Company Registration No. 02651349 (England and Wales)

IMC WORLDWIDE LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

IMC WORLDWIDE LIMITED

COMPANY INFORMATION

Directors	G English N Penfold SJB Rana P Kelly P Gleeson S Monger B Everett
Secretary	S Monger
Company number	02651349
Registered office	64-68 London Road Redhill Surrey RH1 1LG
Auditor	RSM UK Audit LLP Chartered Accountants 25 Farringdon Street London EC4A 4AB United Kingdom

IMC WORLDWIDE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present the strategic report for the year ended 31 December 2018.

Review of the business

Financial Results including Key Performance Indicators

The financial performance of the Company has been monitored against the following financial key performance indicators: total turnover, turnover excluding capital works (pass through funding), gross profit, administrative expenses, operating profit and cash flow. The financial performance for the year is set out in the following table:

	Year to 31st December 2018 £'000	Year to 31st December 2017 £'000	Change £'000
Total turnover (inc. capital works)	64,840	47,748	17,092
Turnover excluding capital works	51,297	32,184	19,113
Gross profit	1,535	5,952	(4,417)
Administrative expenses	4,292	4,082	210
(Loss) / Profit before taxation	(2,932)	1,694	(4,626)

IMC Worldwide is an international development consultancy based in Redhill, Surrey, with 10 offices across the globe. We partner with communities, governments, aid organisations and the private sector to help connect the most disadvantaged populations with services, resources and one another.

The above results include a provision of £4,992k in respect of some potential design issues affecting our biggest project – the Schools Construction and Rehabilitation Program in Pakistan.

A review of designs by University College London found that these were not in compliance with the building code of Pakistan. Steps were immediately taken to ensure no children or staff were at risk. IMC commenced a review of all of the project designs to understand the extent of this problem. This review has been undertaken with the leading seismic engineering university in Pakistan together with a world leading seismic modelling engineering consultancy based in the USA.

Whilst modelling the schools' designs affected, IMC also worked with these engineering experts to put together a retrofitting program to get the affected schools to comply with the appropriate building codes.

This has taken months of very technical analysis using realistic assumptions that are not over conservative and repeated conversations with the customer's own technical experts from a well-known UK University to ensure that the safety of the schools is appropriate and can be proved to comply with the governing engineering codes.

The retrofitting designs have been approved by the customer and its advisor. IMC has an offer of funding in place from Barclays Bank Plc ("Barclays") which will, in the opinion of the directors, enable the cost of retrofitting to be covered and be completed within 2020.

IMC's estimate of the total costs for this work have been based on some early trial school retrofitting used to establish the particular technique needed and to train the contractors to be engaged. This trial experience was then used to make a detailed bill of quantities for each school building up to an overall total. There are also additional central overheads to provide engineering support and general program development.

Currently, there is a material uncertainly as regards the school numbers needing to be retrofitted. IMC is confident that it has proved to exacting engineering standards that this is around 360 schools and that is the funding which Barclays has arranged to cover. However, there is still an element of disagreement with the customer's engineering advisor as regards the number of schools affected. It had been hoped this and the preceding points would have been resolved over the last few months and whilst its conclusion is imminent, it has been for some time. As the customer's assessment of the number of schools affected is potentially above that which the directors believe to be either necessary or affordable, the directors are unable to agree to this higher number.

IMC has Professional Indemnity insurance and has notified the insurers of a potential claim. It is highly likely that this will be pursued after the conclusion of the scope discussions with the customer. This legal claim will draw on the same resources currently concluding the retrofitting issues.

Given the complexity and scale of the retrofitting programme at a time when the COVID-19 (Coronavirus) outbreak is beginning to affect day to day life in Pakistan, it remains uncertain as to whether the provision will be sufficient to cover the final costs of the project (see Note 1 – material uncertainty re: Going concern).

As far as the rest of 2018 is concerned, we delivered more than 200 projects across 60 low- and middle-income countries, including many affected by crises and conflict, with funding from donors such as the UK Department for International Development, the UK Foreign & Commonwealth Office, the World Bank and USAID.

With 110 permanent and 300+ contract staff and 50 years of experience, IMC helps countries develop 'hard' infrastructure such as schools and roads that link rural communities to markets. We also advise on 'soft' infrastructure, such as the institutions, systems and skills required to deliver public services, strengthen the private sector, attract investment and support inclusive growth. We harness the potential of communication and innovation to accelerate socioeconomic development and we monitor, evaluate and generate learning from aid programmes to maximise their impact.

We deliver complex projects in a 'connected' and collaborative way. We connect national and international partners, and work closely with key stakeholders such as beneficiaries, governments and donors throughout the project lifecycle. This means solutions are locally driven, appropriate for the context, and produce maximum social, economic and environmental value for all.

Throughout, we put quality before profit, operate openly and collaboratively, and adhere to the highest ethical standards.

In short, we 'connect all the dots' to produce stronger and more sustainable development impacts. We call this 'Connected Impact'.

Some examples of the impact we help make are:

- In Sierra Leone, we have improved the water network of the capital city Freetown to provide access to safe water to 600,000 residents.
- In Malawi, we have developed a market between 176,000 smallholder farmers and microbusiness owners in the cotton, groundnut, soybean and sesame sectors, helping them to increase their income.
- In Nepal, we have built and maintained thousands of kilometres of climate-resilient roads in remote areas to connect rural communities to markets, education and health facilities. .
- In Bangladesh, we have constructed 116 'green' shelters that protect up to 2,000 people each during cyclones and function as schools during normal times.

