PÖYRY CAPITAL LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

REGISTERED COMPANY No. 03639550

DIRECTORS' REPORT

The Directors present their report and audited financial statements of the Company for the year ended 31 December 2017. This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006. The principal activity of the company is the provision of corporate finance advisory services.

RESULTS AND DIVIDEND

The results for the year are set out in the profit and loss account on page 8. The Directors do not recommend payment of a final dividend (2016 nil). During the year no interim dividend (2016: nil) was paid.

BUSINESS REVIEW

The Company was established in 1999 as part of the Pöyry Group's commitment to provide M&A services to its forest industry based clients. Over the past 18 years, the Company has established itself as a leading provider of specialist corporate finance and advisory services in the forest industry sector, leading or participating in global transactions for market leaders in this field, and has expanded into the energy and packaging sectors in recent years. 2017 saw good activity with a significant increase in income and profitability. Some transactions mandated in 2016 continue into 2017 and the overall transaction pipeline is sound..

The Company's industry focus has expanded to cover areas such as energy and packaging and the Company's client base continues to grow as a result of these initiatives. It is the intention of the Directors that the Company will continue to grow its principal business activity diversifying where appropriate into other industry sectors and geographic areas.

The buoyancy of the M&A market, increased competition, general economic conditions and industry specialisation are risk factors which can influence the business. The primary success factors are winning business and closing deals. These are managed as appropriate by the Directors. Expanding the client base and diversification into other industry and geographic segments are some of the ways in which the Directors manage these risks.

The Company generated fee income of £3,788,110 for the year ended 31 December 2016 (2016: £2,636,592), utilising the services of twelve professional and three support staff. Net assets of the Company have increased to £1,999,070 as at 31 December 2017 (2016: £1,517,281). The income statement, balance sheet and the order book of advisory mandates provide the key performance indicators to the Directors.

The Company is regulated by the Financial Conduct Authority (FCA).

RISK MANAGEMENT

The Board is responsible for risk and is responsible for oversight of the risk management process. The Board has considered the principal risks facing the Company and the exposure in relation to each of those risks. The Company operates within the governance framework of Pöyry Plc. It also has its own established governance framework, with clear terms of reference for the Board and a clear organisation structure, with delegated authorities and responsibilities.

The financial services industry remains closely regulated and the UK regulators may take actions that could result in changes to industry practices. The Company maintains a strong compliance culture and monitors the regulatory environment closely to react proactively to changes and reduce risks to the business.

There are formal Pöyry Group compliance and internal audit functions. These departments conduct monitoring of various business areas and control procedures. Any issues of significance are brought to the attention of the Board. Planned corrective actions are independently monitored for timely completion and reviewed by the Board.

The financial instruments of the Company comprise cash, short-term debtors and creditors, and equity shares.

Exposure to credit, market and liquidity risk arises in the normal course of business. The Directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged since the beginning of the year ended 31 December 2017.

DIRECTORS REPORT *(continued)*

RISK MANAGEMENT *(continued)*

Risk management is an integral part of Pöyry Group's business management and internal controls framework. The aim of risk management is to enable the achievement of strategic and financial objectives and targets in a controlled manner. Pöyry Group's risk management consists of a co-ordinated set of activities to identify, evaluate, treat and control all major risk areas of the Pöyry Group in a systematic and proactive manner. Risks are addressed in accordance with the following major risk categories – external risks and internal risks identified as strategic risks, operational risks and financial risks.

CREDIT RISK

Credit risk is the risk that financial loss arises from the failure of a customer or counterparty to meet its obligations under a contract. The Company's only credit exposure is to debtors, which are frequently monitored for size and age. The balances with other companies within the Pöyry group have minimal credit risk. The nature of the Company's business and counterparties means that it is not exposed to significant credit risk. This is because its receivables are mainly short-term trading items or intercompany balances.

The Company's exposure to credit risk is represented by the carrying amount of its debtor balances.

MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income. The objective of the Company's market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company is exposed to currency risk in respect of income and cash balances denominated in a currency other than sterling. The Company's exposure is kept to an acceptable level by managing the level of non-sterling cash balances on a regular basis. Material non sterling receivable balances are hedged as appropriate using forward FX contracts that are defined as derivative financial instruments and as such when revalued have any profit or loss recognised in the statement of total comprehensive income. There were no open FX contracts as at 31 December 2017 or 31 December 2016.

Bank interest on deposits and overdrafts is the only source of interest rate risk exposure.

LIQUIDITY RISK

The Company's policy throughout the year has been to maintain sufficient liquidity in line with FCA regulations. The aim is to maintain an appropriate capital base to support the development of its business and to meet regulatory capital requirements at all times. The liquidity of the business depends on securing success fees which are small in number and high in value. The liquidity of the company would be at risk if sufficient success fees were not generated. In any year, should insufficient success fees be generated then the company may need to seek parental support and address its cost base. The Board monitors the level of dividends to the parent. There has been no change to the Company's approach to capital management during the year.

The Directors have reviewed the capital and cash positions of the business for the next 12 months and are comfortable that the forecasts, coupled with available support from the parent company should this be required, are adequate to support their assessment that the company can continue as a going concern.

DIRECTORS OF THE COMPANY

The Directors of the Company who held office during the year and up to the date of signing, unless otherwise indicated, were:

Tom Blake
Celedonio Moncayo
Bengt Hammar

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with 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 (FRS 102).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

DISCLOSURE OF INFORMATION TO AUDITORS

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

The auditors, James Cowper Kreston replaced PricewaterhouseCoopers LLP as auditors on 5 January 2018 and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

By Order of the Board

Christine Mason
Company Secretary

Date: 25 April 2018

Pöyry Capital Limited
21st Floor, Portland House
Bressenden Place, London SW1E 5RS

Registration Number: 03639550

Independent auditors' report to the members of Pöyry Capital Limited

Opinion

We have audited the financial statements of Pöyry Capital Limited (the 'Company') for the year ended 31 December 2017, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, Cash Flow Statement 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 Company's affairs as at 31 December 2017 and of its 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 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 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 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.

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 Auditor's 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.

Independent auditors' report to the members of Pöyry Capital 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 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, 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 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 are 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.

Independent auditors' report to the members of Pöyry Capital 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 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 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.

James Pitt BA (Hons) ACA (Senior Statutory Auditor)

for and on behalf of
James Cowper Kreston

Chartered Accountants and Statutory Auditor

2 Chawley Park
Cumnor Hill
Oxford
Oxfordshire
OX2 9GG

Date: 25 April 2018

STATEMENT OF TOTAL COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Year ended 31 Dec 17 £	Year ended 31 Dec 16 £
TURNOVER	5	3,788,110	2,636,592
Sub Consulting fees payable externally		(15,835)	-
Sub Consulting fees payable to group undertakings		(1,267)	(218,909)
GROSS PROFIT		3,771,008	2,417,683
Staff costs	6	(2,307,170)	(1,429,063)
Depreciation and amortisation		(7,617)	(48,486)
Other operating charges		(864,665)	(803,215)
TOTAL OPERATING EXPENSES		(3,179,452)	(2,280,764)
OPERATING PROFIT	6	591,556	136,920
Interest receivable and similar income	8	11,601	17,775
Interest payable and similar charges	8	(2,354)	(2,524)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		600,803	152,170
Tax on profit on ordinary activities	9	(119,014)	(36,552)
PROFIT FOR THE FINANCIAL YEAR		481,789	115,618
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		481,789	115,618

The notes on pages 12 to 23 form part of these Financial Statements.

BALANCE SHEET
AS AT 31 DECEMBER 2017
Company Number: 03639550

	Notes	2017 £	2017 £	2016 £	2016 £
FIXED ASSETS					
Intangible assets	10		-		-
Tangible fixed assets	11		12,880		20,497
			12,880		20,497
CURRENT ASSETS					
Stocks - work in progress		29,513		3,294	
Debtors	12	3,261,034		1,848,070	
		3,290,547		1,851,364	
CREDITORS: amounts falling due within one year	13	(1,100,287)		(354,580)	
NET CURRENT ASSETS			2,190,260		1,496,784
TOTAL ASSETS LESS CURRENT LIABILITIES			2,203,140		1,517,281
CREDITORS: amounts falling due after more than one year	14		(204,070)		
NET ASSETS			1,999,070		1,517,281
CAPITAL AND RESERVES					
Called up share capital	16		912,600		912,600
Share premium account	16		53,200		53,200
Retained earnings			1,033,270		551,481
TOTAL EQUITY			1,999,070		1,517,281

