

AECOM Consulting Services (NZ) Limited

Inc No: 40069

Financial Statements

For the Year Ended 30 September 2019

AECOM Consulting Services (NZ) Limited

Inc No: 40069

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For the Year Ended 30 September 2019

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AECOM Consulting Services (NZ) Limited

Inc No: 40069

Reporting by Directors

For the Year Ended 30 September 2019

The directors present their report on AECOM Consulting Services (NZ) Limited for the financial year ended 30 September 2019.

Nature of Business	Engineering, environmental services, planning and design, systems engineering and technical assistance, program and construction management, operation and maintenance services.
Business Location	8 Mahuhu Crescent AUCKLAND 1010
Registered Office	8 Mahuhu Crescent AUCKLAND 1010
Incorporation Number	40069
IRD Number	34-179-190
Directors	Todd Battley Donald Davidson
Auditors	Ernst & Young Level 51 111 Eagle Street BRISBANE QLD 4000 AUSTRALIA
Bankers	HSBC Level 9, 1 Queen Street AUCKLAND 1010
Solicitors	Hesketh Henry Level 14 PWC Tower 188 Quay Street AUCKLAND 1010
Shareholders	URS Asia Pacific Pty Ltd - 1,318,302 ordinary shares

AECOM Consulting Services (NZ) Limited

Inc No: 40069

Reporting by Directors

For the Year Ended 30 September 2019

Annual Report

The Directors present the annual report including the financial statements of the Company for the year ended 30 September 2019 and the auditors' report thereon.

The shareholders of the Company have exercised their rights under Section 211(3) of the *Companies Act 1993* whereby pursuant to a decision of the Shareholders of the Company who together had at least 95% of the voting shares, they have agreed not to comply with certain paragraphs (a) and (e) to (j) of Section 211(1) or Section 211(2) of the Act.

Future Developments and Results

Likely developments in the operations of the Company and the expected results of those operations in future financial years have been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Signed for and on behalf of the Board by:



.....
Todd Battley
Director



.....
Donald Davidson
Director

Dated: 14 February 2020

Dated: 14 February 2020

AECOM Consulting Services (NZ) Limited

Inc No: 40069

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 September 2019

		2019	2018
	Note	\$	\$
Revenue	3(a)	12,551,121	14,638,841
Other income	3(b)	51,564	2,581
Expenses	4(a)	(12,126,902)	(16,813,245)
Finance costs	4(b)	-	(11,795)
Profit/(Loss) before income tax		475,783	(2,183,618)
Income tax (expense)/benefit	5	(350,411)	799,008
Profit/(Loss) and total comprehensive loss for the year		125,372	(1,384,610)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

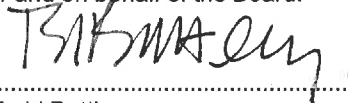
AECOM Consulting Services (NZ) Limited

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Statement of Financial Position For the Year Ended 30 September 2019

	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	4,615,097	5,551,986
Trade and other receivables	8	4,725,380	2,959,907
Contract assets	9	563,911	1,026,331
Other assets	11	141,490	121,365
TOTAL CURRENT ASSETS		10,045,878	9,659,589
NON-CURRENT ASSETS			
Plant and equipment	10	19,500	89,781
Deferred tax assets	5	845,319	2,889,646
TOTAL NON-CURRENT ASSETS		864,819	2,979,427
TOTAL ASSETS		10,910,697	12,639,016
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	5,455,862	4,874,833
Contract liabilities	9	166,197	259,766
Employee entitlements	13	613,345	661,176
Provisions	14	-	2,273,863
TOTAL CURRENT LIABILITIES		6,235,404	8,069,638
NON-CURRENT LIABILITIES			
Deferred tax liabilities	5	142,326	146,200
Employee entitlements	13	1,194	714
TOTAL NON-CURRENT LIABILITIES		143,520	146,914
TOTAL LIABILITIES		6,378,924	8,216,552
NET ASSETS		4,531,773	4,422,464
EQUITY			
Issued capital	15	1,318,302	1,318,302
Equity contribution		798,868	814,931
Retained earnings		2,414,603	2,289,231
TOTAL EQUITY		4,531,773	4,422,464

Signed for and on behalf of the Board:

