

Peter Brett Associates LLP

Report and Financial Statements

6 month period ended

31 December 2018

Registered No: OC334398



Peter Brett Associates LLP

Report and financial statements for the period ended 31 December 2018

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Designated members

Stantec UK Limited
Stantec Europe Limited

Registered office

Buckingham Court, Kingsmead Business Park, London Road, High Wycombe, Buckinghamshire, England,
HP11 1JU

Registered Number

OC334398

Auditors

BDO LLP, Level 12, Thames Tower, Station Road, Reading, Berkshire, RG1 1LX

Peter Brett Associates LLP

Report of the members for the period ended 31 December 2018

The members present their report together with the audited financial statements for the six month period ended 31 December 2018.

Principal activity

The core services of the firm are planning, design and engineering services necessary for land development, buildings and infrastructure delivery.

Business review

On 7 September 2018 the firm was acquired by Stantec UK Limited and Stantec Europe Limited ("Stantec"). To coincide the period end with Stantec, Peter Brett Associates LLP changed its accounting reference date to 31 December 2018. This results in a six month set of financial statements.

During the six month period ended 31 December 2018 Peter Brett Associates LLP has integrated its accounting policies with those of Stantec. Adjustments have been made to these financial statements where Stantec has a different policy to bring these accounts into alignment with Stantec. Where applicable details are provided in note 2 to the financial statements.

Working capital management remains tight and the firm is sufficiently well-capitalised to meet its future needs.

The client base of the firm is large and diverse. The continued investment in new infrastructure and buildings by its clients represents the firm's greatest opportunity and it has taken steps during the period to further strengthen its client relationships. Projects are being generated from new and existing client relationships in key markets including housing, leisure, retail, infrastructure, energy, education and the public sector.

The practice has a strong track record in investment in the development of its staff which it believes creates a stable environment for project delivery and a positive recruitment profile as a progressive employer. These factors are intended to underpin a sustainable business model in an increasingly competitive market for the most talented engineers, scientists and planners. The firm has continued to support a number of key educational initiatives to ensure it remains close to its key target recruitment channels for both graduates and apprentices.

The liability arising under the defined benefit pension scheme which increased during the year is carefully monitored by the firm and the trustees to the scheme. The scheme was closed to further accrual in 2006. The deficit is being met by a ten year funding plan. Changes in assumptions applied during the period are detailed in note 2.

Principal risks and uncertainties

The principal risk to the business arises from the appetite of its clients to continue to invest in new infrastructure and buildings across the UK. The availability of domestic and foreign, public and private, capital to support regeneration and asset renewal forms a part of this risk and remains closely monitored.

Peter Brett Associates LLP

Report of the members for the period ended 31 December 2018 (continued)

Key performance indicators

Like most professional services organisations KPIs are used to further analyse the business, these mainly being staff utilisation, project profit and working capital.

Financial risk management

The LLP has considered the risks of credit, interest, cash flow and pricing and their potential impact on the business. The principal risk of the business is considered to be credit risk. The business has appropriate credit control policies and procedures in place to manage this risk. Cash flow risk is mitigated using monthly cash flow forecasts for the year ahead and appropriately utilising banking facilities.

Results for the period and allocation to Members

The profit for the six month period before members' remuneration charges and members' profit share was £42,011 (year ended 30 June 2018 – £10,732,158).

Designated Members

The Designated Members of the LLP who were in office at the date of signing the financial statements were:

Stantec UK Limited
Stantec Europe Limited

Stantec UK Limited and Stantec Europe Limited were appointed as Designated Members on 7 September 2018. S Witchalls, P Reilly, K Mitchell and M Parkinson resigned as Designated Members on 7 September 2018.

Policy with respect to Members' drawings and subscription and repayments of amounts subscribed or otherwise contributed by Members

Members are permitted to make drawings in anticipation of profits which will be allocated to them. The amount of such drawings is set at the beginning of each financial period, taking into account the anticipated cash needs of the LLP and since 9 October 2014, maintaining a minimum capital requirement of £7,000,000.

Disabled employees

The LLP gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the LLP's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement

During the period, the policy of providing employees with information about the LLP has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the LLP's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas. Employees participate directly in the business through the LLP's profit sharing schemes.

Peter Brett Associates LLP

Report of the members for the period ended 31 December 2018 (*continued*)

Statement of disclosure of information to auditors

All of the current members have taken all the steps that they ought to have taken to make themselves aware of any information needed by the partnership's auditors for the purpose of their audit and to establish that the auditors are aware of that information. The members are not aware of any relevant audit information of which the auditors are unaware.

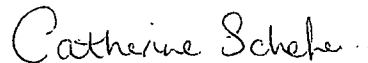
Auditors

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the annual general meeting.

Approved by the members of the Limited Liability Partnership on 27 September 2019



VJ Hall-Sturt
On behalf of Stantec UK Limited
and Stantec Europe Limited
Designated member



CM Schefer
On behalf of Stantec UK Limited
and Stantec Europe Limited
Designated member

Peter Brett Associates LLP

Members responsibilities statement for the period ended 31 December 2018

The members are responsible for preparing the report of the members and the financial statements in accordance with applicable law and regulation.

