

**LANNER GROUP LIMITED**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2021**



**LANNER GROUP LIMITED**

**COMPANY INFORMATION**

<b>Directors</b>	N M Schallenberg (appointed 1 February 2021) M Hussain J S Bull (resigned 1 February 2021)
<b>Registered number</b>	03134383
<b>Registered office</b>	Forward House 17 High Street Henley-in-Arden Warwickshire B95 5AA
<b>Independent auditors</b>	Cooper Parry Group Limited Chartered Accountants & Statutory Auditor Sky View Argosy Road East Midlands Airport Castle Donington Derby DE74 2SA

**LANNER GROUP LIMITED**

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## **LANNER GROUP LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors present their report and the financial statements for the year ended 31 December 2021.

#### **Principal activity**

Lanner, a Royal HaskoningDHV ("RHDHV") company, is an industry-leading predictive simulation and digital twin software company that develops and markets its global simulation brand, WITNESS® through its own offices in the UK, France and the USA, its global network of resellers, partners and the RHDHV network of offices and lines of business worldwide. 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.

Today's digital revolution is forcing companies to consider large-scale, high-risk change to existing operating models. Businesses are now facing new challenges which are driving the need to create and adopt new digital 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. Through the adoption of simulation enabled Digital Twins, businesses can virtually test changes to their processes in advance of and during implementation of those changes. This ensures that the return on investment from new smart technology investments can be maximised across the Design, Build, Operate and Maintain life cycle.

Lanner's WITNESS software, supported by rich data analysis skills and complimented by machine learning and AI, provides the predictive analytics needed to power smarter decision-making across the business lifecycle. Lanner helps businesses operating within dynamically complex environments to best improve their facilities, processes and execution and WITNESS has been licensed in over 50 countries worldwide. The primary markets for Lanner's software and services include Manufacturing, Logistics, Oil and Gas, Defence and Aerospace. Lanner also has excellent customers in the Construction, Finance, Health and Nuclear sectors and a very high-quality blue-chip customer base of over 400 organisations, comprising global enterprises such as BAE Systems, Qatargas, Safran, Cheniere Energy, Rolls-Royce, Urenco, Washington River, AECOM, Software AG, Bizagi and Ford. These long-term customer relationships are created by delivering repeatable value.

Further information about Lanner can be found at <https://www.lanner.com> and about RHDHV at <https://www.royalhaskoningdhv.com>.

#### **Business review**

It is very pleasing to report that Lanner has once again delivered a good set of revenue and operating profit performance, considering the ongoing effects of the COVID pandemic restrictions. During 2021 a number of RHDHV integration milestones were met and Lanner continues to develop and implement the Business Unit Software investment and growth strategy.

COVID has continued to have an impact in our main markets in the automotive, aerospace and general manufacturing sectors, although we have started to experience an upturn in interest in Q4 along with a successful presence at this year's Smart Factory Expo in Liverpool. Despite this, we have managed to retain our strong ARR (Annual Recurring Revenue) customer base and have worked with our customers to identify new ways of doing business in supply chain and manufacturing, with our technology used to simulate the rollout of vaccine and supply logistics. The upsurge in the prices for LNG created new project opportunities in this market for 2021. We are also seeing the benefit of increased collaboration with the other Business Lines in RHDHV which should lead to future project revenue.

For most of the year Lanner staff have continued to work from home, while the business has continued to function robustly without any loans or furlough grants from the Government. We thank all Lanner employees for their continued support in very challenging times to ensure the protection of business continuity and provide a solid basis for Lanner to perform again in 2022.

## LANNER GROUP LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

#### Business review (continued)

Lanner, now a key part of RHDHV's digital transformation and data driven solutions strategy, 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. Further investment has been made to better position Lanner to take advantage of the opportunities created by Industry 4.0 and Digital Twin initiatives and other business performance optimisation related challenges. Lanner continues to invest in its cloud, experimentation, digital twin and visualisation technology and its approach and methodology to enable scalable SaaS based enterprise deployments to create and develop solutions for different vertical markets where there is scalable potential. Witness 24 was released mid-year delivering a number of key performance improvements. Witness 25 will be released in 2022.