Director.....
Todd Battley

Dated: 14 February 2020

Director.....
Donald Davidson

Dated: 14 February 2020

AECOM Consulting Services (NZ) Limited

Inc No: 40069

Statement of Changes in Equity For the Year Ended 30 September 2019

	Issued Capital \$	Contributed Equity \$	Retained Earnings \$	Total \$
Balance at 1 October 2018	1,318,302	814,931	2,289,231	4,422,464
Profit/(Loss) and total comprehensive loss for the year	-	-	125,372	125,372
Share based payment transactions	-	(16,063)	-	(16,063)
Balance at 30 September 2019	1,318,302	798,868	2,414,603	4,531,773

	Issued Capital \$	Contributed Equity \$	Retained Earnings \$	Total \$
Balance at 1 October 2017	1,318,302	729,817	3,673,841	5,721,960
Loss and total comprehensive loss for the year	-	-	(1,384,610)	(1,384,610)
Share based payment transactions	-	85,114	-	85,114
Balance at 30 September 2018	1,318,302	814,931	2,289,231	4,422,464

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

AECOM Consulting Services (NZ) Limited

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Statement of Cash Flows

For the Year Ended 30 September 2019

	Note	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		12,344,160	15,774,580
Payments to suppliers		(4,333,536)	(4,997,843)
Payment to employees		(8,529,038)	(10,414,862)
Interest received		72,567	112,585
Income tax (paid)/refund		(102)	121
Goods and services tax paid		(491,602)	(1,153,427)
Net cash used in operating activities	18	<u>(937,551)</u>	<u>(678,846)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of plant and equipment		662	-
Net cash used in investing activities		<u>662</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net cash used in financing activities		<u>-</u>	<u>-</u>
Net decrease in cash and cash equivalents held		(936,889)	(678,846)
Cash and cash equivalents at beginning of year		5,551,986	6,230,832
Cash and cash equivalents at end of financial year	7	<u>4,615,097</u>	<u>5,551,986</u>

The above Statement of Changes in Cash Flows should be read in conjunction with the accompanying notes.

AECOM Consulting Services (NZ) Limited

ICN: 40069

Notes to and forming part of the Financial Statements For the Year Ended 30 September 2019

1 Statement of Compliance and Basis of Preparation

The financial statements of AECOM Consulting Services (NZ) Limited (the Company) are for the year ended 30 September 2019.

The financial statements comply with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS RDR). The Company is eligible to report in accordance with NZ IFRS RDR on the basis that it does not have public accountability and is not a large public sector entity.

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP) and the requirements of the Companies Act 1993. For the purposes of complying with NZ GAAP the Company is a for-profit entity.

The financial statements have been prepared on a historical cost basis and are presented in New Zealand dollars rounding to the nearest dollar.

Fiscal Year

The Company reports results of operations based on 52 or 53 week periods ending on the Friday nearest September 30. For clarity of presentation, all periods are presented as if the year ended on September 30. Fiscal year 2019 contained 52 weeks and ended on 27 September. Fiscal year 2018 contained 52 weeks and ended on 28 September.

2 Significant Accounting Estimates and Assumptions

The carrying amount of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Provision for Professional Indemnity Claims

A provision for professional indemnity claims is recognised in excess of the professional indemnity insurance cover based on probability of a liability arising and current information about the professional claims experience.

Contract Assets and Contract Liabilities

Assumptions are made in relation to the percentage of completion of contract assets and contract liabilities in accordance with the estimated costs to complete and resultant percentage of completion or extent of any anticipated losses. These assumptions are made by project managers and the revenue committee familiar with the status of the clients' engagement.

Make good provisions

Assumptions are made in determining the make good obligations. In accordance with various property leases, the Company must restore the leased premises to its original condition at the conclusion of the lease term. Because of the long term nature of the liability, there is uncertainty in estimating the present value of the costs that will ultimately be incurred.

AECOM Consulting Services (NZ) Limited

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Notes to and forming part of the Financial Statements For the Year Ended 30 September 2019

2 Significant Accounting Estimates and Assumptions (continued)

(a) Finance Costs

Finance costs comprise interest expense on borrowings and related party payables.

(b) Foreign Currency Translation

Functional and presentation currency

The financial statements are presented in New Zealand Dollars, which is the Company's functional and presentational currency.

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(c) Income Tax

Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income.

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income and not the profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary differences can be controlled and it probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

AECOM Consulting Services (NZ) Limited

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Notes to and forming part of the Financial Statements For the Year Ended 30 September 2019

2 Significant Accounting Estimates and Assumptions (continued)

(c) Income Tax (continued)

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(d) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivable and payable, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(e) Trade and Other Receivables

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly.

