LANNER GROUP LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

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LANNER GROUP LIMITED

COMPANY INFORMATION

Directors	A R Aitken (resigned 15 January 2019) J C Barnes (resigned 15 January 2019) K C Briddon (resigned 15 January 2019) D E Jones (resigned 15 January 2019) J V Arrowsmith (resigned 15 January 2019) M Hussain (appointed 15 January 2019) J S Bull (appointed 15 January 2019)
Company secretary	J C Barnes
Registered number	03134383
Registered office	Forward House 17 High Street Henley-In-Arden Warwickshire B95 5AA
Independent auditors	Cooper Parry Group Limited Chartered Accountants & Statutory Auditor One Central Boulevard Blythe Valley Business Park Solihull West Midlands B90 8BG

LANNER GROUP LIMITED

CONTENTS

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

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

Principal activity

Lanner is an industry-leading predictive simulation software company that develops and markets its global simulation brands, WITNESS® and L-SIM®. This technology has enabled Lanner to deliver the value of simulation to over 3,000 customers around the world to drive smarter, futureproof decisions, multi-million dollar returns and long-lasting customer and partner relationships. Lanner has offices in Europe and the USA and has a global network of partners and resellers helping to provide an agile response to all customers.

Today's digital revolution is forcing companies to consider large-scale, high-risk change to existing operating models. The Smart Manufacturing & Industry 4.0 imperative demands that firms invest in new 4.0 ready technologies to create more connected, agile and 'smart' operations. Many leaders are aware that they need to act, but are naturally nervous about the level of change and innovative uncertainty involved. Lanner is well positioned to satisfy this need with well-proven predictive technologies that enable new 'What-If?' thinking to be virtually tested before implementation. This ensures that the return on investment from new smart technology investments (e.g. Industry 4.0) can be maximised across the Design, Build, Operate and Maintain life-cycle.

Lanner's WITNESS software, supported by rich data analysis skills, provides the predictive analytics needed to power smarter decision-making across the business lifecycle. This helps businesses operating within dynamically complex environments to best improve their facilities, processes and execution. Lanner has licensed its WITNESS software in over 52 countries and in all continents. The primary markets for its software and services include Manufacturing, Logistics, Oil and Gas, Defence and Aerospace and also has excellent customers in the Construction, Finance, Health, and Nuclear sectors. Lanner has an extremely high quality blue-chip customer base of over 400 organisations, comprising global enterprises such as BAE Systems, JLR, Gazprom, Capita, AMEX, Cheniere, Rolls Royce, Urenco, AECOM and Ford. Lanner creates long-term customer relationships by delivering repeatable value.

Lanner's L-SIM technology embeds predictive simulation technology within process modelling suites, such as Software AG's ARIS and Bizagi's BPMN Process Modeller.

Further information about Lanner can be found at http://www.lanner.com.

Business review

It is pleasing to report that, once again, Lanner has taken significant strides in implementing and developing its strategy, has delivered an excellent revenue performance of over £4m and in consequence has achieved another very profitable year and paid off more debt. A great deal of effort has been put in by the Lanner team, as always, and excellent progress has been made in our challenge to be the leading simulation company in the Industry 4.0 and digital transformation space. The impact of this digital megatrend across a wide range of industry sectors is seen as revolutionary and simulation, particularly in the context of Digital Twins, is now a very relevant technology in this rapidly changing and fast-growing market. This brings Lanner's traditional skills and technologies into a wider market place and helps our positioning for the future.

Lanner continues to drive the business forward with a better understanding of the needs of the market and our customers, even more so now, through a digital lens. The investment that has been made in our cloud, experimentation, digital twin and visualisation technology better positions the company to take advantage of the opportunities created by Industry 4.0 and other related challenges. There remains plenty left to do, but the direction of travel is clear. We need to work hard together to convert the opportunities we see ahead to generate value for Lanner and for our customers.

In 2018 Lanner delivered revenue of £4.0m and an operating profit of £650k compared to revenue in 2017 of £3.6m and an operating profit of £495k.

Following the investment made by NVM Private Equity Limited (NVM), one of the UK's leading independent venture capital businesses, the balance sheet is robust and does not include any bank borrowings. £400k of the £2.4m NVM loan was repaid in the year making a total of £1.8m repaid to date. Amounts owed to NVM consist of the remaining £0.6m balance of the loan and £1m of non-equity shares and accumulated interest with no fixed repayment date.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

Business review (continued)

Total assets less current liabilities have increased in the year from £319k to £341k.

There was an inflow of cash in the year of £563k prior to making loan repayments of £400k to NVM, so that cash balances increased by £163k from £256k to £419k.

The investment made in WITNESS® continues to provide value to our long-standing customers. This is reflected in the solid revenue base from new sales to existing customers and recurring service and annual support sales.