The Financial Statements on pages 8 to 23 were approved by the Board of Directors on 25 April 2018 and signed on its behalf by:

Tom Blake — Director

Thomas Blake

The notes on pages 12 to 23 form part of these Financial Statements.

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

	Called up share capital	Share premium	Retained earnings	Total
	£	£	£	£
Balance at 1 January 2016	**912,600**	**53,200**	**435,863**	**1,401,663**
Profit for the year	-	-	115,618	115,618
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	**115,618**	**115,618**
Dividends	-	-	-	-
Total transactions with owners, recognised directly in equity	-	-	-	-
Balance at 31 December 2016	**912,600**	**53,200**	**551,481**	**1,517,281**
Balance at 1 January 2017	**912,600**	**53,200**	**551,481**	**1,517,281**
Profit for the year	-	-	481,789	481,789
Other comprehensive income	-	-	-	-
Total comprehensive income for the year			**481,789**	**481,789**
Dividends	-	-	-	-
Total transactions with owners, recognised directly in equity	-	-	-	-
Balance at 31 December 2017	**912,600**	**53,200**	**1,033,270**	**1,999,070**

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £	2016 £
Net cash from operating activities	17	**1,140,807**	**(193,639)**
Taxation paid		(35,870)	(104,435)
Net cash generated from operating activities		**1,104,937**	**(298,074)**
Cash flows from investing activities			
Purchase of tangible fixed assets	10	-	(7,881)
Interest received		11,601	17,775
Net cash used from investing activities		**11,601**	**9,894**
Cash flows from financing activities			
Cash transferred to group cash pool		**1,116,538**	**290,704**
Bank charges paid		**(2,354)**	**(2,524)**
Net cash generated from financing activities		**1,114,184**	**288,180**
Net movement in cash and cash equivalents		-	-
Cash at beginning of the year		-	-
Cash at the end of the year		-	-

Analysis of net debt and changes in cash at bank and in hand

	At beginning of year	Cash flow	At end of year
Cash at bank and in hand	-	-	-
Total	-	-	-
In addition the company has access to a group cash pooling arrangement with the following balances	1,428,229	1,114,184	2,542,413
Total cash and cash pooling available	1,428,229	1,114,184	2,542,413

NOTES TO THE FINANCIAL STATEMENTS

(forming part of the financial statements)

1. GENERAL INFORMATION

Pöyry Capital Limited ("the company") is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is 21st floor Portland House, Bressenden Place, London, SW1E 5RS.

2. STATEMENT OF COMPLIANCE

The individual financial statements of Pöyry Capital Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements.

a) Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies which are set out below.

The Company's liquidity and regulatory capital position depends on the receipt of success fees which are small in number and high in value. The timing and certainty of these success fees is difficult to predict accurately, particularly in poor market conditions. A minimum level of regulatory capital of Euro 50,000 and appropriate liquidity are both essential for the operation of the business.

There areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

b) Going concern

The Directors have reviewed the capital and cash positions of the business for the next 12 months and are comfortable that the forecasts, coupled with available support from the parent company should this be required, are adequate to support their assessment that the company can continue as a going concern.

c) Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. The company has taken advantage of the following exemptions for qualifying entities:

- disclosing the recognition and impact of financial instruments, per Section 11
- disclosing key management personnel compensation in total, per Section 33
- financial instrument disclosures including; categories of financial instruments; items of income, expense, gains or losses relating to financial instruments and exposure to and management of financial risks.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Accounting policies *(continued)*

d) Foreign currencies

(i) Functional and presentational currency

The company's functional and presentational currency is pound sterling.