Lanner continues to provide value to our long-standing customers which is reflected in the solid revenue base from new sales to existing customers and in our recurring service and annual support sales. 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, RHDHV and for our mutual customers, both existing and new.

The main risk to our business is always our people. During 2021, staff churn was less than 3% and we continue to invest in our team. Overall the group grew by over 10% with further hiring planned in sales, consulting, and product development.

In 2021 Lanner delivered revenue of £4.2m and an operating profit of £83k compared to revenue in 2020 of £4.3m and an operating profit of £605k.

#### Directors

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

#### 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 judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

**LANNER GROUP LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**Qualifying third party indemnity provisions**

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

**Going concern**

The financial statements have been prepared on a going concern basis which the directors consider appropriate. More details are given in the basis of preparation within note 1.4.

**Auditor**

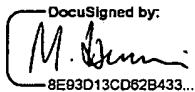
The auditor, Cooper Parry Group Limited, will not be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

**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 directors are aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- the directors have taken all the steps that ought to have been taken as directors 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.

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

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**M Hussain**  
Director

Date: 28 February 2022

## **LANNER GROUP LIMITED**

### **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 2021, which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated 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 2021 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**

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

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

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

#### **Other information**

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

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

We have nothing to report in this regard.

## **LANNER GROUP LIMITED**

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

#### **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.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 1, 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.



## LANNER GROUP LIMITED

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

#### 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 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 group financial statements.

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

Our assessment focused on key laws and regulations the group has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice and relevant tax legislation.

We are not responsible for preventing irregularities. Our approach to detecting irregularities included, but was not limited to, the following:

- obtaining an understanding of the legal and regulatory framework applicable to the group and how the group is complying with that framework;
- obtaining an understanding of the group's policies and procedures and how the group has complied with these, through discussions and walkthrough testing;
- obtaining an understanding of the group's risk assessment process, including the risk of fraud;
- enquiring of management as to actual and potential fraud, litigation and claims;
- designing our audit procedures to respond to our risk assessment;
- performing audit testing over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business;
- assessing whether judgements and assumptions made in determining the accounting estimates, being depreciation of tangible fixed assets and recoverability of trade debtors, were indicative of potential bias; and
- performing analytical procedures to identify any large, unusual or unexpected relations.

Whilst considering how our audit work addressed the detection of irregularities, we also consider the likelihood of detection based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error.

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

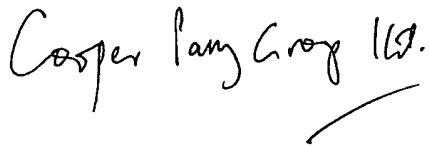
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**LANNER GROUP LIMITED**

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

**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.

A handwritten signature in black ink, appearing to read 'Daniel Parker', with a horizontal line underneath.

Daniel Parker (Senior statutory auditor)

for and on behalf of

**Cooper Parry Group Limited**

Chartered Accountants  
Statutory Auditor

Sky View  
Argosy Road  
East Midlands Airport  
Castle Donington  
Derby  
B90 8BG

Date: 28 February 2022

## LANNER GROUP LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £000	2020 £000
Turnover	3	4,217	4,256
Cost of sales		(3,474)	(3,180)
<b>Gross profit</b>		<u>743</u>	<u>1,076</u>
Administrative expenses		(660)	(471)
<b>Operating profit</b>		<u>83</u>	<u>605</u>
Other operating expenses		(4)	-
<b>Profit on ordinary activities before interest</b>		<u>79</u>	<u>605</u>
Interest payable and expenses		(67)	(43)
<b>Profit before taxation</b>		<u>12</u>	<u>562</u>
Tax credit/(charge) on profit		(8)	(92)
<b>Profit for the financial year</b>		<u><u>4</u></u>	<u><u>470</u></u>

There were no recognised gains and losses for 2021 or 2020 other than those included in the consolidated profit and loss account.

The notes on pages 13 to 24 form part of these financial statements.