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 requires the members to prepare financial statements for each financial period. Under these regulations the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under these regulations the members 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 limited liability partnership and of the profit or loss of the limited liability partnership for that period. In preparing these financial statements, the members are required to:

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

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the limited liability partnership transactions and disclose with reasonable accuracy at any time the financial position of the limited liability partnership and enable them to ensure that the financial statements comply with the limited liability partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. They are also responsible for safeguarding the assets of the limited liability partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Peter Brett Associates LLP

Independent auditor's report

TO MEMBERS OF PETER BRETT ASSOCIATES LLP

Opinion

We have audited the financial statements of Peter Brett Associates LLP ("the Limited Liability Partnership") for the six month period ended 31 December 2018 which comprise the income statement, the statement of comprehensive income, the balance sheet, the statement of members' interests, notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 Limited Liability Partnership's affairs as at 31 December 2018 and of its loss for the period 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 applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008.

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 Limited Liability Partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Limited Liability Partnership'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.

Peter Brett Associates LLP

Independent auditor's report *(continued)*

Other information

The Members 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 as applied to limited liability partnerships 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
- we have not received all the information and explanations we require for our audit.

Responsibilities of Members

As explained more fully in the Members' responsibilities statement, the Members 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 Members determines 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 Members are responsible for assessing the Limited Liability Partnership'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 Members either intend to liquidate the Limited Liability Partnership or to cease operations, or have no realistic alternative but to do so.

Peter Brett Associates LLP

Independent auditor's report (continued)

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://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 Limited Liability Partnership's members, as a body, in accordance with the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the Limited Liability Partnership'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 Limited Liability Partnership and the Limited Liability Partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.



Simon Brooker (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Reading
United Kingdom

Date 30 September 2019.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Peter Brett Associates LLP

Income statement for the period ended 31 December 2018

	Note	6 month period ended 31 December 2018 £	Year ended 30 June 2018 £
Turnover	3	29,800,647	61,799,117
Cost of sales		(19,701,482)	(35,431,665)
Gross profit		10,099,165	26,367,452
Administrative expenses		(9,785,343)	(15,523,761)
Other operating income		-	92,313
Operating profit	4	313,822	10,936,004
Interest receivable and similar income	6	7,964	7,960
Interest payable and similar charges	7	(279,775)	(211,806)
Profit on ordinary activities before taxation		42,011	10,732,158
Tax on profit on ordinary activities	8	-	-
Profit for the financial period before members' remuneration and profit shares		42,011	10,732,158
Members' remuneration charged as an expense	9	(989,720)	(5,374,249)
(Loss)/profit for the financial period available for discretionary division among the members		(947,709)	5,357,909

The notes on pages 13 to 29 form part of these financial statements.

Peter Brett Associates LLP

Statement of comprehensive income for the period ended 31 December 2018

		6 month period ended 31 December 2018 £	Year ended 30 June 2018 £
(Loss)/profit for the financial period available for discretionary division among members		(947,709)	5,357,909
Actuarial (loss)/gain in respect of defined benefit pension scheme	16	(8,078,000)	2,643,381
Total comprehensive (loss)/income for period available for discretionary division among members		(9,025,709)	8,001,290

The notes on pages 13 to 29 form part of these financial statements.

Peter Brett Associates LLP

Balance sheet at 31 December 2018

Registered number OC334398	Note	31 December 2018 £	31 December 2018 £	30 June 2018 £	30 June 2018 £
Fixed assets					
Tangible assets	10		1,628,839		2,508,459
Investments	11		-		1,000
			1,628,839		2,509,459
Current assets					
Debtors	12	16,853,036		20,538,731	
Cash at bank and in hand		2,782,739		9,729,838	
		19,635,775		30,268,569	
Creditors: amounts falling due within one year	13	(10,333,447)		(12,786,180)	
Net current assets			9,302,328		17,482,389
Total assets less current liabilities			10,931,167		19,991,848
Provisions for liabilities	15		(867,931)		(1,162,331)
Net assets excluding pension liability			10,063,236		18,829,517
Defined benefit pension scheme liability	16		(11,083,000)		(3,046,000)
Net (liabilities)/assets attributable to members			(1,019,764)		15,783,517

The notes on pages 13 to 29 form part of these financial statements.

Peter Brett Associates LLP

Balance sheet at 31 December 2018 (continued)

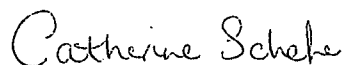
Registered number OC334398	Note	31 December 2018 £	31 December 2018 £	30 June 2018 £	30 June 2018 £
Represented by:					
Loans and other debts due to members					
Other amounts			3,063,236		11,829,517
Equity					
Members equity			7,000,000		7,000,000
Members' other interests					
- other reserves			(11,083,000)		(3,046,000)
Total members' interest			(1,019,764)		15,783,517
Total members' interest					
Loans and other debts due to members			3,063,236		11,829,517
Members equity			7,000,000		7,000,000
Members' other interests			(11,083,000)		(3,046,000)
			(1,019,764)		15,783,517

On 9 October 2014, the Members' agreement was revised to reflect that Members' equity, being a minimum £7,000,000, is only repaid to outgoing members in accordance with the Members' agreement and at the discretion of the Partnership.