***(ii)* Transactions and balances**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. At each period end monetary assets and liabilities expressed in foreign currencies are converted to sterling at the rates of exchange ruling at the balance sheet date. Differences on foreign exchange gains and losses are included in the profit and loss account for the period. Exposure to movements in foreign exchange rates are hedged where appropriate using forward contracts.

e) Revenue recognition

Revenue is measure at the fair value of the consideration received/receivable and represents the amount receivable for services rendered, net of value added taxes.

Success fees are recognised and reported as revenue when, under the terms of each engagement, they are unconditionally due.

Interest income is recognised using the effective interest rate method.

f) Pension costs

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions to a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they fall due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

g) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

(i) Current tax

Current tax is the amount of income tax payable in respect of taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Accounting policies *(continued)*

i) Tangible assets

Tangible fixed assets are stated at their historic purchase cost less accumulated depreciation. Cost includes purchase price, costs directly attributable to bringing and asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised. Depreciation is calculated to write off the differences between the cost of fixed assets and their estimated residual value on a straight-line basis over the expected useful lives of the assets concerned. The useful lives are as follows:

Computer and office equipment	3-4 years
Office furniture and equipment	3- 8 years
Leasehold improvements	Remaining life of lease

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Tangible fixed assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit and loss and included in 'Other operating charges'.

j) Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount if the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher if the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower that the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit and loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

k) Stocks - work in progress

Stocks -work in progress represents recoverable expenses incurred in connection with advisory assignments.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Accounting policies *(continued)*

l) **Cash and cash equivalents**
Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts repayable on demand.

m) **Interest receivable and payable**
Interest receivable is earned on surplus cash balances and to the extent that bank balances are overdrawn interest then becomes payable.

n) **Share capital**
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

o) **Distributions to equity holders**
Dividends and other distributions to company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

p) **Operating leases**
Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Operating lease rentals are charged to the profit and loss account on a straight line basis over the life of the lease.

4. CRITICAL ACCOUTING ESTIMATES AND ASSUMPTIONS

(a) **Impairment of debtors**
The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile and historical experience. See note 12 for the new carrying amount of the debtors and associated impairment provision.

5. TURNOVER

Turnover, which includes foreign exchange gains and losses and excludes VAT, represents fees earned during the year together with the invoiced value of short term contracts completed in the year. Turnover also includes expenses reimbursed from clients.

Geographical analysis:	**Year ended 31 Dec 17 £**	**Year ended 31 Dec 16 £**
United Kingdom	574,884	924,403
Rest of European Union	1,324,359	1,611,416
Rest of World	1,888,867	100,773
	3,788,110	2,636,592

In the opinion of the Directors, the Company's activities form a single class of business.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

6. Operating profit

	Year ended 31 Dec 17	Year ended 31 Dec 16
Operating profit is stated after charging:		
Wages and salaries	2,054,346	1,160,167
Social security costs	157,205	157,799
Other pension costs	95,619	111,097
Staff costs	**2,307,170**	1,429,063
Operating lease charges – premises	-	59,119
Depreciation and amortisation	7,617	48,486
Impairment of debtors	-	-
Loss on disposal of fixed assets	-	-
Foreign exchange gain on debtors	(138,620)	(41,297)
Auditors remuneration;		
Audit of these financial statements pursuant to legislation	8,000	11,421
Other services relating to such legislation	1,500	4,500

7. Employees and directors

The average number of employees during the year was:	**No.**	**No.**
Administration	3	4
Professional	12	13
	15	17

a) **Directors remuneration**	Year ended 31 Dec 17 £	Year ended 31 Dec 16 £
Emoluments	771,224	404,885
Pension contributions paid to money purchase scheme	20,817	20,603
	792,041	425,488
Number of directors that have an accrued pension under the money purchase scheme	1	2

b) **Highest paid director**	Year ended 31 Dec 17 £	Year ended 31 Dec 16 £
Emoluments	401,424	139,676
Pension contributions paid to money purchase scheme	20,817	16,580
	422,241	156,256

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

8. NET INTEREST INCOME & INTEREST PAYABLE

	Year ended 31 Dec 17 £	Year ended 31 Dec 16 £
a) Interest receivable and similar income		
Interest – from group undertakings	11,601	17,775
	11,601	17,775
b) Interest payable and similar charges		
Bank charges	2,354	2,524
	2,354	2,524