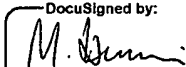
**LANNER GROUP LIMITED**  
**REGISTERED NUMBER: 03134383**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2021**

	Note	2021 £000	2020 £000
<b>Fixed assets</b>			
Tangible assets	5	33	43
		<u>33</u>	<u>43</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	7	1,461	1,664
Cash at bank and in hand		353	963
		<u>1,814</u>	<u>2,627</u>
<b>Creditors: amounts falling due within one year</b>	8	(1,039)	(2,436)
<b>Net current assets</b>		<u>775</u>	<u>191</u>
<b>Total assets less current liabilities</b>		<u><u>808</u></u>	<u><u>234</u></u>
<b>Creditors: amounts falling due after more than one year</b>	9	1,562	979
<b>Capital and reserves</b>			
Called up share capital	11	157	157
Profit and loss account	12	(911)	(902)
<b>Shareholders' deficit</b>		<u>(754)</u>	<u>(745)</u>
		<u><u>808</u></u>	<u><u>234</u></u>

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 by:

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**M Hussain**  
Director

Date: 28 February 2022

The notes on pages 13 to 24 form part of these financial statements.

**LANNER GROUP LIMITED**  
**REGISTERED NUMBER: 03134383**

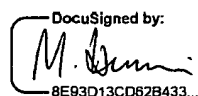
**COMPANY BALANCE SHEET**  
**AS AT 31 DECEMBER 2021**

	Note	2021 £000	2020 £000
<b>Fixed assets</b>			
Tangible assets	5	24	37
Investments	6	61	61
		<u>85</u>	<u>98</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	7	1,138	1,120
Cash at bank and in hand		283	891
		<u>1,421</u>	<u>2,011</u>
<b>Creditors: amounts falling due within one year</b>	8	(560)	(2,004)
<b>Net current assets</b>		861	7
<b>Total assets less current liabilities</b>		<u>946</u>	<u>105</u>
<b>Creditors: amounts falling due after more than one year</b>	9	1,562	979
<b>Capital and reserves</b>			
Called up share capital	11	157	157
Profit and loss account	12	(773)	(1,031)
<b>Shareholders' deficit</b>		(616)	(874)
		<u>946</u>	<u>105</u>

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss statement in these financial statements. The parent company's profit for the period was £258k (2020: £451k).

The company's 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 by:

DocuSigned by:  
  
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**M Hussain**  
Director

Date: 28 February 2022

The notes on pages 13 to 24 form part of these financial statements.

## LANNER GROUP LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital	Profit and loss account	Shareholders' deficit
	£000	£000	£000
At 1 January 2021	157	(902)	(745)
Profit for the year	-	4	4
Foreign exchange movement	-	(13)	(13)
<b>At 31 December 2021</b>	<u>157</u>	<u>(911)</u>	<u>(754)</u>

The notes on pages 13 to 24 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital	Profit and loss account	Shareholders' deficit
	£000	£000	£000
At 1 January 2020	157	(1,361)	(1,204)
Profit for the year	-	470	470
Foreign exchange movement	-	(11)	(11)
<b>At 31 December 2020</b>	<u>157</u>	<u>(902)</u>	<u>(745)</u>

The notes on pages 13 to 24 form part of these financial statements.

**LANNER GROUP LIMITED****COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Shareholders' deficit</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 January 2021	157	(1,031)	(874)
Profit for the year	-	258	258
<b>At 31 December 2021</b>	<u>157</u>	<u>(773)</u>	<u>(616)</u>

The notes on pages 13 to 24 form part of these financial statements.

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Shareholders' deficit</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 January 2020	157	(1,482)	(1,325)
Profit for the year	-	451	451
<b>At 31 December 2020</b>	<u>157</u>	<u>(1,031)</u>	<u>(874)</u>

The notes on pages 13 to 24 form part of these financial statements.

## **LANNER GROUP LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

#### **1. Accounting policies**

##### **1.1 General Information**

Lanner Group Limited is a limited liability company incorporated and domiciled in England and Wales. The address of its registered office is disclosed on the company information page.