Our work has been recognised by organisations such as British Expertise, the Association of Project Management and the UK Association for Consultancy and Engineering, from which we received recognition and awards.

Key highlights

- 139 projects and over 100 framework call-down projects
- More than 15 clients
- Operations in 60 countries
- Association for Project Management Award for Overseas Project of the Year
- Consultancy and Engineering Award for Social Impact Champion of the Year
- Surrey Business Awards – Large Business of the Year and Company of the Year

New members of the IMC family of companies

In June 2018 we acquired Washington-based firm, International Solutions Group (ISG) – a specialist in Monitoring, Evaluation and Learning (MEL) services. This has significantly enhanced our presence in the US and our relationship with US-based development organisations and UN agencies. The acquisition of ISG also strengthens our MEL services that provide expert technical advice to improve the performance of humanitarian aid and international development programmes.

In early 2019, we acquired Spanish management consultancy, Aninver to further diversify our services and clients. Aninver combines skills in management consulting with private sector development, investment and financing. It works on global projects in Public Private Partnerships; tourism and hospitality; entrepreneurship; development and technology for clients spanning Development Finance Institutions, the public sector and companies, such as Ikea Group. The acquisition of Aninver gives us a strong European base to compete in a post-Brexit economy.

New services

In 2018 we set up the Cities and Resilient Development team to tackle the modern challenges of a rapidly urbanising planet. We'll be working to develop, improve and connect infrastructure to create buildings with zero carbon footprint, end traffic jams, recycle and harvest clean water and air, create low cost and clean energy and enhance security. This future is exciting and challenging to ensure smart cities work sustainably for all populations and improve lives.

We also appointed a lead for Communications and Knowledge Management as this service area is growing in demand across the sector.

New business, new regions, new clients

In the past year we have diversified our client-base and regions of business. We started work on exciting opportunities in new countries such as Azerbaijan, Tonga, Lebanon, Montenegro and Mexico.

In 2019, we won 45 new projects valued at almost £25 million. These include multi-million pound contracts with DFID, our core client, for evaluation work of educational programmes in Myanmar, setting up an independent monitoring and evaluation unit for the Global Fund to End Modern Slavery and assessment of the water and sanitation programmes globally.

We also secured major programmes with other clients such as The Prosperity Fund housed at The Foreign and Commonwealth Office, Translating Data for the President's Emergency Plan for Aids Relief through the United States Agency for International Aid and a project in Nepal for the Millennium Challenge Corporation.

New learnings

Since 2014, we have managed the DFID Schools Construction and Rehabilitation Programme (SCRP) in Pakistan. This programme is also known as the Humqadam Programme locally. This project builds or refurbishes additional classrooms and facilities at existing schools in two provinces - Khyber Pakhtunkhwa and the Punjab. As such, it covers an area of more than 350,000 square kilometres – almost three times the size of England. During 2020, we will deliver more than 9000 school facilities. This comprises 5618 new classrooms and 3469 other facilities such as toilet blocks, exam halls, science labs, libraries, staff offices and stores. In addition, we are also rehabilitating 2190 existing classrooms.

In 2019 a desk-based study using computer modelling suggested that some facilities are not fully compliant with relevant building codes so may not be stable enough in some seismic events. We believe the buildings in question are safe under normal conditions but there may be an issue under extreme seismic loads.

IMC is working closely with DFID and the Pakistani authorities to ensure the classrooms are safe to use and compliant with all building regulations. This process has highlighted some learnings that the company will use to enhance project delivery going forward. It has also resulted in new technical knowledge and computer modelling techniques that can be applied across the sector on retrofitting programmes.

Despite the difficulties with this programme, IMC has since secured several multi-million pound contracts or contract extensions with the donor. These include:

- Invest Africa - £7.5m
- Freetown Water contract extension - £10m
- High Volume Transport – contract extension - c£14m (incl £2m in fees)
- Accelerate Investment in Nepal – contract extension - £5m

Leadership in Safeguarding

2018 was a challenging year for the broader development and aid sectors. Instances of poor safeguarding in overseas operations showed there was an urgent need for the industry to ensure organisations are equipped to prevent sexual exploitation, abuse and harassment. Safeguarding is a pressing issue that everyone in the sector urgently needs to tackle. That is why we have built a robust safeguarding policy and promoted it throughout our programmes.

In addition, together with Oxford Policy Management, we presented policy recommendations for the private sector at DFID's first-ever Safeguarding Summit. We played a key role in defining four ways in which businesses working in international development can all turn safeguarding commitments into practice.

Giving Back

Each year, we allocate £10,000 to our Charity Fund to support initiatives that improve living conditions in countries where we operate. These initiatives are proposed by our own staff members from their experiences on the ground.

In Myanmar, we are partnering with Doh Eain, a charity that works to make the many kilometres of Yangon's back alleys into enjoyable, clean community spaces. Yangon, Myanmar's commercial capital, is a booming and rapidly urbanising city. Over the past 30 years, due to rapid growth and lack of waste management, certain alleys became rubbish dumps attracting pests and causing serious health and safety hazards.

We also partnered with Yvonne Aki-Sawyer, the Mayor of Freetown, Sierra Leone. We supported the 'Freetown Cleanest Zone Competition', a community challenge to keep public spaces clean. The winners will be rewarded with the installation of new paving made of recycled plastics and other prizes

In addition to these two international Charity Fund programmes, we also give back to our local community in the UK. We donate to local charities, food banks and schools in Surrey, UK, where our head office is based.