The financial statements were approved and authorised for issue by the members of the limited liability partnership on 27 September 2019



VJ Hall-Sturt
On behalf of Stantec UK Limited
and Stantec Europe Limited
Designated member



CM Schefer
On behalf of Stantec UK Limited
and Stantec Europe Limited
Designated member

The notes on pages 13 to 29 form part of these financial statements.

Peter Brett Associates LLP

Statement of members' interests For the period ended 31 December 2018

	Members' other interests £	Members' equity and other debts due to Members £	Total £
Members' interest at 1 July 2018	(3,046,000)	18,829,517	15,783,517
Members' remuneration charged as an expense, including employment costs	-	989,720	989,720
Profit for the financial period available for discretionary division amongst members	(947,709)	-	(947,709)
Members' interest after profit for the period	(3,993,709)	19,819,237	15,825,528
Other division of profits	947,709	(947,709)	-
Drawings	-	(19,807,261)	(19,807,261)
Capital introduced	-	11,039,969	11,039,969
Payments to members post exit	-	-	-
Capital contribution to subsidiary	-	-	-
Allocation of pension fund deficit	312,000	(312,000)	-
Allocation of pension fund recognised returns	(271,000)	271,000	-
Actuarial gain in respect of defined benefit pension scheme	(8,078,000)	-	(8,078,000)
Members' interest at 31 December 2018	(11,083,000)	10,063,236	(1,019,764)

Statement of members' interests For the year ended 30 June 2018

	Members' other interests £	Members' equity and other debts due to Members £	Total £
Members' interest at 1 July 2017	(6,096,000)	15,198,160	9,102,160
Members' remuneration charged as an expense, including employment costs	-	5,374,249	5,374,249
Profit for the financial period available for discretionary division amongst members	5,357,909	-	5,357,909
Members' interest after profit for the period	(738,091)	20,572,409	19,834,318
Other division of profits	(5,357,909)	5,357,909	-
Drawings	-	(7,126,807)	(7,126,807)
Capital introduced	-	525,908	525,908
Payments to members post exit	-	(93,283)	(93,283)
Allocation of pension fund deficit	568,619	(568,619)	-
Allocation of pension fund recognised returns	(162,000)	162,000	-
Actuarial gain in respect of defined benefit pension scheme	2,643,381	-	2,643,381
Members' interest at 30 June 2018	(3,046,000)	18,829,517	15,783,517

The notes on pages 13 to 29 form part of these financial statements.

Peter Brett Associates LLP

Notes forming part of the financial statements for the period ended 31 December 2018

1 Accounting policies

Peter Brett Associates LLP is a Limited Liability Partnership ('LLP') incorporated in England and Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the LLP's operations and its principal activities are set out in the Report of the members. The financial statements have been prepared in accordance with FRS 102 the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, including the Statement of Recommended Practice (2015), 'Accounting by Limited Liability Partnerships'.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the LLP's accounting policies (see note 2).

LLP disclosure exemptions

In preparing the financial statements of the LLP, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented.

Going Concern

The financial statements have been prepared on a going basis concern basis, The LLP recorded a loss for the period of £947,709 (year ended 30 June – profit of £5,357,909,) had net current assets of £9,302,328 (30 June 2018 - £17,482,389) and net liabilities of £1,019,764 (30 June 2018 - £15,783,517 net assets) at the balance sheet date. The members have considered the cash flow requirements of the LLP for a period including twelve months from the date of approval of these financial statements.

The members are of the opinion that the LLP has adequate resources to continue in operational existence for the foreseeable future, being not less than one year from the date of approval of these financial statements. For this reason, the members have adopted the going concern basis in preparing the financial statements.

The following principal accounting policies have been applied:

Peter Brett Associates LLP

Notes forming part of the financial statements for the period ended 31 December 2018 *(continued)*

1 Accounting policies *(continued)*

Turnover

The turnover shown in the income statement represents amounts earned during the period net of VAT.

Revenues from time and materials contracts are recognised as services are rendered. Revenue from fixed price contracts are recognised under the percentage of completion method. Under this method, revenue is recognised as work on the contract progresses.

Amounts recoverable on contracts not yet invoiced, which are included in trade debtors, are stated at the net sales value of the work done after provisions for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments received on account.

Tangible fixed assets

Tangible fixed assets are stated at their historical purchase cost together with any incidental costs of acquisition, less accumulated depreciation and impairment loss.