L-SIM® continues to generate an encouraging and growing high margin revenue stream from our strategic partners and continues to show good potential for future growth.

Further incremental investment has been made in developing technologies including WITNESS.cloud and WITNESS.io using Microsoft's Windows Azure platform. This gives Lanner access to new markets and provides new ways to adopt simulation for greater business stakeholder engagement and decision-making collaboration. Additionally, Lanner has continued to invest in its simulation technology approach and methodology to enable scalable SaaS based enterprise deployments to create and develop solutions for different vertical markets where there is scalable potential.

On 15th January 2019 the entire issued share capital of Lanner was acquired by HaskoningDHV UK Holdings Limited and all outstanding liabilities owed to NVM were repaid in full. Further information can be found in the news sections of the Lanner or HaskoningDHV websites at https://www.lanner.com or at https://www.royalhaskoningdhv.com.

We would like to thank NVM for their support over the last 9 years and also the outgoing Chairman, Mr Ken Briddon, for his support on our journey to this point. We look forward to the future with excitement.

Directors' responsibilities statement

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

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

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

- select suitable accounting policies for the group's financial statements and then apply them consistently;
- make judgments 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 group 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 the group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

Directors

The directors who served during the year are as stated on the company information page.

Qualifying third party indemnity provisions

The company has insurance provisions in place to provide indemnity cover for directors and officers of the company.

Going concern

The financial statements have been prepared on a going concern basis which the directors consider appropriate. More details are given on the basis of preparation within note 1.

Disclosure of information to auditors

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

- so far as the director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditors are aware of that information.

Auditors

Cooper Parry Group Limited have expressed their willingness to continue in office as auditors and will be proposed for reappointment in accordance with Section 485 of the Companies Act 2006.

This report was approved by the board on 25/06/19 and signed on its behalf.

M Hussain
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LANNER GROUP LIMITED

Opinion

We have audited the financial statements of Lanner Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018, which comprise the group Statement of comprehensive income, the group and company Balance sheets, the group and company Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LANNER GROUP LIMITED (CONTINUED)

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Group strategic report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LANNER GROUP LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 2, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Cooper Parry Group Limited

Daniel Parker (Senior statutory auditor)

for and on behalf of
Cooper Parry Group Limited

Chartered Accountants
Statutory Auditor

One Central Boulevard
Blythe Valley Business Park
Solihull
West Midlands
B90 8BG

Date: 4/7/19

LANNER GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £000	2017 £000
Turnover	2	4,037	3,568
Cost of sales		(2,900)	(2,642)
Gross profit		1,137	926
Administrative expenses		(512)	(464)
Other operating income		25	33
Operating profit		650	495
Other exceptional items		-	(58)
Profit on ordinary activities before interest		650	437
Interest payable and expenses		(208)	(218)
Profit before taxation		442	219
Tax on profit	5	(108)	(68)
Profit for the financial year		334	151

There were no recognised gains and losses for 2018 or 2017 other than those included in the consolidated statement of comprehensive income.

The notes on pages 12 to 25 form part of these financial statements.

LANNER GROUP LIMITED
REGISTERED NUMBER: 03134383

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note		2018 £000		2017 £000
Fixed assets					
Tangible assets	6		33		52
			33		52
Current assets					
Debtors: amounts falling due within one year	9	1,496		1,358	
Cash at bank and in hand		419		256	
		1,915		1,614	
Creditors: amounts falling due within one year	10	(1,607)		(1,347)	
Net current assets			308		267
Total assets less current liabilities			341		319
Creditors: amounts falling due after more than one year	11		1,435		1,751
Capital and reserves					
Called up share capital	12	50		50	
Profit and loss account		(1,144)		(1,482)	
Equity attributable to owners of the parent company			(1,094)		(1,432)
			341		319

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

M. Hussain 25/06/19

M Hussain
Director

The notes on pages 12 to 25 form part of these financial statements.

LANNER GROUP LIMITED
REGISTERED NUMBER: 03134383

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note		2018 £000		2017 £000
Fixed assets					
Tangible assets	6		31		46
Investments	7		61		61
			92		107
Current assets					
Debtors: amounts falling due within one year	9	1,050		789	
Cash at bank and in hand		398		240	
		1,448		1,029	
Creditors: amounts falling due within one year	10	(1,303)		(985)	
Net current assets			145		44
Total assets less current liabilities			237		151
Creditors: amounts falling due after more than one year	11		1,435		1,751
Capital and reserves					
Called up share capital	12	50		50	
Profit and loss account		(1,248)		(1,650)	
			(1,198)		(1,600)
			237		151

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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

25/06/19

M Hussain
Director

The notes on pages 12 to 25 form part of these financial statements.