The Company has elected to apply the simplified approach to measuring expected credit losses, using the lifetime expected loss allowance for all trade receivables.

When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account.

(f) Contract Assets and Contract Liabilities

Contract assets and contract liabilities are stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus profits less losses, the net amounts are presented under other liabilities.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract and an allocation of overhead expenses incurred in connection with the Company's operating activities in general.

AECOM Consulting Services (NZ) Limited

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Notes to and forming part of the Financial Statements For the Year Ended 30 September 2019

2 Significant Accounting Estimates and Assumptions (continued)

(g) Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such costs include the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

Depreciation on plant and equipment is calculated on a straight line basis using the estimated useful life of the asset. The depreciation rates used for each class of depreciable assets are:

Leasehold Improvements	10%
Equipment	20 - 33%
Furniture	10%
Office Equipment	20 - 33%
Computer Software	20 - 33%

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Disposal

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(h) Leases

Leases in which the Company has substantially all the risks and rewards of ownership are classified as finance leases. The assets acquired by way of finance leases are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payment at inception of the lease, less accumulated depreciation and impairment losses.

The corresponding rental obligations, net of finance charges are included in other long term payables. The interest element of the finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease.

(i) Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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Notes to and forming part of the Financial Statements For the Year Ended 30 September 2019

2 Significant Accounting Estimates and Assumptions (continued)

(j) Impairment

The carrying amounts of the Company's assets other than inventories and deferred tax assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If the estimated recoverable amount of an asset is less than its carrying amount, the asset is written down to its estimated recoverable amount and an impairment loss is recognised in the profit and loss.

Estimated recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting these to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Other impairment losses are reversed when there is a change in the estimates used to determine the recoverable amount.

(k) Trade and Other Payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

(l) Provision

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flow at a pre-tax rate that reflects current market rates and, where appropriate, the risk specific to the liability.

(m) Employee Benefits

Liabilities for wages and salaries, including non-monetary benefits, annual, and long service leave expected to be settled within 12 months of the reporting date are recognised in provisions in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at rates paid or payable.

The liability for employee entitlements is carried at the present value of the estimated future cash flows.

Equity Settled Transactions

The Company provides benefits to employees (including senior executives) of the Company in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions). These benefits are provided under the 2006 Stock Incentive Plan.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a binomial model.

AECOM Consulting Services (NZ) Limited

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Notes to and forming part of the Financial Statements For the Year Ended 30 September 2019

2 Significant Accounting Estimates and Assumptions (continued)

(m) Employee Benefits (continued)

In valuing equity-settled transactions, no account is taken of any performance conditions, other than market conditions, if applicable. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- (i) the extent to which the vesting period has expired; and
- (ii) the Company's best estimate of the number of equity instruments that will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The Statement of profit or loss and other comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

(n) Share Capital

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

(o) Dividends

Provision is made for the amount of any dividend declared on or before the end of the financial year but not distributed at balance date.

Dividend distribution to the Company shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

(p) New Accounting Standards for Application in Future Periods

The Company applied NZ IFRS 15 and NZ IFRS 9 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

NZ IFRS 9 Financial Instruments

NZ IFRS 9 Financial Instruments addresses classification, measurement and derecognition of financial assets and financial liabilities, sets out new rules for hedge accounting, and introduces a new expected credit loss impairment model. The effective date of NZ IFRS 9 for the Company was 1 October 2018.

The adoption of NZ IFRS 9 had no impact on the Company's financial statements. Opening balances have not been restated. There has been no material impact on the Company's results for the year ended 30 September 2019. The Company has updated its trade receivables and contract asset accounting policy and disclosure to reflect the accounting and disclosure requirements of the new standard particularly in relation to the changes the impairment model and the "expected loss" model for instruments measured at amortized cost.

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Notes to and forming part of the Financial Statements For the Year Ended 30 September 2019

2 Summary of Significant Accounting Policies (continued)

(p) New Accounting Standards for Application in Future Periods (continued)

NZ IFRS 15 Revenue from Contracts from Customers

NZ IFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under NZ IFRS 15, revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer.

The Company adopted NZ IFRS 15 using the full retrospective method of adoption. The adoption of NZ IFRS 15 had no material impact on the Company's financial statements. Opening balances have not been restated. There has been no material impact on the Company's results or cash flows for the year ended 30 September 2019. The Company has updated its revenue recognition accounting policy and disclosures to reflect the accounting and disclosure requirements of the new standard.