The financial statements are prepared in sterling (£) which is the functional currency of the company. The financial statements are for the year ended 31 December 2021 (2020: year ended 31 December 2020).

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102), the Financial Reporting Standard applicable in the UK and the Republic of Ireland including section 1A of FRS 102 and the Companies Act 2006.

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 profit and loss account from the date on which control is obtained. They are deconsolidated from the date control ceases.

##### **1.3 Disclosure exemptions**

As permitted by FRS 102 section 1.12, the company has taken advantage of the disclosure exemption available in relation to the presentation of a cash flow statement and on the disclosure of related party transactions in relation to wholly owned group companies.

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

##### **1.4 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 from their parent company who have confirmed their support for a period of at least 12 months following the date of signing these financial statements.

Loan facilities have been provided by the parent company, HaskoningDHV UK Holdings Limited, which the directors believe are sufficient to support the operations of the business for the foreseeable future. The group generated a small profit in the year and despite being in a net liability position as at the year end, the directors are confident that the business will continue to trade well for a period of at least 12 months following the date of signing these financial statements, despite the continued impact of Coronavirus and Brexit.

On this basis the directors are confident that the group has adequate resources to continue in operation and, accordingly, have adopted the going concern basis in preparing the financial statements.



**LANNER GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**1. Accounting policies (continued)**

**1.5 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.

## LANNER GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

#### 1. Accounting policies (continued)

##### 1.6 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.

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 profit or loss account.

##### 1.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

##### 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 other operating 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.

## **LANNER GROUP LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

#### **1. Accounting policies (continued)**

##### **1.9 Finance costs**

Finance costs are charged to the consolidated profit or 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 profit and loss account 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. Tax is recognised in the consolidated profit and loss account except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

##### **1.13 Financial instruments**

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

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the balance sheet date.

## LANNER GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

The directors make estimates and assumptions concerning the future. Management are also required to exercise judgement in the process of applying the group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

##### Depreciation of tangible assets

The directors have reviewed the asset lives and associated residual values of all fixed asset classes, and have concluded that asset lives and residual values are appropriate.

The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and project disposal values.

##### Recoverability of trade debtors

Trade and other receivables are recognised to the extent that they are judged recoverable. The directors reviews are performed to estimate the level of provisions required for irrecoverable debt. Provisions are made specifically against invoices where recoverability is uncertain.

The directors make allowances for doubtful debts based on an assessment of the recoverability of debtors. Allowances are applied to debtors where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The directors specifically analyse historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the provision for doubtful debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of debtors and the charge in the consolidated profit and loss account.

#### 3. Turnover

48% of the group's turnover by source (2020: 66%) is attributable to the geographical markets outside of the United Kingdom.

Analysis of turnover by country of destination:

	2021 £000	2020 £000
United Kingdom	2,210	1,429
Rest of Europe	949	1,377
Rest of the world	1,058	1,450
	<u>4,217</u>	<u>4,256</u>

## LANNER GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

## 4. Employees

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

	Group	Group	Company	Company
	2021	2020	2021	2020
	No.	No.	No.	No.
Employees	<u>42</u>	<u>38</u>	<u>34</u>	<u>32</u>

## 5. Tangible fixed assets

## Group

	Office equipment £000	Computer equipment £000	Total £000
<b>Cost</b>			
At 1 January 2021	16	106	122
Additions	-	15	15
At 31 December 2021	<u>16</u>	<u>121</u>	<u>137</u>
<b>Depreciation</b>			
At 1 January 2021	16	63	79
Charge for the year	-	25	25
At 31 December 2021	<u>16</u>	<u>88</u>	<u>104</u>
<b>Net book value</b>			
At 31 December 2021	<u>-</u>	<u>33</u>	<u>33</u>
At 31 December 2020	<u>-</u>	<u>43</u>	<u>43</u>

## LANNER GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

## 5. Tangible fixed assets (continued)

## Company

	Office equipment £000	Computer equipment £000	Total £000
<b>Cost</b>			
At 1 January 2021	16	90	106
Additions	-	8	8
At 31 December 2021	16	98	114
<b>Depreciation</b>			
At 1 January 2021	16	53	69
Charge for the year	-	21	21
At 31 December 2021	16	74	90
<b>Net book value</b>			
At 31 December 2021	-	24	24
At 31 December 2020	-	37	37