Depreciation

Depreciation is provided so as to write off the cost of fixed assets over their expected useful economic lives. The principal rates used for this purpose are

Leasehold property	-	Straight line over life of lease
Plant and machinery	-	12.5% - 33.3% per annum straight line
Motor vehicles	-	25% per annum on the reducing balance

Investments

Investments are stated at cost plus incidental expenses (if any) less provision for impairment.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into Sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Peter Brett Associates LLP

Notes forming part of the financial statements for the period ended 31 December 2018 (*continued*)

1 Accounting policies (*continued*)

Members' participation rights

Members' participation rights are the rights of a member against the LLP that arise under the Members' agreement (for example, in respect of amounts subscribed or otherwise contributed, remuneration and profits).

Members' participation rights in the earnings or assets of the LLP are analysed between those that are, from the LLP's perspective, either a financial liability or equity, in accordance with FRS 102 Section 22 Liabilities and Equity. A member's participation right results in a liability unless the right to any payment is discretionary on the part of the LLP.

Amounts subscribed or otherwise contributed by members, for example members' capital, are classed as equity if the LLP has an unconditional right to refuse payment to members. If the LLP does not have such an unconditional right, such amounts are classified as liabilities.

Where profits are automatically divided as they arise, so the LLP does not have an unconditional right to refuse payment, the amounts arising that are due to Members are in the nature of liabilities. They are therefore treated as an expense in the profit and loss account in the relevant period. To the extent that they remain unpaid at the period end, they are shown as liabilities in the balance sheet.

Conversely, where profits are divided only after a decision by the LLP or its representative, so that the LLP has an unconditional right to refuse payment, such profits are classed as an appropriation of equity rather than as an expense. They are therefore shown as a residual amount available for discretionary division among members in the profit and loss account and are equity appropriations in the balance sheet.

Other amounts applied to Members, for example, remuneration paid under an employment contract and interest on capital balances, are treated in the same way as all other divisions of profits, as described above, according to whether the LLP has, in each case, an unconditional right to refuse payment.

All amounts due to members that are classified as liabilities are presented in the balance sheet within 'Loans and other debts, due to members' and are charged to the profit and loss account within 'Members' remuneration charged as an expense'. Amounts due to members that are classified as equity are shown in the balance sheet within 'Members' other interests'. Since 9 October 2014 an amount has been reclassified as Equity as a change made to the Members Agreement has restricted the amount that can be paid out to any Member if their payment reduces the capital below the minimum capital of £7,000,000.

Amounts due to members rank *pari passu* with ordinary creditors in the event of winding up.

Pension costs and other post-retirement benefits

The LLP operates both a defined benefit pension scheme and a defined contribution scheme for its employees. The assets of the schemes are held separately from those of the LLP in independently administered funds.

Current service costs, past service costs and gains and losses on settlements and curtailments are charged to the profit and loss account. Past service costs are recognised over the vesting period or immediately as the benefits are vested. When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs, the obligation and related plan assets are re-measured using current actuarial assumptions and the resultant gain or loss is recognised in the profit and loss account during the year in which the settlement or curtailment occurs.

The interest cost and the expected return on assets are shown as a net amount in the profit and loss account within other finance costs or income. Actuarial gains and losses are recognised immediately in members other interests.

Peter Brett Associates LLP

Notes forming part of the financial statements for the period ended 31 December 2018 *(continued)*

1 Accounting policies *(continued)*

Pension costs and other post-retirement benefits (continued)

Pension scheme assets are valued at fair value at the balance sheet date. Fair value is based on market price information and in the case of quoted securities is the published bid price. Pension scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted to their present value using a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The pension scheme surplus (to the extent that it can be recovered) or deficit is recognised in full on the balance sheet. There is no related deferred tax.

Taxation

The taxation payable on the partnership profits is the personal liability of the members and consequently neither taxation nor related deferred taxation are accounted for in the financial statements. Amounts retained for members' personal obligations are treated in the same way as other profits of the partnership and are included as loans and other debts due to members.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Financial assets

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost less any impairment.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Financial assets and liabilities

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the LLP transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the LLP, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Presentational currency

The currency used in the presentation of these financial statements is British Pound Sterling.

Peter Brett Associates LLP

Notes forming part of the financial statements for the period ended 31 December 2018 (*continued*)

1 Accounting policies (*continued*)

Drawings

Drawings represent payments on account of profits which may be allocated to members. The amount of such drawings is set at the beginning of each financial year, taking into account the anticipated cash needs of the LLP and may be reclaimed from members until profits have been allocated to them. Unallocated profits are included within members' other interests, classified as equity, advanced drawings in excess of allocated profits are included within 'Amounts due from members' in debtors, and allocated profits in excess of drawings are included within 'Amounts due to members' as a liability.

Member's Capital

Initial capital contributions ('principal capital') of each of the members are amounts as set out in the LLP agreement. Further members shall contribute upon admission to the LLP such capital as determined by the Board. No member can withdraw or receive back any part of their principal capital contribution account except for in specific circumstances as detailed in the LLP deed and approved by the Board. Members' principal capital is therefore classified as equity. Subsequent capital is repaid to members shortly after ceasing to be a member of the LLP, or at such other time as is determined by the Board. Members' subsequent capital is therefore classified as a liability due within one year. There is no opportunity for the appreciation of capital subscribed.