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

	Called up share capital	Profit and loss account	Total equity
	£000	**£000**	**£000**
At 1 January 2018	50	(1,482)	(1,432)
Profit for the year	-	334	334
Foreign exchange movement	-	4	4
At 31 December 2018	50	(1,144)	(1,094)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital	Profit and loss account	Total equity
	£000	**£000**	**£000**
At 1 January 2017	50	(1,618)	(1,568)
Profit for the year	-	151	151
Foreign exchange movement	-	(15)	(15)
At 31 December 2017	50	(1,482)	(1,432)

The notes on pages 12 to 25 form part of these financial statements.

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

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2018	50	(1,650)	(1,600)
Profit for the year	-	402	402
At 31 December 2018	50	(1,248)	(1,198)

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2017	50	(1,817)	(1,767)
Profit for the year	-	167	167
At 31 December 2017	50	(1,650)	(1,600)

The notes on pages 12 to 25 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1. Accounting policies

1.1 Basis of preparation of financial statements

Lanner Group Limited is a limited liability company incorporated in the United Kingdom. The address of its registered office is disclosed on the company information page.

The financial statements are presented in Sterling (£) which is the functional currency of the company. The financial statements are for the year ended 31 December 2018.

The financial statements have been prepared on a going concern basis under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements.

The following principal accounting policies have been applied:

1.2 Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

1.3 Going concern

The financial statements have been prepared on a going concern basis, which the directors consider to be appropriate on the basis of support.

The company was acquired by HaskoningDHV UK Holdings Limited on 15 January 2019 and, as part of the deal, facilities have been provided which the directors believe are sufficient to support the operations of the business for the foreseeable future, at least 12 months following the date of signing these financial statements. On this basis the directors are confident that the company has adequate resources to continue in operation and, accordingly, have adopted the going concern basis in preparing the financial statements.

1. Accounting policies (continued)

1.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the group has transferred the significant risks and rewards of ownership to the buyer;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

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

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

1.5 Tangible fixed assets

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

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

1. Accounting policies (continued)

1.5 Tangible fixed assets (continued)

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

The estimated useful lives range as follows:

Office equipment	- over a 6 to 10 year period
Computer equipment	- over a 3 year period

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated statement of comprehensive income.

1.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1.7 Government grants

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

Grants of a revenue nature are recognised in the Consolidated profit and loss account in the same period as the related expenditure.

1.8 Foreign currency translation

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

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

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated profit and loss account within administrative expenses.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in the Consolidated statement of changes in equity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1. Accounting policies (continued)

1.9 Finance costs

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

1.10 Operating leases: the group as lessee

Rentals paid under operating leases are charged to the Consolidated statement of comprehensive income on a straight line basis over the lease term.

1.11 Pensions

Defined contribution pension plan

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

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

1.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax.

Current tax is recognised for the amount of corporate tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

2. Turnover

65.5% of the group's turnover (2017: 64.0%) is attributable to the geographical markets outside the United Kingdom.

Analysis of turnover by country of destination:

	2018 £000	2017 £000
United Kingdom	1,394	1,284
Rest of Europe	1,234	1,237
Rest of the world	1,409	1,048
	4,037	3,568

3. Other operating income

	2018 £000	2017 £000
Government grants receivable	25	33
	25	33

4. Employees

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

	Group 2018 No.	Group 2017 No.	Company 2018 No.	Company 2017 No.
Employees	36	37	31	32

5. Taxation

	2018 £000	2017 £000
Corporation tax		
Current tax on profits for the year	-	-
Adjustments in respect of previous periods	-	1
	-	1
Foreign tax		
Foreign tax on income for the year	6	5
	6	5
Total current tax	6	6
Deferred tax		
Tax losses carried forward and other deductions	102	62
Total deferred tax	102	62
Taxation on profit on ordinary activities	108	68

Factors affecting tax charge for the year

There were no factors that affected the tax charge for the year which has been calculated on the profits on ordinary activities before tax at the standard rate of corporation tax in the UK of 19% (2017 -19%).

Factors that may affect future tax charges

Unrecognised tax losses of circa £4.5 million (2017: £4.6 million) are available to offset certain future group profits.

6. Tangible fixed assets

Group

	Short-term leasehold property £000	Plant and machinery £000	Total £000
Cost or valuation			
At 1 January 2018	16	146	162
Additions	-	17	17
At 31 December 2018	16	163	179
Depreciation			
At 1 January 2018	16	94	110
Charge for the year on owned assets	-	36	36
At 31 December 2018	16	130	146
Net book value			
At 31 December 2018	-	33	33
At 31 December 2017	-	52	52

6. Tangible fixed assets (continued)

Company

	Short-term leasehold property £000	Plant and machinery £000	Total £000
Cost or valuation			
At 1 January 2018	16	135	151
Additions	-	17	17
At 31 December 2018	16	152	168
Depreciation			
At 1 January 2018	16	89	105
Charge for the year on owned assets	-	32	32
At 31 December 2018	16	121	137
Net book value			
At 31 December 2018	-	31	31
At 31 December 2017	-	46	46