Principal risks and uncertainties

The company is delivering several large programmes with capital works funds including the Rural Access Programme in Nepal and the Schools Construction and Rehabilitation Programme in Pakistan. The Company advances capital works funds for construction and invoices the client for these funds including a nominal financing and management fee. At the end of December the ongoing sales order book was at £73 million (2017 £77m).

In addition to the financial indicators the directors use other key performance indicators to monitor, report on and manage the business throughout the year. These include: staff retention, staff utilisation, conversion rates of pipeline opportunities to projects, etc.

Strategic Priorities

Our strategy is deeply rooted in the professional, managerial and technical skills that IMC has developed since it first started as an engineering business over 50 years ago. Those skills enable us to effectively integrate our hard infrastructure capability, such as developing transport networks, needed to connect the poor and disadvantaged to services, resources and knowledge with our soft infrastructure capability, such as livelihoods and sustainability, required to optimise social, economic and environmental outcomes sustainably. This combination, together with our outstanding project management, drives out strategy to fulfil our purpose and vision.

We want to continue to improve and grow our business so we can: have a bigger, more positive impact on the lives of the poor and disadvantaged in low- and middle-income countries; provide our staff, partners and shareholders with a more rewarding future; and 'do good' as a business.

A key part of this ambition is to position IMC Worldwide more distinctively in the market as a values-based organisation that empowers the poor and disadvantaged by making smart and productive connections.

We will focus our strategy on six strategic priorities:

A. Develop and Grow Our Business: We will use our project management and technical expertise to grow our market share in both hard and soft infrastructure, combining these two types of infrastructure in innovative ways to optimise projects' wider social, economic and environmental benefits. Our expansion will include targeting new clients, particularly FCO, USAID and the Millennium Development Corporation, as well as established clients, and moving into new low- and middle-income countries each year.

B. Deepen Strategic Alliances and Partnerships: We will involve existing partners in projects from the outset, ensuring we understand their needs and work with them openly throughout, and identify new partners in new geographic markets before commercial opportunities arise. We will continually improve our partner due diligence checks, partner contracting and management. Our ability to manage partnerships productively will be marketed as a core strength, with our partners acknowledged in promotional materials and awards. Annual and end-of-project partner surveys will enable us to identify how to strengthen and improve these relationships – and provide evidence of our success, supported by our Professional Services Automation system.

C. Strengthen Client Focus: We will ensure we understand and satisfy our clients' current and future needs through regular meetings with in-country donor teams, by senior IMC staff, and through annual client surveys. We will work closely with DFID through the Supplier Key Relationship Management programme which will provide us more direct contact and open and frank communications with DFID to address issues arising and help us improve the delivery of our programmes

D. Continue to Improve our Business and our Performance Management: We will implement an annual business improvement plan to improve our performance, respond to internal weaknesses and address external challenges and changes in our market to ensure we are continually moving forward, fit for business and setting the highest industry standards. We will adopt an integrated, company-wide approach to business improvement initially focussed on strengthening our business development and project delivery performance. We will also strengthen our overall performance management, with all staff informed and involved in setting targets and measuring and reviewing performance against them. This will include embedding a risk-awareness, assessment and reporting culture throughout our business, not to avoid risk but to ensure informed risk-reward calculations are made. Efforts to continually improve our ISO-accredited quality systems will continue.

E. Sharpen Marketing and Business Development: We will implement Phase 2 of our Professional Services Automation System and link this to improved business development systems, processes and management so that we can identify, track and target opportunities and appropriate partners and consultants earlier and more effectively, as well as evaluate and learn from EOI and proposal win rates and feedback by client, region and business stream. We will build our brand through consistently demonstrating and communicating how we empower people to connect more productively with services and resources to realise potential.

F. Corporate Social Responsibility (CSR) and 'Giving Back': We adopt the ISO Guidance on Corporate Responsibility (ISO 26000) across all IMC and project offices globally. We comply with human rights, labour and fair operating practices, and environmental standards. The IMC Charity Fund is an integral part of our CSR initiatives. We will continue to allocate £10,000 per annum to the fund to be used to help charitable and sustainable initiatives aimed at alleviating poverty in the regions where IMC operates. In addition, we will hold an annual event/challenge funded by the Company to raise funds for a UK charity. IMC will also support the local community by collecting for food banks and schools through careers days in the Redhill and Reigate area.

Our people

Our people are essential to our success and during the year we strengthened and improved our Human Resources policies, employee benefits, succession planning and performance management processes. We also made several key appointments to support the growth and development of the business including: an Associate Director to head up Communications and Knowledge Management.

Risk Exposure and Management

The Company identifies internal and external risks that the business faces and updates the risk register including the actions taken to manage the risks and who is responsible. The risk register is reviewed and discussed at Board meetings and any additional actions agreed

The principal risks and uncertainties that the Company faces include:

- The COVID-19 (Coronavirus) crisis in 2020 represents a significant risk to the business as it does to most businesses with obvious implications for revenue, profitability and cash. However we are a strong business, in good shape, in a sector that will be at the forefront of recovery. We have prepared continuity plans for our projects and are pivoting some projects where possible to respond to the impacts of COVID-19 in developing countries. We are grateful to have loyal, supportive and understanding clients and a committed banking partner. Their support, together with the range of support measures announced by the Government, mean that we are in a strong position to see this crisis through and rebuild quickly. Our cash forecasting gives us confidence that with the significant cost cutting measures put in place and accessing Government reliefs including the Coronavirus Job Retention Scheme, we can continue to operate for the foreseeable future before requiring additional funding from our bankers or shareholders.