Onerous leases

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease. This is released over the remaining lease term.

Professional indemnity insurance

Insurance premiums are expensed to the profit and loss account over the period of the insurance cover. Provision is made for any uninsured excess that is likely to be payable in respect of claims made. These are based on best estimates of the expected cash outflows, discounted to present value where appropriate.

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

In preparing these financial statements, the members have made the following judgements:

- Whether leases entered into by the LLP either as a lessor or as a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Whether there are indicators of impairment of the LLP's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Peter Brett Associates LLP

Notes forming part of the financial statements for the period ended 31 December 2018 *(continued)*

2 Judgements in applying accounting policies and key sources of estimation uncertainty *(continued)*

Other key sources of estimation uncertainty

- *Tangible fixed assets*

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where 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 projected disposal values. During the period a review of the carrying value of the fixed assets was held which resulted in an acceleration of £924k included in the period's depreciation charge.

- *Revenue recognition*

The partnership reviews recognition of revenue of fixed price contracts based on the estimated stage of completion of each contract. A judgement is made based on costs to date against total expected costs and revenue is recognised based on this estimate. During the period the partnership changed the basis of its recognition of profits on contracts from a stepped profit approach to a straight line basis and conservatively adjusted the future profit outcomes of projects. The impact on the period was a decrease in revenue of net £493k.

Accrued income is recognised where work has taken place but has not been billed. The recoverability of accrued income is a judgement and provisions are put in place against any unbilled accrued income which may not be recoverable

- *Trade debtors provisioning*

Trade debtors are reviewed for impairment loss on an annual basis and provision made for any balances where there is uncertainty against the recoverability of the balance. This methodology is applied on a customer by customer basis.

- *Provisions*

Provision for dilapidations are recognised in accordance with FRS 102 section 21. Management use assumptions and judgement as to the best estimate of returning a leasehold property to its original condition in accordance with the lease terms.

A provision for Professional Indemnity ("PI") claims is recognised in accordance with FRS 102 section 21. Management reviews on a monthly basis potential PI claims relating to work previous undertaken, providing for instances where it is very likely a claim will be made. The value of this provision is in accordance with the excess amounts stated in the PI insurance policy.

- *Pension*

The assumptions made in respect of the valuation of the defined benefit pension liability include various actuarial assumptions which could give rise to significant movements in the liability. During the period changes made to certain key actuarial assumptions gave rise to a £6.4m increase in the liability as disclosed in note 16. Key contributors were the change in assumption related to the exchange of cash from the pension on retirement whereby 50% of members are now assumed to convert 25% of the pension for a cash sum, whereas previously all members were assumed to take the maximum 25% as cash. In addition, the assumption in respect of the percentage of members assumed to be married at retirement age, or death if earlier, has risen from 75% to 90%.

Peter Brett Associates LLP

Notes forming part of the financial statements for the period ended 31 December 2018 (continued)

3 Turnover

The turnover and profit before tax are attributable to the one principal activity of the LLP, arising wholly in the United Kingdom.

4 Operating profit

	6 month period ended 31 December 2018 £	Year ended 30 June 2018 £
This has been arrived at after charging/(crediting):		
Depreciation of owned fixed assets	1,274,370	870,030
Net loss/(profit) on disposal of fixed assets	7,726	16,374
Loss on write down of fixed asset investment	1,000	50,000
Operating lease costs:		
- land and buildings	787,152	1,291,858
- other	235,957	381,421
Services provided by the LLP's auditors:		
- fees payable for the audit of the LLP	67,000	65,200
- fees payable for other services - tax compliance	76,807	62,961
- other services	25,000	22,437
	<u> </u>	<u> </u>

5 Employees

	6 month period ended 31 December 2018	Year ended 30 June 2018
Staff costs consist of:		
Wages and salaries	16,930,912	25,531,045
Social security costs	1,993,507	2,882,838
Cost of defined benefit scheme	223,234	279,754
Cost of defined contribution scheme	859,192	1,546,867
	<u> </u>	<u> </u>
	20,006,845	30,240,504
	<u> </u>	<u> </u>

The average number of persons, including former members with contracts of employment, employed by the LLP during the period was as follows:

	6 month period ended 31 December 2018 Number	Year ended 30 June 2018 Number
Technical staff	600	548
Administrative staff	101	92
	<u> </u>	<u> </u>
	701	640
	<u> </u>	<u> </u>

Peter Brett Associates LLP

Notes forming part of the financial statements for the period ended 31 December 2018 (*continued*)

6 Interest receivable and similar income

	6 month period ended 31 December 2018 £	Year ended 30 June 2018 £
Bank interest receivable	7,964	7,960

7 Interest payable and similar charges

	6 month period ended 31 December 2018 £	Year ended 30 June 2018 £
Interest payable on bank borrowing	8,775	49,806
Interest and similar charges in respect of defined benefit pension scheme	271,000	162,000
	279,775	211,806

8 Tax on profit on ordinary activities

The financial statements do not incorporate any charge or liability for taxation on the results of the limited liability partnership as the relevant tax is the personal liability of individual members.

