22	-

	2015 £'000	2014 £'000
Deferred taxation comprises		
Other short-term timing differences	22	-

10 Creditors – amounts falling due within one year

	2015 £'000	2014 £'000
Amounts owed to Group undertakings	11,993	11,916
Corporation tax	-	9
Accrued preference share dividend	-	26
Accruals and deferred income	921	-
At 30 June	12,914	11,951

Amounts owed to Group undertakings are unsecured, of which £100,000 is due for repayment within the next 12 months (2014: £Nil) with the remaining £11,893,000 (2014: £11,916,000) having no fixed repayment date. Amounts owed to Group undertakings include £809,000 (2014: £814,000) bearing interest at rates between 2.80% and 3.15% (2014: 3.15%) with the remaining £11,184,000 being interest-free.

Ricardo Investments Limited (formerly Ricardo Consulting Engineers Limited)

Notes to the financial statements for the year ended 30 June 2015 (continued)

11 Creditors – amounts falling due after more than one year

	2015	2014
	£'000	£'000
Bank loans	39,960	-
Preference share capital (100,000 shares at £1 each each)	100	100
At 30 June	40,060	100

Bank loans

The bank loans are repayable in full 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 adjusted leverage of the Ricardo plc Group and range from 1.6% to 2.35% above LIBOR. At the balance sheet date, the Ricardo plc Group has an adjusted leverage which attracts 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.

12 Called-up share capital

	2015	2014
	£'000	£'000
Allotted, called-up and fully paid		
1,000,100 (2014: 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.

13 Share premium account

	2015	2014
	£'000	£'000
At 1 July and 30 June	19,487	19,487

Ricardo Investments Limited (formerly Ricardo Consulting Engineers Limited)

Notes to the financial statements for the year ended 30 June 2015 (continued)

14 Profit and loss account

	2015	Restated 2014
	£'000	£'000
At 1 July	156	175
Loss for the financial year	(8,790)	(19)
Exchange rate adjustments	-	(2,042)
Prior year adjustment	-	2,042
At 30 June	(8,634)	156

Prior year adjustment

Since 2008, a Euro-denominated intercompany loan owed to Ricardo plc was held by the Company to finance the acquisition of the investment in Ricardo GmbH and its subsidiaries. Exchange gains or losses arising from the retranslation of this intercompany loan were taken to the profit and loss account at each balance sheet date. In accordance with the provisions of SSAP 20 'Foreign Currency Translation', the Euro-denominated investment was also retranslated at each balance sheet date and offset against the revaluation of the intercompany loan as a net investment hedge.

On 26 June 2013, the Euro-denominated intercompany loan agreement was revised as being denominated in Pounds Sterling and translated from Euros into Pounds Sterling as of that date. Therefore the application of a net investment hedge was no longer appropriate and the investment should have been retranslated into Pounds Sterling at the same date and not be subject to further translation at the prior year balance sheet date as a non-monetary item. However, in the year ended 30 June 2014, the investment was retranslated at that balance sheet date, resulting in a reduction to the profit and loss account due to exchange rate adjustments of £2,042,000.

Accordingly, the comparative figures for the prior year in the primary statements and notes to the financial statements have been corrected to remove the impact of this retranslation.

15 Reconciliation of movements in shareholders' funds

	2015	Restated 2014
	£'000	£'000
Loss for the financial year	(8,790)	(19)
Exchange rate adjustments	-	(2,042)
Prior year adjustment (Note 14)	-	2,042
Decrease in equity shareholders' funds	(8,790)	(19)
Opening shareholders' funds	20,643	20,662
Closing shareholders' funds	11,853	20,643

Ricardo Investments Limited (formerly Ricardo Consulting Engineers Limited)

Notes to the financial statements for the year ended 30 June 2015 (continued)

16 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 £45.4m. Cash balances held by the Company are available for set-off, by the bank, against bank facilities advanced to other Group companies.

17 Ultimate parent undertaking and controlling party

The immediate and ultimate parent undertaking 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 or the Company Secretary, Ricardo plc, Shoreham Technical Centre, Shoreham-by-Sea, West Sussex, BN43 5FG.

18 Post balance sheet events

a) Lloyd's Register Rail acquisition

On 1 July 2015 the Company 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 for initial cash consideration of £40,585,000.

LR Rail is a rail consultancy and assurance business and is a trusted partner to a wide range of international clients. LR Rail uses its understanding of critical and complex technologies and its independent expert advice to provide services ranging from rolling stock design, signalling and train control, intelligent rail systems, operational efficiency improvement, training and independent assurance services.

All of the initial cash consideration was paid after the year-end in July 2015. The acquisition was completed on a cash-free and debt-free basis, subject to normal levels of working capital. The provisional value for initial consideration may be adjusted in future in accordance with the requirements of the sale and purchase agreement.

Acquisition-related costs of £1,567,000 were incurred during the year ended 30 June 2015 and have been deferred such that they can be added to the cost of the investment when it is acquired on 1 July 2015. These costs are disclosed within 'Other debtors' (Note 9).

b) Cascade Consulting acquisition

On 18 August 2015 the Group acquired 100% of the issued share capital of Cascade Consulting Holdings Limited, and its subsidiary, Cascade Consulting (Environment & Planning) Limited (together, 'Cascade Consulting') for initial cash consideration of £3,178,000.

Cascade Consulting provides additional capability and reach in the areas of water resource and water quality management, ecosystem services and environmental impact assessment.

All of the initial cash consideration was paid after the year-end in August 2015. The acquisition was completed on a cash-free and debt-free basis, subject to normal levels of working capital. The provisional value for initial consideration may be adjusted in future in accordance with the requirements of the sale and purchase agreement.

No acquisition-related costs were incurred during the year ended 30 June 2015.