The new accounting guidance establishes principles for recognizing revenue upon the transfer of control of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services. The Company generally recognises revenues over time as performance obligations are satisfied. The Company generally measures its progress to completion using an input measure of total costs incurred divided by total costs expected to be incurred. In the course of providing its services, the Company routinely subcontracts for services and incurs other direct costs on behalf of its clients. These costs are passed through to clients and, in accordance with GAAP, are included in the Company's revenue and cost of revenue.

Recognition of revenue and profit is dependent upon a number of factors, including the accuracy of a variety of estimates made at the balance sheet date, such as engineering progress, material quantities, the achievement of milestones, penalty provisions, labour productivity and cost estimates. Additionally, the Company is required to make estimates for the amount of consideration to be received, including bonuses, awards, incentive fees, claims, unpriced change orders, penalties, and liquidated damages. Variable consideration is included in the estimate of the transaction price only to the extent that a significant reversal would not be probable. Management continuously monitors factors that may affect the quality of its estimates, and material changes in estimates are disclosed accordingly.

The following summarises the Company's major contract types:

Cost Reimbursable Contracts

Cost reimbursable contracts include cost-plus fixed fee, cost-plus fixed rate, and time-and-materials price contracts. Under cost-plus contracts, the Company charges clients for its costs, including both direct and indirect costs, plus a negotiated fee or rate. The Company recognises revenue based on actual direct costs incurred and the applicable fixed rate or portion of the fixed fee earned as of the balance sheet date. Under time-and-materials price contracts, the Company negotiates hourly billing rates and charges its clients based on the actual time that it expends on a project. In addition, clients reimburse the Company for materials and other direct incidental expenditures incurred in connection with its performance under the contract. The Company may apply a practical expedient to recognise revenue in the amount in which it has the right to invoice if its right to consideration is equal to the value of performance completed to date.

Guaranteed Maximum Price Contracts (GMP)

GMP contracts share many of the same contract provisions as cost-plus and fixed-price contracts. As with cost-plus contracts, clients are provided a disclosure of all the project costs, and a lump sum or percentage fee is separately identified. The Company provides clients with a guaranteed price for the overall project (adjusted for change orders issued by clients). Cost overruns or costs associated with project delays in completion could generally be the Company's responsibility. Revenue is recognized for GMP contracts as project costs are incurred relative to total estimated project costs.

AECOM Consulting Services (NZ) Limited

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Notes to and forming part of the Financial Statements For the Year Ended 30 September 2019

2 Summary of Significant Accounting Policies (continued)

(p) New Accounting Standards for Application in Future Periods (continued)

Fixed-Price Contracts

Fixed price contracts include both lump-sum and fixed-unit price contracts. Under lump-sum contracts, the Company performs all the work under the contract for a specified fee. Lump-sum contracts are typically subject to price adjustments if the scope of the project changes or unforeseen conditions arise. Under fixed-unit price contracts, the Company performs a number of units of work at an agreed price per unit with the total payment under the contract determined by the actual number of units delivered. Revenue is recognised for fixed-price contracts using the input method measured on a cost-to-cost basis.

The Company has determined that the most relevant level to report disaggregated revenue is at the Design and Consulting Services (DCS) segment. As a result, the total revenue of the Company is the appropriate level of disaggregated revenue.

The Company's timing of revenue recognition may not be consistent with its rights to bill and collect cash from its clients. Those rights are generally dependent upon advance billing terms, milestone billings based on the completion of certain phases of work or when services are performed. The Company's trade receivables represent amounts billed to clients that have yet to be collected and represent an unconditional right to cash from its clients. Contract assets represent the amount of contract revenue recognised but not yet billed pursuant to contract terms or accounts billed after the balance sheet date. Contract liabilities represent billings as of the balance sheet date, as allowed under the terms of a contract, but not yet recognised as contract revenue pursuant to the Company's revenue recognition policy. Substantially all contract assets as of 30 September 2019 and 2018 are expected to be billed and collected within twelve months.

The Company has elected to measure its loss allowances for trade receivables and contract assets at amounts equal to their lifetime expected credit loss (ECL). The ECLs are a probability weighted estimate calculated based on debtors ageing, actual credit loss experience over the past years and future economic conditions. Contract assets held by the Company relate to work in progress which has not yet been billed and as such the average ECL percentage applied is equivalent to that applied to current (not past due) trade receivables.