Peter Brett Associates LLP

Notes forming part of the financial statements for the period ended 31 December 2018 (continued)

9 Information in relation to members

The following sums are contractual payments to Members and are therefore charged as an expense of the LLP.

	6 month period ended 31 December 2018 £	Year ended 30 June 2018 £
Salaried remuneration to members:		
Amounts arising from participation rights that give rise to a liability	989,720	5,374,249
	<hr/>	<hr/>
Total remuneration	989,720	5,374,249
	<hr/>	<hr/>

The following information regarding members is in respect of total profits of the LLP inclusive of contractual payments charged as an expense as shown above.

	6 month period ended 31 December 2018 £	Year ended 30 June 2018 £
Highest paid member remuneration	26,171	395,185
	<hr/>	<hr/>
The average member remuneration during the period was	23,017	240,173
	<hr/>	<hr/>

Profits are shared among the members in accordance with the agreed profit sharing arrangements.

In the year to 30 June 2018, the average number of members during the year was 43. The average number of members during the period to 7 September 2018 was 43. From that date, as a result of the change in ownership, there have been two members.

Peter Brett Associates LLP

Notes forming part of the financial statements
for the period ended 31 December 2018 (*continued*)

10 Tangible fixed assets

	Short leasehold property £	Plant and machinery £	Motor vehicles £	Total £
<i>Cost</i>				
At 1 July 2018	1,880,469	3,835,118	14,944	5,730,531
Additions	69,452	333,249	-	402,701
Disposals	(11,246)	(128,030)	-	(139,276)
	<u>1,938,675</u>	<u>4,040,337</u>	<u>14,944</u>	<u>5,993,956</u>
<i>Depreciation</i>				
At 1 July 2018	743,340	2,472,194	6,538	3,222,072
Provided for the period	277,048	995,725	1,596	1,274,369
Disposals	(3,520)	(127,804)	-	(131,324)
	<u>1,016,868</u>	<u>3,340,115</u>	<u>8,134</u>	<u>4,365,117</u>
<i>Net book value</i>				
At 31 December 2018	<u>921,807</u>	<u>700,222</u>	<u>6,810</u>	<u>1,628,839</u>
At 30 June 2018	<u>1,137,129</u>	<u>1,362,924</u>	<u>8,406</u>	<u>2,508,459</u>

Peter Brett Associates LLP

Notes forming part of the financial statements for the period ended 31 December 2018 (*continued*)

11 Fixed asset investments

	£
Shares in subsidiary undertaking	
At 1 July 2018	1,000
Impairment	(1,000)
	<hr/>
At 31 December 2018	-
	<hr/>

During the year, the remaining investment carrying value relating to the LLP's investment in Brett Consulting Limited, a wholly owned dormant subsidiary incorporated in the United Kingdom, was written down to £Nil. Brett Consulting Limited was dissolved on 11 June 2019.

12 Debtors

	31 December 2018 £	30 June 2018 £
Trade debtors	10,650,343	12,996,604
Amounts owed by related companies	309,104	22,436
Other debtors	42,831	38,359
Prepayments	1,598,709	2,114,650
Accrued income	4,252,049	5,366,682
	<hr/>	<hr/>
	16,853,036	20,538,731
	<hr/>	<hr/>

Amounts owed by related undertakings are unsecured, due on demand and do not bear interest.

All amounts shown under debtors fall due for payment within one year.

Peter Brett Associates LLP

Notes forming part of the financial statements for the period ended 31 December 2018 (continued)

13 Creditors: amounts falling due within one year

	31 December 2018 £	30 June 2018 £
Payment received on account	2,293,688	4,237,935
Trade creditors	1,585,213	1,674,194
Other creditors	362,022	356,636
Other taxes	2,705,069	2,443,929
Accruals	3,387,455	4,009,845
Amounts owed to former members	-	63,641
	<u>10,333,447</u>	<u>12,786,180</u>

On 21 June 2016 the LLP obtained a £5,000,000 revolving credit facility with an interest rate of base plus 0.9%. The facility remained unused in the financial year to 30 June 2018. On the 7 September 2018 the revolving credit facility was closed.

14 Financial Instruments

The LLP's financial instruments may be analysed as follows:

	31 December 2018 £	30 June 2018 £
Financial assets		
Cash at bank and in hand	2,782,739	9,729,838
Financial assets that are debt instruments measured at amortised cost	15,254,327	18,424,081
	<u>18,037,066</u>	<u>28,153,919</u>
Financial liabilities		
Financial liabilities measured at amortised cost	5,936,605	6,104,316
	<u>5,936,605</u>	<u>6,104,316</u>

Financial assets measured at amortised cost comprise trade debtors, other debtors, accrued income, amounts due from members, and amounts owed by related companies.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, amounts due to former members, and accruals.