- Brexit will most likely mean that the Company will not be eligible to bid for EU funded work and there is uncertainty with regard to employment of current and future EU national staff. In response the Company is investigating options to establish a trading office within the European Union.

- The well-publicised potential reduction in public sector spending on international development if implemented will have a negative impact on the Company. In the UK there is significant pressure building to divert funding away from international development to other areas such as the NHS or defence. In addition, In the United States President Trump proposes to divert funding from the United States Agency for International Development to the State Department. In response the Company is implementing a strategy to diversify our client base including strengthening our US operation.

- Delays in contract negotiations and downward pressure on fee rates. Following negative media reports regarding DFID suppliers at the end of 2016 and the resulting fundamental review of suppliers undertaken throughout 2017, the finalisation of negotiations and contract signing has been very slow. As a result of the review new contract terms and conditions have been implemented which significantly increase the DFID requirements of suppliers and associated costs in meeting these requirements. In addition, there is downward pressure on supplier fee rates. The increasing competition from new market entrants based in the UK and overseas is also making the market highly competitive and putting further downward pressure on fee rates. We are responding to this by implementing our strategy to diversify our client base, strengthening our higher level technical services, improving our efficiency and critically reviewing contracts and payment terms.

- Working capital requirements. The clients of the Company are increasingly requiring a payments-by-results or milestone based payments contract which requires pre-financing and capital being tied up on contracts for longer periods of time before it can be invoiced and paid. This combined with the pre-financing of capital works and other advance funding puts pressure on the Company's cash flow at certain times of the year. In response the Company monitors cash flow on a weekly basis and undertakes an action review of all debtors and work in progress on a monthly basis.

- Uncertainty of tax laws and policies in developing countries. The Company delivers many of its projects in developing countries and in some there is a lack of clarity on the tax policies to be applied. We mitigate the risk of non-compliance through the engagement of professional tax advisors but this adds additional costs.

- Every day there are cyber attacks on UK companies attempting to steal information and money, or disrupt the business. It is increasingly important to understand and manage these effectively. In response the Company has significantly strengthened our IT and data security and is implementing a programme to achieve Cyber Essentials certification in 2017.

- Recruitment and retention of staff. Our staff are essential to our success and as such we must attract and retain the best staff with the right skills and experience. To do this we continue to focus on supporting and developing our people, involving them in decision making, rewarding high performance and nurturing a strong can-do, enthusiastic and team based learning culture throughout our operations.

- Working in fragile and conflicted states. The world's poorest and most vulnerable people often live in fragile and conflicted states and as such the Company is committed to helping these people in these territories. To ensure the safety and security of our employees and contractors the Company undertakes risk assessments and implements project specific security and health and safety processes and procedures.

Future developments

The Company will continue to prioritise cash flow and working capital so that we can meet the evolving requirements of our clients with regard to payments-by-results, milestone based payments and capital works pre-financing.

On behalf of the board

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S Monger

Director

Date: 24/4/20

The directors present their annual report and financial statements for the year ended 31 December 2018.

Principal activities
The principal activity of the company continued to be that of management and engineering consultancy.

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

G English	
N Penfold	
SJB Rana	
P Kelly	
P Gleeson	
S Monger	
B Everett	(Appointed 6 April 2018)

Results and dividends
The results for the year are set out on page 14.

Ordinary dividends were paid amounting to £nil (2017: £1,432,772). The directors do not recommend payment of a final dividend.

Qualifying third party indemnity provisions
The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Financial instruments

Risk management
The directors regularly review the financial requirements of the company and the risks associated therewith. The company does not use complicated financial instruments. The company's operations are primarily financed from permanent equity together with committed debt facilities which comprised a bank loan of £2.235 million at the balance sheet date provided by Barclays Bank Plc ("Barclays"). In addition to the primary financial instruments, the company has other financial instruments such as trade debtors and trade creditors that directly arise from the company's operations.

Liquidity risk
As set out above, the company maintains a long-term bank loan designed to ensure it has sufficient funds available to meet its day to day operations and to fund growth opportunities. The bank loan from Barclays is repayable by quarterly instalments of £155k with a final lump sum repayment by 17 September 2020 and is secured by a fixed and floating charge over the assets of the company. In addition, there was an undrawn overdraft facility of £1 million in place at the balance sheet date.

Cash forecasts identifying the company's liquidity requirements are produced and reviewed on a regular basis to ensure that sufficient headroom exists in the covenants attached to the bank borrowings. Post year end, the company agreed a 6 month capital repayment holiday and an extension to the overdraft facility to £2 million to fund retrofitting works under the Schools Construction and Rehabilitation Programme ('SCRP') in Pakistan (see Strategic Report).

Interest rate risk
The bank loan attracts interest at 3.75% over Bank of England base rate and the bank overdraft attracts interest at 4.80% over Bank of England base rate.

Post reporting date events
The World Health Organisation (WHO) officially declared the coronavirus (COVID-19) outbreak a global pandemic on March 11th 2020. The impact of COVID-19 on UK and global economies and businesses is expected to be significant. The directors cannot predict the impact on the company (or its customers or suppliers), and, although they are confident that the company will continue as a going concern, the risks associated with COVID-19 have given rise to an unquantifiable material uncertainty in respect of going concern.