Bad debts are written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory 30 September 2019. The Company is in the process of determining the impact of these new standards and interpretations.

NZ IFRS 16 Leases

NZ IFRS 16 will replace existing accounting requirements for leases, including those as set out in NZ IFRS 117 Leases for the financial year commencing 1 October 2019.

Under NZ IFRS 16, the Company's accounting for operating leases as a lessee will result in the recognition of a right of use (ROU) asset and an associated lease liability on the balance sheet. The lease liability is equal to the net present value of future lease payments, with the exception of variable lease payments, short term and low value leases. Interest expense will be recognised from the accretion of lease liabilities over the lease term and a depreciation charge will be recognised on the ROU asset.

The Company has not early adopted NZ IFRS 16 and are working to determine any potential impact on future financial statements.

There are no other standards that have been issued but are not yet effective and that are expected to have a material financial impact on the entity in the current or future reporting periods and on foreseeable future transactions.

AECOM Consulting Services (NZ) Limited

Inc No: 40069

Notes to and forming part of the Financial Statements For the Year Ended 30 September 2019

	2019 \$	2018 \$
3 Revenue		
(a) Revenue		
Rendering of services	12,478,554	14,515,545
Finance revenue	72,567	123,296
	<u>12,551,121</u>	<u>14,638,841</u>
<i>Breakdown of finance revenue</i>		
Interest - related parties	72,567	123,296
	<u>72,567</u>	<u>123,296</u>
(b) Other Income		
Other	51,564	2,581
	<u>51,564</u>	<u>2,581</u>
4 Expenses from Continuing Operations		
(a) Expenses		
Sub-consultant and project expenses	654,335	1,401,487
Salaries and employee benefits expenses	8,465,623	10,182,967
Administrative expenses	2,866,400	4,031,258
Depreciation - plant and equipment	63,385	128,394
Travel and relocation expenses	38,080	37,277
Net foreign exchange losses	4,764	82,670
Other expenses	34,315	949,192
Total expenses from continuing operations	<u>12,126,902</u>	<u>16,813,245</u>
(b) Borrowing Costs		
Interest expense – related parties	-	11,795
Total borrowing costs	<u>-</u>	<u>11,795</u>

AECOM Consulting Services (NZ) Limited

Inc No: 40069

Notes to and forming part of the Financial Statements For the Year Ended 30 September 2019

	2019 \$	2018 \$
5 Income Tax		
The components of tax expense comprise:		
Current income tax		
Adjustment in respect of current income tax of previous years	220,823	(213,194)
Deferred income tax		
Relating to origination and reversal of temporary differences	1,823,451	(585,814)
Subvention receipt for tax losses transferred to ANZL and ANZHL	<u>(1,693,865)</u>	-
	<u>(350,409)</u>	<u>(799,008)</u>

A reconciliation between tax expense and the product of accounting profit/(loss) before income tax multiplied by the Company's applicable income tax rate is as follows:

Accounting profit / (loss) before income tax	<u>475,783</u>	<u>(2,183,618)</u>
Prima facie tax on profit/(loss) from ordinary activities at the Company's statutory rate of 28% (2018: 28%)	133,219	(611,413)
- Entertainment expenses	865	1,300
- Share based payments	(4,498)	23,832
- Non-deductible/(assessable) sundry items	-	467
	<u>129,586</u>	<u>(585,814)</u>
- Under/(over) provision in previous year	220,823	(213,194)
Income tax expense/(benefit)	<u>350,409</u>	<u>(799,008)</u>
An effective income tax rate of:	<u>74%</u>	<u>0%</u>

Statement of Financial Position 2019 \$	Statement of Financial Position 2018 \$	Statement of profit or loss and other comprehensive income 2019 \$	Statement of profit or loss and other comprehensive income 2018 \$
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Deferred income tax at 30 September relates to the following:

Deferred Tax Liabilities

Unbilled revenue	<u>142,326</u>	<u>146,200</u>	<u>3,874</u>	<u>151,258</u>
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Deferred Tax Assets

Employee benefits	182,008	181,290	(718)	(109,145)
Expected credit losses	43	63	20	(72,322)
Plant and equipment	620,662	619,023	1,639	(1,382)
Provisions	42,606	1,122,953	(1,080,347)	338,346
Tax losses	-	966,317	(966,317)	480,087
	<u>845,319</u>	<u>2,889,646</u>	<u>(2,044,370)</u>	<u>635,584</u>

AECOM Consulting Services (NZ) Limited

Inc No: 40069

Notes to and forming part of the Financial Statements For the Year Ended 30 September 2019

6 Dividends

No dividends were declared or paid during the current financial year (2018: \$nil). See note 12.