## LANNER GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

## 6. Fixed asset investments

## Company

Investments in  
subsidiary  
companies  
£000

## Cost

At 1 January 2021 1,270

At 31 December 2021 1,270

## Impairment

At 1 January 2021 1,209

At 31 December 2021 1,209

## Net book value

At 31 December 2021 61

At 31 December 2020 61

As at 31 December 2021, the net liabilities for Lanner Group SARL were £79k, with the company generating a loss for the year of £137k.

As at 31 December 2021, the net assets for Lanner Inc were £9k, with the company generating a loss for the year of £123k.

## Subsidiary undertakings

The following were indirect subsidiary undertakings of the company:

Name	Registered office	Class of shares	Holding
Lanner Group SARL	France	Ordinary	100%
Lanner Inc	USA	Ordinary	100%

**LANNER GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021****6. Fixed asset investments (continued)**

The registered offices of the above companies are as follows:

Lanner Group SARL  
1-7 Cours Valmy, Le Belvedere  
92800 Puteaux  
France

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

**7. Debtors**

	<b>Group 2021 £000</b>	<b>Group 2020 £000</b>	<b>Company 2021 £000</b>	<b>Company 2020 £000</b>
Trade debtors	1,016	1,279	461	836
Amounts owed by group undertakings	-	-	347	-
Other debtors	181	79	163	79
Prepayments and accrued income	106	148	95	133
Deferred taxation (note 10)	158	158	72	72
	<u>1,461</u>	<u>1,664</u>	<u>1,138</u>	<u>1,120</u>

Amounts owed by group undertakings are interest free and repayable on demand.



## LANNER GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

## 8. Creditors: Amounts falling due within one year

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Trade creditors	69	56	66	56
Amounts owed to group undertakings	-	-	-	176
Other taxation and social security	191	297	112	220
Other creditors	25	882	2	791
Accruals and deferred income	754	1,201	380	761
	<u>1,039</u>	<u>2,436</u>	<u>560</u>	<u>2,004</u>

Amounts owed to group undertakings are interest free and repayable on demand.

## 9. Creditors: Amounts falling due after more than one year

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Secured loans	1,562	979	1,562	979
	<u>1,562</u>	<u>979</u>	<u>1,562</u>	<u>979</u>

Secured loans related to balances owed to the immediate parent company, HaskoningDHV UK Holdings Limited. The balance as at the year end amounted to £1,562k (2020: £979k), with interest being charged at 3.85% per annum. The balance is due for repayment on 31 December 2023.

## LANNER GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

## 10. Deferred taxation

## Group

2021  
£000

At beginning of year 158

Charged to the consolidated profit and loss account -

At end of year 158

## Company

2021  
£000

At beginning of year 72

Charged to the profit and loss account -

At end of year 72

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Tax losses carried forward	158	158	72	72
	<u>158</u>	<u>158</u>	<u>72</u>	<u>72</u>

## LANNER GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

## 11. Share capital

	2021 £000	2020 £000
<b>Allotted, called up and fully paid</b>		
1,000 - Ordinary shares of £157.44 each	<u>157</u>	<u>157</u>

## 12. Reserves

**Profit and loss account**

The profit and loss account represents accumulated profit and losses for the year and prior periods less dividends paid.

## 13. Commitments under operating leases

At 31 December 2021 the group and the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Not later than 1 year	174	173	139	139
Later than 1 year and not later than 5 years	16	-	-	-
	<u>190</u>	<u>173</u>	<u>139</u>	<u>139</u>

## 14. Related party transactions

The company has taken advantage of FRS 102 section 33.1 related parties to not disclose transactions with wholly owned group undertakings.

## 15. Key management personnel

During the year the key management personnel received emoluments of £831k (2020: £545k).

## 16. Controlling party

The immediate parent company is HaskoningDHV UK Holdings Limited. 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.