Auditor
RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

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

Matters of strategic importance
In accordance with S414C (11) of the Companies Act; included in the Strategic Report is the review of the business and principal risks and uncertainties. This information would have otherwise been required by Schedule 7 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the Directors Report.

On behalf of the board

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S Monger
Director

Date: 24 / 4 / 20

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IMC WORLDWIDE LIMITED

Opinion

We have audited the financial statements of IMC Worldwide Limited (the 'company') for the year ended 31 December 2018 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 1 in the financial statements which indicates uncertainty over the quantum of the SCRP project retrofitting costs and the growing impact of the COVID-19 (Coronavirus) outbreak. Whilst the directors are taking action to mitigate the impact of both matters, given the complexity and scale of the retrofitting programme together with the unpredictable nature of the coronavirus outbreak and how rapidly the responses to it are changing, the directors are unable to predict the full extent of the impact of these combined matters on the going concern basis of accounting and its related disclosures. As stated in note 1, these events or conditions, along with the other matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IMC WORLDWIDE LIMITED (CONTINUED)

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

RSM UK Audit LLP

Paul Newman BSc ACA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB
United Kingdom
24\4\2020

IMC WORLDWIDE LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £000	2017 £000
Turnover	3	64,840	47,748
Cost of sales		(63,305)	(41,796)
Gross profit		1,535	5,952
Administrative expenses		(4,292)	(4,082)
Operating (loss)/profit	7	(2,757)	1,870
Interest payable and similar expenses	8	(120)	(32)
Fair value gains and losses on foreign exchange contracts		(55)	(144)
(Loss)/profit before taxation		(2,932)	1,694
Tax on (loss)/profit	9	303	(354)
(Loss)/profit for the financial year		(2,629)	1,340

Company Registration No. 02651349

IMC WORLDWIDE LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Notes	2018 £000	2018 £000	2017 £000	2017 £000
Fixed assets					
Intangible assets	11		30		49
Tangible assets	12		156		111
Investments	13		1		1
			187		161
Current assets					
Debtors	15	13,420		16,851	
Cash at bank and in hand		8,996		3,740	
		22,416		20,591	
Creditors: amounts falling due within one year	16	(13,489)		(13,414)	
Net current assets			8,927		7,177
Total assets less current liabilities			9,114		7,338
Creditors: amounts falling due after more than one year	17		(1,705)		(2,325)
Provisions for liabilities	20		(5,009)		(3)
Net assets			2,400		5,010
Capital and reserves					
Called up share capital	23		250		250
Equity reserve	24		86		67
Profit and loss reserves	24		2,064		4,693
Total equity			2,400		5,010

The financial statements were approved by the board of directors and authorised for issue on 24\04\2020 and are signed on its behalf by:

G English
Director

IMC WORLDWIDE LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Share capital £000	Equity reserve £000	Profit and loss reserves £000	Total £000
Balance at 1 January 2017		250	-	4,786	5,036
Year ended 31 December 2017:					
Profit and total comprehensive income for the year		-	-	1,340	1,340
Dividends	**10**	-	-	(1,433)	(1,433)
Capital contributions	**23**	-	67	-	67
Balance at 31 December 2017		250	67	4,693	5,010
Year ended 31 December 2018:					
Loss and total comprehensive income for the year		-	-	(2,629)	(2,629)
Capital contributions	**23**	-	19	-	19
Balance at 31 December 2018		250	86	2,064	2,400

1 Accounting policies

Company information
IMC Worldwide Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is 64-68 London Road, Redhill, Surrey, RH1 1LG.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention
These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation certain financial instruments at fair value. The principal accounting policies adopted are set out below.

Reduced disclosures
The Company has taken advantage of the exemption from disclosing the following information, as permitted by the reduced disclosure regime within FRS 102:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

Group accounts
The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

IMC Worldwide Limited is a wholly owned subsidiary of IMCW Holdings Limited, and the results of IMC Worldwide Limited are included in the consolidated financial statements of IMCW Holdings Limited which are available from its registered office, 64-68 London Road, Redhill, Surrey, RH1 1LG.

1 Accounting policies (Continued)

Going concern
The company incurred a loss of £2.629m for the year ended 31 December 2018 and had net assets of £2.400m at the year-end.

In order to assess the going concern assumption, the directors have prepared and considered trading and cash flow forecasts for the period covering at least 12 months from the date of approval of these financial statements.

As set out in more detail within the Strategic Report, in mid-2019 the directors were made aware of some potential design issues on one of IMC's major client projects, the Schools Construction and Rehabilitation Programme ('SCRP') in Pakistan. Retrofitting work commenced in October 2019 and is due to finish by the end of 2020. The cost of the investigation and retrofit are currently estimated at £4.9 million and have been provided for within provisions for liabilities (see note 20 to the financial statements). This estimate is based on some early trials which have been extrapolated to create a detailed bill of quantities for each school. The Board is confident that it has proved to exacting engineering standards the number of schools that require retrofitting. It has an offer of funding in place to meet the costs of retrofitting via a 6 month capital repayment holiday on existing bank loans together with a £2 million overdraft facility from Barclays Bank Plc ("Barclays"), the secured senior lender to the company. However, given the complexity and scale of the retrofitting programme at a time when the COVID-19 (Coronavirus) outbreak is beginning to affect day to day life in Pakistan, it remains uncertain as to whether the provision will be sufficient to cover the final costs of the project.