Imputation credit balance

As of 1 April 2017, AECOM Consulting Services (NZ) Limited became part of the AECOM New Zealand Imputation Group. Accordingly all imputation credit transactions post this date are disclosed in AECOM New Zealand Holdings Limited, as this is the nominated representative company of the imputation Group. As at 1 April 2017, AECOM Consulting Services (NZ) Limited had an imputation credit closing balance of \$3,724.

7 Cash and Cash Equivalents

	2019 \$	2018 \$
Cash and cash equivalents	<u>4,615,097</u>	<u>5,551,986</u>

8 Trade and Other Receivables

Trade receivables	800,424	1,265,507
Provisions for expected credit losses	(154)	(224)
	<u>800,270</u>	<u>1,265,283</u>
Advance receivable from other related entities	<u>3,925,110</u>	<u>1,694,624</u>
	<u>4,725,380</u>	<u>2,959,907</u>

9 Contract Assets and Contract Liabilities

Net contract assets / (contract liabilities) comprises:

Contract assets	563,911	1,026,331
Contract liabilities	(166,197)	(259,766)
	<u>397,714</u>	<u>766,565</u>

AECOM Consulting Services (NZ) Limited

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Notes to and forming part of the Financial Statements For the Year Ended 30 September 2019

10 Plant and Equipment

(a) Movement in carrying amounts of plant and equipment

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year:

Cost	Furniture and Equipment \$	Leasehold Improvements \$	Computer Equipment \$	Computer Software \$	Total \$
Year ended 30 September 2019					
Balance at the beginning of year	583,440	312,006	908,044	478,007	2,281,497
Disposals	(375,232)	(308,666)	(481,929)	(475,010)	(1,640,837)
Balance at the end of the year	208,208	3,340	426,115	2,997	640,660
Year ended 30 September 2018					
Balance at the beginning of year	1,059,352	2,567,269	1,435,689	858,600	5,920,910
Disposals	(475,912)	(2,255,263)	(527,645)	(380,593)	(3,639,413)
Balance at the end of the year	583,440	312,006	908,044	478,007	2,281,497
Depreciation					
	Furniture and Equipment \$	Leasehold Improvements \$	Computer Equipment \$	Computer Software \$	Total \$
Year ended 30 September 2019					
Balance at the beginning of year	(558,210)	(309,196)	(849,552)	(474,758)	(2,191,716)
Depreciation	(13,528)	(265)	(48,144)	(1,448)	(63,385)
Disposals	375,233	308,666	475,032	475,010	1,633,941
Balance at the end of the year	(196,505)	(795)	(422,664)	(1,196)	(621,160)
Year ended 30 September 2018					
Balance at the beginning of year	(1,016,205)	(2,564,194)	(1,283,553)	(838,782)	(5,702,734)
Depreciation	(17,917)	(265)	(93,644)	(16,569)	(128,395)
Disposals	475,912	2,255,263	527,645	380,593	3,639,413
Balance at the end of the year	(558,210)	(309,196)	(849,552)	(474,758)	(2,191,716)
Net Book Value					
30 September 2019	11,703	2,545	3,451	1,801	19,500
30 September 2018	25,230	2,810	58,492	3,249	89,781

AECOM Consulting Services (NZ) Limited

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Notes to and forming part of the Financial Statements For the Year Ended 30 September 2019

	2019 \$	2018 \$
11 Other Assets		
CURRENT		
Prepayments	130,725	31,711
GST receivable	10,765	89,654
	<u>141,490</u>	<u>121,365</u>
12 Trade and Other Payables		
Trade creditors and accruals	700,551	1,160,107
Amounts payable to controlling entity	-	4,214
Amounts payable to other related entities	1,755,311	710,512
Dividend payable to related entities	3,000,000	3,000,000
	<u>5,455,862</u>	<u>4,874,833</u>
Terms and conditions relating to the above financial instruments:		
<i>Amounts Payable to Other Related Parties</i>		
<i>Amounts payable to other related parties are non-interest bearing and are normally settled on 30 day terms.</i>		
<i>Dividends payable</i>		
<i>Dividends outstanding as at the end of the financial year relates to dividends payable to URS Asia Pacific Pty Ltd (an immediate parent of the Company) that was declared on 23 December 2013.</i>		
13 Employee Entitlements		
CURRENT		
Provision for employee benefits	<u>613,345</u>	<u>661,176</u>
NON-CURRENT		
Provision for employee benefits	<u>1,194</u>	<u>714</u>