Peter Brett Associates LLP

Notes forming part of the financial statements for the period ended 31 December 2018 (continued)

15 Provisions for liabilities

	Dilapidations £	PI Claims £	Total £
At 1 July 2018	712,331	450,000	1,162,331
Released in the period	(375,046)	-	(375,046)
Charged to profit and loss	80,646	-	80,646
	<hr/>	<hr/>	<hr/>
At 31 December 2018	417,931	450,000	867,931
	<hr/>	<hr/>	<hr/>

Dilapidations provisions relate to the provision for costs that may be incurred at the end of the lease to bring the building back to its original state. These are accrued evenly over the life of the lease. Released in the period relates to accruals no longer required and as such released to the income statement as income for the period. Charged to profit and loss relates to the increase in dilapidations in line with company policy. Dilapidations are expected to be utilised in 1 to 13 years.

In common with comparable businesses, the LLP is involved in a number of disputes in the ordinary course of business, which may give rise to claims. The LLP carries professional indemnity insurance ("PII") and where a claim is agreed with the insurance company on notification, the liability for the claim amount above the excess is taken on by the insurance firm. No separate disclosure is made of the cost of claims covered by insurance as to do so could seriously prejudice the position of the LLP.

16 Pensions and other post-retirement benefits

The LLP offers retirement benefit schemes to its employees.

Defined contribution scheme

Pension costs under this scheme represent the contributions payable by the LLP based upon a fixed percentage of employees' pay. The total pension cost in respect of this scheme for the six month period was £859,143 (year ended 30 June 2018 - £1,546,867). There were payments of £316,446 outstanding as at 31 December 2018 (year ended 30 June 2018 - £250,974) in respect of this pension scheme.

Defined benefit scheme

Peter Brett Associates Retirement Benefit Scheme Trustees administer and manage the scheme on behalf of the scheme members in accordance with the terms of the trust deed and relevant legislation. Whilst the scheme has been closed for further accrual, preserved benefits are maintained in line with future income.

The LLP operates a funded defined benefit pensions scheme in the UK. The disclosures set out below are based upon calculations carried out as at 31 December 2018 by a qualified independent actuary.

The pension scheme assets are held in a separate Trustee-administered fund to meet long-term pension liabilities to past and present employees. The Trustees of the Scheme are required to act in the best interest of the Scheme's beneficiaries. The appointment of Trustees to the fund is determined by the Scheme's Trust documentation.

Peter Brett Associates LLP

Notes forming part of the financial statements for the period ended 31 December 2018 (continued)

16 Pensions and other post-retirement benefits (continued)

The liabilities of the defined benefit scheme are measured by discounting the best estimate of future cashflows to be paid out of the Scheme using the projected unit method. This amount is reflected in the deficit in the balance sheet. The projected unit method is an accrued benefits valuation method in which the scheme liabilities make allowances for the projected earnings. Future accrual under the Scheme ceased after 30 September 2006.

As at 31 December 2018, contributions are payable to the Scheme by the LLP at the rates set out in the Schedule of Contributions dated 26 April 2011.

The contributions based on the current Schedule of Contributions expected to be made in the period commencing 1 January 2019 are £585,000.

The amounts recognised in the income statement are as follows:

	6 month period ended 31 December 2018 £	Year ended 30 June 2018 £
Amounts included in other finance costs		
Expected return on scheme assets	(529,000)	(1,008,000)
Interest on scheme liabilities	629,000	947,246
Past service cost	171,000	222,754
Other finance expense (note 7)	271,000	162,000
Total charge to the income statement	271,000	162,000

Other finance income is included in the profit and loss account within interest receivable and similar income. Other finance cost is included in interest payable and similar charges.

Actuarial loss of £8,078,000 (year ended 30 June 2018 - £2,643,381 actuarial gain) have been recognised in the statement of comprehensive income. At 31 December 2018 the cumulative amount of actuarial losses recognised in the statement of comprehensive income is £11,083,000 (30 June 2018 - £3,046,000). This cumulative position is based upon a start point of 1 April 2007 being the opening position provided by the Actuary.

The amounts recognised in the balance sheet are as follows:

	31 December 2018 £	30 June 2018 £
Present value of funded obligations	(47,453,000)	(41,350,000)
Fair value of scheme assets	36,370,000	38,304,000
Net pension liability	(11,083,000)	(3,046,000)

Peter Brett Associates LLP

Notes forming part of the financial statements for the period ended 31 December 2018 (continued)

16 Pensions and other post-retirement benefits (continued)

Changes in the present value of the defined benefit obligations are as follows:

	31 December 2018 £	30 June 2018 £
Opening defined benefit obligation	41,350,000	42,312,000
Past service cost	171,000	222,754
Interest on scheme liabilities	629,000	947,246
Change in actuarial assumptions	6,422,000	(1,562,000)
Actuarial gain	(454,000)	450,000
Benefits paid	(665,000)	(1,020,000)
Closing defined benefit obligation	47,453,000	41,350,000

Changes in the fair value of scheme assets are as follows:

	31 December 2018 £	30 June 2018 £
Opening fair value of scheme assets	38,304,000	36,216,000
Expected return on scheme assets	529,000	1,008,000
Contributions by employer	312,000	569,000
Actuarial gain	(2,110,000)	1,531,000
Benefits paid	(665,000)	(1,020,000)
Closing fair value of scheme assets	36,370,000	38,304,000

Pension contributions in the period totalled £216,899 (year ended 30 June 2018 - £568,616). These contributions were in respect of the members' action plan to eliminate the deficit and further additional contributions are planned for future years.