More generally, the rapid spread of the coronavirus outbreak is starting to have a significant impact on the business with many projects stalled and likely to be so for an extended period of time. The directors are aware of the risks to the business in terms of liquidity and have put in place significant measures including cost cutting and accessing Government reliefs including the Coronavirus Job Retention Scheme. Whilst the government has outlined a substantial financial package to support UK business, a significant amount of uncertainty still remains regarding the fine print, accessibility and timeliness of such measures.

As disclosed under Liquidity Risk within the Directors' Report and in note 18 to the financial statements, the company is funded by a bank loan from Barclays which is subject to a lump sum repayment in September 2020. The financial covenants attached to this loan could be breached due to the impact on trading as a result of the coronavirus outbreak. In this scenario, the company would approach Barclays to reset the financial covenants attached to the bank loan and look to extend the final lump sum repayment date to ease any cash flow constraints. Barclays has and continues to be supportive of the business and the directors have every expectation that revised covenants and repayment terms could be agreed on acceptable terms in due course. As well as a committed banking partner, IMC have loyal and understanding clients and their support, together with the range of measures set out above, mean that the business is in a strong position to see this crisis through and rebuild quickly.

Current cash forecasting gives us confidence that we can continue to operate for the foreseeable future without additional funding from Barclays (beyond the measures set out above) or our shareholders. However, given the uncertainty over the quantum of the SCRP project retrofitting costs together with the unpredictable nature of the coronavirus outbreak and how rapidly the responses to it are changing, the directors acknowledge that not all eventualities can be foreseen and they cannot possibly predict the full extent of the potential impact on the business. These matters when combined give rise to a material uncertainty that may cast significant doubt over the company's ability to continue as a going concern. The financial statements do not include any adjustments that would result were the group to be unable to continue as a going concern.

1 Accounting policies (Continued)

Turnover
Turnover represents the value of services provided to clients net of VAT and trade discounts.

Turnover is recognised to the extent that it is probable that economic benefits will flow to the company and can be reliably measured. In the case of time charged work, turnover is calculated on the basis of time spent at the agreed fee rates and in the case of fixed fee contracts, the value of services provided as a proportion of the total value of the contract.

Long term contracts
The company has a number of long term contracts that span more than one financial period. In calculating revenue on such fixed fee contracts, the percentage of completion method is used, based on a review of contract progress and the proportion of contract work completed in relation to the total contract works. Assessment of the proportion of contract work completed is reviewed regularly by the experienced professionals assigned to the contract and is based on costs incurred to date, compared to the estimated cost required to complete the contract. Some contracts specify certain project milestones to be achieved and turnover is recognised upon reaching the required milestone. Profits are only recognised where they can be reliably measured and the outcome of the contract is reasonably certain. Full provision is made for all known or anticipated losses on each contract immediately such losses are identified. Contract costs include direct staff costs and an appropriate allocation of overheads and disbursements.

Contract claims or variations are recognised only when there is reasonable certainty that economic benefits will flow to the company.

Revenue earned to date less amounts billed on account are included within debtors as amounts recoverable on contracts. Amounts billed to clients are recorded in trade debtors less any provision for bad debts. To the extent that fees paid on account exceed the value of work performed, they are included within creditors as payments received on account.

Intangible fixed assets other than goodwill
Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably.

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

Software	33% straight line

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

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

Fixtures and fittings	10% straight line
Office & computer equipment	33% straight line
Motor vehicles	25% straight line

1 Accounting policies (Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Fixed asset investments

Interests in subsidiaries, are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

Impairment of fixed assets

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

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash at bank an in hand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

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

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include trade, group and other debtors (including accrued income) and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

1 Accounting policies (Continued)

Other financial assets

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

Impairment of financial assets

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including trade and other creditors (including accruals), are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

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

Other financial liabilities

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

Debt instruments where the contractual returns, repayment of the principal, or other terms (such as prepayment provisions or term extensions) do not meet the conditions to be measured at amortised cost, are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value though profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

1 Accounting policies (Continued)

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Derivatives

Derivatives including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Provisions

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

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

1 Accounting policies (Continued)

Employee benefits

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

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

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

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

Leases

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

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

2 Judgements and key sources of estimation uncertainty

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

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

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

Recoverability of assets
Financial and non-financial assets are subject to impairment reviews based on whether current or future events and circumstances suggest that their recoverable amount may be less than their carrying value. Recoverable amount is based on the higher of the value in use and fair value less costs to dispose. Value in use is calculated from expected future cash flows using suitable discount rates and includes management assumptions on recoverability.

Long term contracts
Profits are recognised on the basis of stage of completion, measured by comparing costs incurred to date as a proportion of total contract costs. There is a degree of management estimation in determining the total level of estimated costs for a contract. Management base their estimates upon assessment of the performance on the contacts to date, together with a consideration of the costs expected to be incurred in the remaining part of the contract.

Deferred tax asset
The coronavirus crisis represents a significant risk to the business as it does to most businesses with obvious implications for revenue, profitability and cash. However we are a strong business, in good shape, in a sector that will be at the forefront of recovery. Nevertheless, given the unpredictable nature of the outbreak and the uncertainty that now exists over the amount and timing of future profits, the directors have concluded that it would not be appropriate to recognise a deferred tax asset in respect of tax losses carried forward (see note 9).