AECOM Consulting Services (NZ) Limited

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Notes to and forming part of the Financial Statements For the Year Ended 30 September 2019

	2019 \$	2018 \$
14 Provisions		
CURRENT		
Onerous lease provision	-	623,863
Provision for make good	-	150,000
Professional indemnity claims	-	1,500,000
	<u>-</u>	<u>2,273,863</u>

(a) Movement in Carrying Amounts

	Onerous Lease \$	Professional Indemnity Claims \$	Make Good \$	Total \$
Opening balance at 1 October 2018	623,863	1,500,000	150,000	2,273,863
Provisions used	(623,863)	(1,500,000)	(150,000)	(2,273,863)
Balance at 30 September 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

	Onerous Lease \$	Professional Indemnity Claims \$	Make Good \$	Total \$
Opening balance at 1 October 2017	1,321,290	1,041,577	150,000	2,512,867
Additional provisions	-	806,423	-	806,423
Provisions used	(697,427)	(323,000)	-	(1,020,427)
Provisions reversed	-	(25,000)	-	(25,000)
Balance at 30 September 2018	<u>623,863</u>	<u>1,500,000</u>	<u>150,000</u>	<u>2,273,863</u>

AECOM Consulting Services (NZ) Limited

Inc No: 40069

Notes to and forming part of the Financial Statements For the Year Ended 30 September 2019

2019
\$

2018
\$

15 Share Capital and Reserves

Issued and paid up capital	1,318,302	1,318,302
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At 30 September 2019, share capital issued and fully paid comprised 1,318,302 ordinary shares (2018: 1,318,302).

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company, and rank equally with regard to the Company's residual assets.

The equity contribution account recognises the amount relating to the share-based payments provided to employees of AECOM Consulting Services Pty Ltd by AECOM that has been recognised in the Statement of profit or loss and other comprehensive income of AECOM Consulting Services (NZ) Limited.

16 Key Management Personnel Disclosures

The Company received key management personnel services provided by other related entities, AECOM Australia Pty Ltd and AECOM New Zealand Limited.

Other Key Management Personnel Transactions

No other transactions with key management personnel occurred in the current or previous year.

17 Related Party Transactions

The immediate parent of the Company is URS Asia Pacific Pty Ltd. The ultimate parent of the Company is AECOM.

(a) Transactions with Related Parties

Sales to and purchases from related parties are made at arm's length transactions both at normal market prices and on commercial terms.

No related party debts have been written off or forgiven during the year (2018: nil).

Amounts payable to other related parties are interest free with no fixed terms of repayment.

The following transactions occurred with related parties:

	Sales to Related Parties \$	Purchases from Related Parties \$	Interest \$	Balance outstanding Amounts Owed by Related Parties \$	Amounts Owed to Related Parties \$
2019					
Ultimate parent entity	-	461	-	-	-
Sister entities	(10,666,060)	48,015	(72,567)	3,925,110	(4,755,311)
Related entities	(10,666,060)	48,476	(72,567)	3,925,110	(4,755,311)
2018					
Ultimate parent entity	(222)	4,744	-	-	(4,214)
Sister entities	(10,207,690)	-	(123,296)	1,645,264	(3,710,512)
Related entities	(10,207,912)	4,744	(123,296)	1,645,264	(3,714,726)

(b) Loans to/from Related Parties

There were no key management personnel loans for the year ended 2019 (2018: nil).