	31 December 2018 £	30 June 2018 £
<i>Amounts recognised in the profit and loss amount are as follows:</i>		
<i>Included in administrative expenses:</i>		
Current service cost	52,234	57,000
Past service cost	171,000	222,754
	223,234	279,754

Amounts included in other finance costs
Net interest cost

	31 December 2018 £'000	30 June 2018 £'000
<i>Analysis of actuarial loss recognised in other comprehensive income</i>		
Experience gains and losses arising on the scheme liabilities	(1,656,000)	1,081,381
Changes in assumptions underlying the present value of the scheme liabilities	(6,422,000)	1,562,000
	(8,078,000)	2,643,381

Peter Brett Associates LLP

Notes forming part of the financial statements for the period ended 31 December 2018 (continued)

16 Pensions and other post-retirement benefits (continued)

The fair value of the major categories of scheme assets as a percentage of total scheme assets are as follows:

	31 December 2018 %	30 June 2018 %
Properties	8	8
Equities	32	34
Bonds and gilts	-	-
Cash	-	-
LDI	25	26
Dynamic diversified growth	34	31
Annuities	1	1

The principal actuarial assumptions as at the balance sheet date were:

	31 December 2018 %	30 June 2018 %
Discount rate	3.0	2.8
Expected return on plan assets	3.0	2.8
Rate of increase in salaries	3.5	2.7
Rate of increase in pensions in payment	3.4	3.1
Inflation - RPI	3.5	3.2
Inflation - CPI	2.7	2.2

The actual return on scheme assets in the period was £529,000 (year ended 30 June 2018 - £2,539,000).

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy.

	31 December 2018 £'000	30 June 2018 £'000	30 June 2017 £'000	30 June 2016 £'000	30 June 2015 £'000
Defined benefit obligation	(47,453)	(41,350)	(42,312)	(38,129)	(37,159)
Fair value of scheme assets	36,370	38,304	36,216	31,199	28,380
Deficit in the scheme	(11,083)	(3,046)	(6,096)	(6,930)	(8,779)
Experience adjustments on scheme assets	(2,110)	1,531	4,074	1,936	1,253
Experience adjustment on plan liabilities	(454)	450	(54)	(737)	-

Peter Brett Associates LLP

Notes forming part of the financial statements for the period ended 31 December 2018 (continued)

17 Related party transactions

The LLP is controlled by the members. During the period the LLP entered into transactions with companies under the control of certain members which are detailed as follows:

Net sales of £167,087 (30 June 2018 - £688,370) and net purchases of £Nil (30 June 2018 - £2,000) took place with PBA International Limited, which is incorporated in England, and its overseas subsidiary undertakings. At the period end, the LLP a fellow group undertaking it's owed £309,104 (30 June 2018 - £Nil) by PBA International Limited and its subsidiary undertakings. No provision has been included in respect of this balance. The LLP's parent undertaking, Stantec Europe Limited has provided a guarantee in respect of this balance.

Key management personnel consist of two senior managers in the LLP who together have authority and responsibility for planning, directing and controlling the activities of the LLP. The total compensation paid to key management personnel for services provided to the LLP was £ 133,665 (year ended 30 June 2018 - £787,055).

18 Commitments under operating leases

At 31 December 2018 the LLP had minimum lease payments under non-cancellable operating leases as set out below:

	Land and buildings 31 December 2018 £	Land and buildings 30 June 2018 £	Other 31 December 2018	Other 30 June 2018
Within 1 year	1,616,140	1,424,008	370,068	383,977
In 1 to 5 years	5,212,338	3,882,300	655,196	574,096
Over 5 years	3,232,927	3,306,230	-	-
	<u>10,061,405</u>	<u>8,612,538</u>	<u>1,025,264</u>	<u>958,073</u>

19 Ultimate controlling party

Peter Brett Associates LLP is a 99% owned subsidiary undertaking of Stantec UK Limited, a company registered in England and Wales.

The smallest group in which the results of the partnership are consolidated is that headed by Stantec Europe Limited, a company registered in England and Wales. The consolidated financial statements of this company are available to the public and may be obtained from Buckingham Court, Kingsmead Business Park, London Road, High Wycombe, Buckinghamshire, HP11 1JU.

Stantec Europe Limited is wholly owned by Stantec Inc., a company based in Canada, whose head office address is 400-10220-103 Avenue NW, Edmonton, Alberta, T5J OK4, Canada. Stantec Inc. is head of the largest group in which the results of the partnership are consolidated. The partnership's ultimate controlling party is Stantec Inc.