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2018	2017
	£000	£000
Turnover analysed by class of business		
Management and engineering consultancy fees and associated expenses	51,297	32,184
Recharge of capital works	13,543	15,564
	64,840	47,748

3 Turnover and other revenue (Continued)

	2018 £000	2017 £000
Turnover analysed by geographical market		
Mainland Europe	836	715
Rest of the World	64,004	47,033
	64,840	47,748

4 Employees

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

	2018 Number	2017 Number
Management and technical staff	144	165
Administration	21	14
	165	179

Their aggregate remuneration comprised:

	2018 £000	2017 £000
Wages and salaries	11,794	9,275
Social security costs	622	500
Pension costs	727	609
	13,143	10,384

5 Directors' remuneration

	2018 £000	2017 £000
Remuneration for qualifying services	908	763
Company pension contributions to defined contribution schemes	44	36
	952	799

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 6 (2017 - 5).

5 Directors' remuneration (Continued)

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

	2018 £000	2017 £000
Remuneration for qualifying services	149	143
Bonuses, allowances and benefits	67	56
Company pension contributions to defined contribution schemes	13	12

6 Share-based payment transactions

During the year ended 31 December 2018, the company had share-based payment arrangements, which are described below.

Equity-settled share-based payments
Some of the company's officers and employees participate in share based payment plans operated by the ultimate parent company, IMCW Holdings Limited.

Under the Company plan, share options are granted at the average price of the Company's shares at the grant date. The employee is entitled to the exercise the share options once they have completed three years' service from the grant date (the "vesting period"). If options remain unexercised after a period of ten years from the date of grant, the options expire. Furthermore, options are forfeited if the employee leaves the Company before they become entitled to exercise the share options.

	Number of share options		Weighted average exercise price	
	2018 Number	2017 Number	2018 £000	2017 £000
Outstanding at 1 January 2018	1,836	-	1.00	-
Granted	-	1,836	-	1.00
Forfeited	(666)	-	1.00	-
Outstanding at 31 December 2018	1,170	1,836	1.00	1.00
Exercisable at 31 December 2018	1,170	1,836	1.00	1.00

6 Share-based payment transactions (Continued)

Fair value was measured using the Black-Scholes option-pricing model.

Inputs were as follows:

	2018	2017
Weighted average share price	110.30	110.30
Weighted average exercise price	1.00	1.00
Expected volatility	25.00	25.00
Expected life	10.00	10.00
Risk free rate	2.00	2.00

7 Operating (loss)/profit

	2018	2017
Operating (loss)/profit for the year is stated after charging/(crediting):	£000	£000
Exchange (gains)/losses	(48)	60
Fees payable to the company's auditor for the audit of the company's financial statements	26	25
Depreciation of owned tangible fixed assets	82	45
Amortisation of intangible assets	19	7
Share-based payments	19	67
Operating lease charges	139	83

8 Interest payable and similar expenses

	2018	2017
	£000	£000
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	120	32

9 Taxation

	2018	2017
	£000	£000
Current tax		
UK corporation tax on profits for the current period	(307)	316
Adjustments in respect of prior periods	-	26
Total current tax	(307)	342
Deferred tax		
Origination and reversal of timing differences	4	12
Total tax (credit)/charge	(303)	354

9 Taxation (Continued)

The total tax (credit)/charge for the year included in the income statement can be reconciled to the (loss)/ profit before tax multiplied by the standard rate of tax as follows:

	2018 £000	2017 £000
(Loss)/profit before taxation	(2,932)	1,694
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	(557)	326
Tax effect of expenses that are not deductible in determining taxable profit	8	13
Unutilised tax losses carried forward	238	-
Adjustments in respect of prior years	-	26
Adjustments re deferred tax rate	8	(15)
Other movements	-	4
Taxation (credit)/charge for the year	(303)	354

The company has tax losses carried forward of £1,360,000 (2017: £Nil). These have not been recognised due to uncertainty over timing and level of future taxable profits.

10 Dividends

	2018 £000	2017 £000
Interim paid	-	1,433

11 Intangible fixed assets

	Software £000
Cost	
At 1 January 2018 and 31 December 2018	56
Amortisation and impairment	
At 1 January 2018	7
Amortisation charged for the year	19
At 31 December 2018	26
Carrying amount	
At 31 December 2018	30
At 31 December 2017	49

12 Tangible fixed assets

	Fixtures and fittings	Office & computer equipment	Motor vehicles	Total
	£000	£000	£000	£000
Cost				
At 1 January 2018	96	259	72	427
Additions	26	101	-	127
At 31 December 2018	122	360	72	554
Depreciation and impairment				
At 1 January 2018	51	194	71	316
Depreciation charged in the year	8	74	-	82
At 31 December 2018	59	268	71	398
Carrying amount				
At 31 December 2018	63	92	1	156
At 31 December 2017	45	65	1	111

13 Fixed asset investments

	Notes	2018	2017
		£000	£000
Investments in subsidiaries	**14**	1	1

Movements in fixed asset investments

	Shares in group undertakings
	£000
Cost or valuation	
At 1 January 2018 & 31 December 2018	1
Carrying amount	
At 31 December 2018	1
At 31 December 2017	1

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct	% Held Indirect
IMC Worldwide (SL) Limited	16 Adelaide Street, Freetown, Sierra Leone	management and engineering consultancy	Ordinary	100.00	

15 Debtors

Amounts falling due within one year:	2018 £000	2017 £000
Trade debtors	2,514	2,287
Gross amounts owed by contract customers	3,611	4,329
Corporation tax recoverable	376	-
Amounts owed by group undertakings	-	27
Derivative financial instruments	-	15
Other debtors	174	867
Prepayments and accrued income	1,399	5,352
	8,074	12,877
Deferred tax asset (note 21)	10	1
	8,084	12,878

Amounts falling due after more than one year:	2018 £000	2017 £000
Amounts owed by group undertakings	5,336	3,973
Total debtors	13,420	16,851

Amounts owed by parent undertaking are unsecured and interest free.