AECOM Consulting Services (NZ) Limited

Inc No: 40069

Notes to and forming part of the Financial Statements For the Year Ended 30 September 2019

	2019 \$	2018 \$
18 Cash Flow Information		
(a) Reconciliation of Result for the Year to Cash flows from Operating Activities		
Reconciliation of net income to net cash provided by operating activities:		
Profit/(Loss) for the year	125,372	(1,384,610)
Cash flows excluded from profit/(loss) attributable to operating activities		
Non-cash flows in profit/(loss):		
Depreciation	63,385	128,394
Net foreign exchange losses/(gains)	259	62,326
Share based payments	(16,063)	85,114
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
Decrease in trade and other receivables	464,754	231,600
Increase in other operating assets	(20,124)	(43,929)
Increase in receivables from related entities	(2,230,487)	(203,723)
Decrease in contract assets/liabilities	368,851	1,498,047
Decrease/(increase) in deferred tax assets	2,044,327	(655,584)
(Decrease)/increase in trade and other payables	(453,319)	256,720
Increase/(decrease) in income taxes payable	-	121
Increase in deferred tax liabilities	(3,874)	(151,258)
Decrease in other provisions	(2,321,217)	(556,013)
Increase in payables to related entities	1,040,585	53,949
Cash flow used by operations	<u>(937,551)</u>	<u>(678,846)</u>

19 Share-base Payments

At 30 September 2019 AECOM Consulting Services (NZ) Limited has the following share-based payment schemes:

The Company provides benefits to employees (including senior executives) of the Company in the form of share-based payments under the AECOM 2006 Stock Incentive Plan. Under the plan, employees render services in exchange for shares or rights over shares (equity-settled transactions). The exercise price of the shares is equal to the market price on the date of grant. The contractual term of the restricted share units is 3 years and there are no cash settlement alternatives for the employees.

Previously eligible employees of the Company were issued restricted stock options under the legacy URS employee incentive plan. There were no stock options issued under this plan in the current year as it is no longer active.

The expense recognised for employee services received during the year is shown in the following table:

Expense arising from equity-settled share-based payment transactions	<u>(16,063)</u>	85,114
	<u>(16,063)</u>	85,114

20 Contingencies

The Company has no contingent assets or liabilities at balance date (2018: nil).

AECOM Consulting Services (NZ) Limited

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Notes to and forming part of the Financial Statements For the Year Ended 30 September 2019

21 Commitments

	2019	2018
(a) Operating Lease Commitments	\$	\$

Non-cancellable operating lease rentals are payable as follows:

Payable - minimum lease payments:

- no later than 1 year	1,748	582,527
- between 1 year and 5 years	-	1,748
	<u>1,748</u>	<u>584,275</u>

Assets that are subject to operating leases include office premises, motor vehicles and items of office equipment. Non-cancellable office premises leases have an average term of eight years. All other non-cancellable operating leases have an average term of five years.

(b) Capital Commitments

At 30 September, there were no outstanding capital commitments (2018: nil).

22 Events After the End of the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

23 Financing Arrangements

Total facilities

Overdrafts	<u>15,000,000</u>	<u>15,000,000</u>
	<u>15,000,000</u>	<u>15,000,000</u>

Used at balance date	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

Unused at balance date	<u>15,000,000</u>	<u>15,000,000</u>
	<u>15,000,000</u>	<u>15,000,000</u>



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Independent auditor's report to the Shareholders of AECOM Consulting Services (NZ) Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of AECOM Consulting Services (NZ) Limited ("the Company") on pages 3 to 23, which comprise the statement of financial position of the Company as at 30 September 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the 12 months then ended of the Company, and the notes to the financial statements including a summary of significant accounting policies.

In our opinion, the financial statements on pages 3 to 23 present fairly, in all material respects, the financial position of the Company as at 30 September 2019 and its financial performance and cash flows for the 12 months then ended in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime.

This report is made solely to the Company's shareholders. Our audit has been undertaken so that we might state to the Company's shareholders 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 shareholders, for our audit work, for this report, or for the opinions we have formed.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand). 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 Professional and Ethical Standard 1 (revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board, 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.

Ernst & Young provides taxation and other assurance related services to the Company. Partners and employees of our firm may deal with the Company on normal terms within the ordinary course of trading activities of the business of the Company. We have no other relationship with, or interest in, the Company.

Information other than the financial statements and auditor's report

The directors of the Company are responsible for the Annual Report, which includes information other than the financial statements and auditor's report.



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Our opinion on the financial statements does not cover the other information and 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 during the audit, or otherwise appears to be materially misstated.

If, based upon the work we have performed on the other information obtained prior to the date of this auditor's report, 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.

Directors' responsibilities for the financial statements

The directors are responsible, on behalf of the Company, for the preparation and fair presentation of the financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing on behalf of the entity 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 cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (New Zealand) 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 External Reporting Board website: <https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/>. This description forms part of our auditor's report.

A stylized, handwritten signature of 'Ernst & Young' in black ink.

Ernst & Young
Brisbane
14 February 2020