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

7. Fixed asset investments

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2018	1,270
At 31 December 2018	1,270
Impairment	
At 1 January 2018	1,209
At 31 December 2018	1,209
Net book value	
At 31 December 2018	61
At 31 December 2017	61

8. Subsidiary undertakings

The following were subsidiary undertakings of the company at 31 December 2018:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Lanner Group SARL	France	Ordinary	100%	Sale of Lanner software and associated professional services
Lanner Inc	USA	Ordinary	100%	Sale of Lanner software and associated professional services
Lanner Employees Trustees Limited	England	Ordinary	100%	Trustee to Lanner ESOP Trust

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

8. Subsidiary undertakings (continued)

The registered offices of the above companies are as follows:

Lanner Group SARL
Bureau 434
Tour Egee 9/11 Allée de l'Arche
Courbevoie Cedex
Paris La Défense
92671
France

Lanner Inc
10777 Westheimer Rd, Suite 1100
Houston 77042
Texas
United States of America

Lanner Employees Trustees Limited
Forward House 17 High Street
Henley-in-Arden
Warwickshire
B95 5AA
United Kingdom

Following the transaction set out in note 18, Lanner Employees Trustees Limited ceased to be a subsidiary of Lanner Group Limited.

9. Debtors

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Trade debtors	1,084	936	709	510
Amounts owed by group undertakings	-	-	15	-
Other debtors	214	134	215	131
Prepayments and accrued income	136	124	111	104
Deferred taxation	62	164	-	44
	1,496	1,358	1,050	789

10. Creditors: Amounts falling due within one year

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Secured loans	400	400	400	400
Trade creditors	98	54	93	47
Amounts owed to group undertakings	-	-	64	37
Other taxation and social security	176	152	101	90
Other creditors	176	150	211	128
Accruals and deferred income	757	591	434	283
	1,607	1,347	1,303	985

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Secured loans	199	599	199	599
Share capital treated as debt	107	107	107	107
Other	1,129	1,045	1,129	1,045
	1,435	1,751	1,435	1,751

Secured loans are from the investment group headed by NVM Private Equity Limited and amount to £599,000 (2017: £999,000). The loan is secured by a fixed and floating debenture over the assets of the company. Interest at a rate of 8% per annum accrues on the loan. The movement in non-equity shares is disclosed in note 17.

12. Share capital

	2018 £000	2017 £000
Shares classified as equity		
Allotted, called up and fully paid		
2,400,000 'D' ordinary shares of £0.01 each	24	24
2,100,000 'F' ordinary shares of £0.01 each	21	21
500,000 'G' ordinary shares of £0.01 each	5	5
	50	50

	2018 £000	2017 £000
Shares classified as debt		
Allotted, called up and fully paid		
10,168,458 Deferred shares of £0.01 each	101	101
57,600,000 'E' ordinary shares of £0.01 each	6	6
	107	107

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

13. Commitments under operating leases

At 31 December 2018 the group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Not later than 1 year	153	180	124	124
Later than 1 year and not later than 5 years	-	9	-	-
	153	189	124	124

14. Related party transactions

During the year the directors of the group received emoluments of £407,208 (2017: £391,483).

15. Key management personnel

The key management personnel are the directors only.

16. Controlling party

The directors are of the opinion that at 31 December 2018 there is no ultimate controlling party. The group was acquired on 15 January 2019 by HaskoningDHV UK Holdings Limited, and after this date the ultimate undertaking and controlling party is Koninklijke HaskoningDHV Groep BV, a company incorporated in The Netherlands with a registered office at Laan 1914 35, 3818EX, Amersfoort, The Netherlands.

17. Reconciliation of movements in shareholders' funds

	Group Equity £000	Group Non-equity £000	Company Equity £000	Company Non-equity £000
Equity interests	(1,432)	-	(1,600)	-
Non-equity interests	-	107	-	107
Share premium account	-	570	-	570
Other non-equity interests	-	475	-	475
At the beginning of the period	(1,432)	1,152	(1,600)	1,152
Total recognised gains and losses for the financial year	338	-	402	-
Increase in 'E' ordinary share value	-	84	-	84
	(1,094)	1,236	(1,198)	1,236

18. Post balance sheet events

On 15 January 2019 the entire issued share capital of the company was acquired by HaskoningDHV UK Holdings Limited. On the date of the transaction, all loans and accrued interest owed to NVM Private Equity LLP were repaid in full. The funds for repayment were provided by the new parent company.

Following the acquisition by HaskoningDHV UK Holdings Limited on 15 January 2019, Lanner Employees Trustees Limited is no longer a subsidiary of Lanner Group Limited.