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

a) Analysis of charge in the year

	Year ended 31 Dec 2017 £	Year ended 31 Dec 2016 £
Current tax :		
United Kingdom corporation tax on profits of the year	(158,773)	(29,173)
Adjustment in respect of prior years	(6,393)	-
Total current tax	(165,166)	(29,173)
Deferred tax:		
Deferred tax – reversal and origination of timing difference	46,152	(7,379)
Total deferred tax		
	46,152	(7,379)
Total tax on profit on ordinary activities	**(119,014)**	(36,552)

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Tax on profit/(loss) on ordinary activities *(continued)*

b) Factors affecting the tax charge

The current tax charge for the year is higher (2016: tax charge was higher) than the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are explained below.

	Year Ended 31 Dec 2017 £	Year Ended 31 Dec 2016 £
Profit on ordinary activities before tax	600,803	152,170
Tax on profit on ordinary activities at standard CT rate of 19.25% (2016: 20%)	(115,655)	(30,434)
Effects of:		
Depreciation in excess of capital allowances	156	-
Expenses not deductible for tax purposes	(1,013)	(2.068)
Other short term timing differences	(42,261)	3,329
Deferred taxation	46,152	(7,379)
Adjustments in respect of prior years	(6,393)	-
	(119,014)	(36,552)

c) Deferred taxation recognised	**Year Ended 31 Dec 2017 £**	**Year Ended 31 Dec 2016 £**
Short term timing differences	38,773	-
Accelerated capital allowances	-	(7,379)
	38,773	(7,379)
Movement in year:		
Deferred taxation liability at 1 January	(7,379)	-
Transfer to profit and loss account	46,152	(7,379)
Deferred taxation asset at 31 December	**38,773**	(7,379)

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

10. INTANGIBLE ASSETS

	Software	Total
	£	£
Cost		
Opening balance	14,347	**14,347**
Additions	-	-
Disposals	-	-
Closing balance	14,347	**14,347**
Depreciation		
Opening balance	14,347	**14,347**
Charge for the year	-	-
Disposals	-	-
Closing balance	14,347	**14,347**
Net book value at 31 December 2017	-	-
Net book value at 31 December 2016	-	-

11. TANGIBLE ASSETS

	Leasehold improvements	Office furniture & equipment	Computer equipment	Total
	£	£	£	£
Cost				
Opening balance	102,570	154,541	14,106	271,217
Additions	-	-	-	-
Disposals	-	-	-	-
Closing balance	**102,570**	**154,541**	**14,106**	**271,217**
Depreciation				
Opening balance	101,853	137,807	11,060	250,720
Charge for the year	225	5,120	2,272	7,617
Disposals	-	-	-	-
Closing balance	**102,078**	**142,927**	**13,332**	**258,337**
Net book value at 31 December 2017	**492**	**11,614**	**774**	**12,880**
Net book value at 31 December 2016	717	16,735	3,045	20,497

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

12. DEBTORS	**2017 £**	**2016 £**
Trade debtors	555,692	303,320
Amounts owed by group undertakings	8,312	5,659
Cash pool account with group undertaking	2,542,413	1,428,229
Deferred taxation	38,773	-
Other debtors	21,589	21,122
Prepayments and accrued income	94,255	89,740
	3,261,034	1,848,070

Trade debtors are stated after provisions for impairment of £0 (2016: £0)

The amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

13. CREDITORS: amounts falling due within one year	**2017 £**	**2016 £**
Trade creditors	31,187	55,109
Amounts owed to group undertakings	102,603	144,264
Corporation tax payable	158,773	29,477
Deferred taxation	-	7,379
Other taxes and social security costs	37,998	43,618
Accruals	769,726	74,733
	1,100,287	354,580

The amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

13. CREDITORS: amounts falling due After more than one year	2017 £	2016 £
Accruals	204,070	-
	204,070	-

15. CASH AT BANK AND IN HAND

The Company operates a cash pool account arrangement where all of its cash balance is held with a third party bank but controlled by the parent company Pöyry Plc. The balance on this account at 31 December 2017 is receivable £2,542,413 (2016: £1,428,229) which is included in amounts owed by group undertakings (note 12).