16 Creditors: amounts falling due within one year

	Notes	2018 £000	2017 £000
Bank loans and overdrafts	18	627	652
Payments received on account		1,627	3,376
Trade creditors		372	898
Amounts owed to group undertakings		896	20
Corporation tax		-	126
Other taxation and social security		173	133
Other creditors		74	63
Accruals and deferred income		9,720	8,146
		13,489	13,414

17 Creditors: amounts falling due after more than one year

	Notes	2018 £000	2017 £000
Bank loans and overdrafts	18	1,705	2,325

18 Borrowings

	2018 £000	2017 £000
Bank loans	2,325	2,945
Bank overdrafts	7	32
	2,332	2,977
Payable within one year	627	652
Payable after one year	1,705	2,325

The bank loan is repayable by quarterly instalments of £155,000 with a final lump sum repayment by 17 September 2020 and is secured by a fixed and floating charge over the assets of the company.

19 Financial instruments

	2018 £000	2017 £000
Carrying amount of financial assets		
Debt instruments measured at amortised cost	7,968	6,421
Instruments measured at fair value through profit or loss	-	15
Carrying amount of financial liabilities		
Measured at amortised cost	15,021	15,480

19 *Financial instruments (Continued)*

As part of its foreign exchange hedging strategy the Company uses foreign currency forward contracts to manage the foreign exchange risk of future transactions and cash flows.

The contracts are valued based on available market data. The Company does not adopt hedge accounting for forward exchange contracts and, consequently, fair value gains and losses are recognised in profit and loss.

At the year end, the total carrying amount of outstanding forward contracts to sell foreign currency that the Company has committed to are as follows:

	2018 £000	2017 £000
EUR	2,531	-
USD	757	791
	3,288	791

20 Provisions for liabilities

	Notes	2018 £000	2017 £000
Retrofit provisions		4,992	-
Deferred tax liabilities	21	17	3
		5,009	3

Movements on provisions apart from deferred tax liabilities:

	Retrofit provisions £000
Additional provisions in the year	4,992

The retrofit provision relates to an estimate of the cost of works required on the Schools Construction and Rehabilitation Programme in Pakistan (as set out in the Strategic Report). The estimate is based on early trials of the works required and may be subject to change as the programme of work progresses. Furthermore, it does not include any potential impact of a successful insurance claim by the company. There is also currently uncertainty as to the timing of the cash outflows, given the current Covid 19 situation which is preventing commencement of the Retrofit works.

21 Deferred taxation

The major deferred tax liabilities and assets recognised by the company are:

Balances:	Liabilities 2018 £000	Liabilities 2017 £000	Assets 2018 £000	Assets 2017 £000
Accelerated capital allowances	17	-	-	1
Other timing differences	-	3	10	-
	17	3	10	1

Movements in the year:	2018 £000
Liability at 1 January 2018	2
Charge to profit or loss	5
Liability at 31 December 2018	7

22 Retirement benefit schemes

Defined contribution schemes	2018 £000	2017 £000
Charge to profit or loss in respect of defined contribution schemes	727	609

The company operates a defined contribution pension scheme whose assets are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company and amounted to £726,585 (2017: £609,134). Contributions totalling £61,224 (2017: £50,747) were payable to the fund at the year-end and are included in creditors.

23 Share capital

	2018 £000	2017 £000
Ordinary share capital		
Issued and fully paid		
250,000 Ordinary shares of £1 each	250	250
	250	250

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

24 Reserves

Profit and loss reserves
Cumulative profit and loss net of distributions to owners.

Equity reserve
This represents capital contributions made by the parent company in relation to share based payment.

25 Financial commitments, guarantees and contingent liabilities

The company has guaranteed the pre-financing facility provided by Barclays Bank. The amount of contingent liability as at the end of the year was £nil (2017: £473).

26 Operating lease commitments

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

	2018 £000	2017 £000
Within one year	423	419
Between one and five years	451	680
	874	1,099

27 Events after the reporting date

The World Health Organisation (WHO) officially declared the coronavirus (COVID-19) outbreak a global pandemic on March 11th 2020. The impact of COVID-19 on UK and global economies and businesses is expected to be significant. The directors cannot predict the impact on the company (or its customers or suppliers), and, although they are confident that the company will continue as a going concern, the risks associated with COVID-19 have given rise to an unquantifiable material uncertainty in respect of going concern.

28 Related party transactions

The company has taken advantage of the exemption under FRS 102 section 33 related parties not to disclose transactions with other wholly owned group companies on the basis that group accounts are prepared.

29 Ultimate controlling party

IMCW Holdings Limited is the parent company of IMC Worldwide Limited.

The financial statements of the company are consolidated in the financial statements of IMCW Holdings Limited. These consolidated financial statements are available from its registered office, 64-68 London Road, Redhill, Surrey, RH1 1LG.