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

16. SHARE CAPITAL

Ordinary shares	2017	2016
	£	£
Allotted issued & partly paid		
905,000 (2016:905,000) 'A' Shares £1 shares	905,000	905,000
7,600 (2016: 7,600) 'B' Shares £1 shares	7,600	7,600
	912,600	912,600
Share premium		
7,600 (2014: 7,600) 'B' Shares £7 share premium	**53,200**	53,200

The A and B shares are separate classes of shares but rank *pari passu* in all respects with the exception that B shares are redeemable by the Company and A shares are not redeemable. Both hold dividend rights on a relative percentage basis.

17. NOTES TO THE STATEMENT OF CASHFLOWS

	2017	2016
	£	£
Profit for the financial year	481,789	115,618
Tax on profit on ordinary activities	119,014	36,552
Net interest income	(11,601)	(17,775)
Net interest expense	2,354	2,524
Operating profit	591,556	136,920
Depreciation of tangible assets	7,617	48,486
Amortisation of intangible assets	-	-
Loss in disposal of fixed assets	-	-
Working capital movements:		
(Increase) / decrease in stocks – work in progress	(26,219)	4,697
(Increase) in debtors	(260,007)	(176,794)
Increase / (decrease) in payables	827,860	(206,947)
Cash flow from operating activities	1,140,807	**(193,639)**

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

18. RELATED PARTY TRANSACTIONS

The Company had the following Related Party Transactions during the year with entities within the Pöyry Group.

Entity	Nature of transaction	Amount of income/ (expense) in 2017	Balance owed by/ (due to) entity at 31 December 2017
Pöyry Management Consulting (UK) Ltd	Service Fee	(38,108)	
	Recharged expenses	51,706	
	Recharged expenses	(147,818)	
	Subconsulting	(1,465)	
	Amount due to		(48,971)
	Amount due from		5,110
Pöyry Management Consulting Oy	Recharged expenses	3,202	3,202
Pöyry Management Consulting (Dusseldorf) GmbH	Subconsulting	15,110	
Pöyry (Beijing) Engineering and Consulting Company Limited	Subconsulting	(26,803)	
	Amount due to		(85)
Pöyry Consultoria em Gestao e Negocios	Subconsulting	27,000	
Pöyry Plc	Service and Royalty Fees	183,441	
	Cash pool accounts		2,542,413
	Interest received	11,601	
	Amount due to		(55,362)

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Related party transactions *(continued)*

Prior year comparatives

Entity	Nature of transaction	Amount of income/ (expense) in 2016	Balance owed by/ (due to) entity at 31 December 2016
Pöyry Management Consulting (UK) Ltd	Service Fee	(42,990)	
	Recharged expenses	50,750	
	Recharged expenses	(65,555)	
	Subconsulting	22,596	
	Subconsulting	(55)	
	Amount due to		(117,259)
	Amount due from		5,659
Pöyry Management Consulting (Austria) GmbH	Subconsulting	43,575	
Pöyry Management Consulting (Dusseldorf) GmbH	Subconsulting	(165,847)	
Pöyry Management Consulting (USA) Inc	Subconsulting	(5,462)	
Pöyry Consultoria em Gestao e Negocios Ltda	Subconsulting	(27,000)	(27,000)
Pöyry Management Consulting Oy	Subconsulting	16,880	
	Subconsulting	(21,778)	
Pöyry Plc	Service and royalty fees	(118,855)	
	Recharged expenses	(253)	
	Interest received	17,775	
	Subsonsulting	75,330	
	Cash pool account		1,428,229

The cash pool account balance is held with a third party bank but is controlled by the parent company Pöyry Plc (note 15).

19. ULTIMATE PARENT COMPANY

The immediate and ultimate parent undertaking and controlling party is Pöyry Plc, a company incorporated in Finland. Pöyry Plc is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2017. The consolidated financial statements of this company are available to the public and may be obtained from Jaakonkatu 3, FIN-01621, Vantaa, Finland.