

APEM Limited

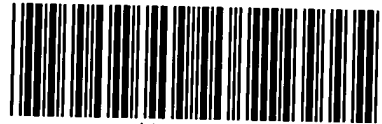
Annual Report and Financial Statements

Year Ended

31 December 2023

Company Number 02530851

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APEM Limited

Company Information

Directors	S C Clough Dr A E Williams N Hunter L McGimpsey D Baker A Davison
Company secretary	N Hunter
Registered number	02530851
Registered office	Riverview A17 Embankment Business Park Vale Road Heaton Mersey Stockport SK4 3GN
Independent auditor	BDO LLP 3 Hardman Street Manchester M3 3AT
Bankers	Virgin Money 48-50 Market St Manchester M1 1PW
Solicitors	Capital Law Capital Building Tyndall Street Cardiff CF10 4AZ

APEM Limited

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APEM Limited

Strategic Report For the Year Ended 31 December 2023

Introduction

The directors present their Strategic Report and the audited financial statements for the year ended 31 December 2023.

The principal activity of APEM Limited is the provision of environmental consultancy, providing independent advice and guidance to support government and environmental regulatory guidelines. APEM's integrated expert approach covers all areas of the natural environment, enhanced with innovative remote sensing technology and world-class laboratory services to provide advice reinforced by data excellence. APEM Limited supports a wide range of industries, providing independent environmental consultancy and expert advice.

Business review

For the financial year ended 31 December 2023, the Company's financial performance was broadly in line with the Budget agreed by the Directors. The Company's revenue has grown 18% year on year from £28.7m to £33.8m. The Company's profit before tax was £4.0m (2022: £5.1m). Statutory EBITDA (defined as operating profit after adding back depreciation and amortisation charges) decreased from £5.9m to £5.0m with a Statutory EBITDA % of 15.2% (2022: 20.7%). 2023 included £0.5m of restructuring costs due to organisational redesign.

On 25 July 2023, APEM Ltd purchased the entire share capital of Nash Maritime Limited, ("Nash Maritime") a company incorporated in England and Wales for consideration of £5,969,787.

On 6 October 2023, APEM Ltd purchased the entire share capital of Goshawk Newco 2 Limited, including subsidiary Aspect Ecology Limited (Aspect) a company incorporated in England and Wales for consideration of £12,869,083.

Principal risks and uncertainties

The Company's activities expose it primarily to the financial risk of changes in foreign exchange rates. The Company manages this risk partly through natural hedges either at Company level or at the level of its holding company, APEM Group Limited, and by using foreign exchange forward contracts to hedge any significant exposures.

Credit risk

The Company's principal financial assets are bank balances, trade and other debtors. The Company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful debtors. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The Company aims to minimise the concentration of credit risk by contracting with a range of customers across multiple sectors. In certain circumstances a concentration of risk may arise given the nature of the Company's activity, however, customers are generally large companies in the water and power sectors. The Company mitigates credit risk by undertaking credit checks on new customers, structuring of payment terms under the contract and active collection of debts as well as regular monitoring of customer balances.

Liquidity Risk

The Company has sufficient cash reserves. Management monitors rolling forecasts of the Company's liquidity on a regular basis.

Price Risk

The Company is exposed to the risk of price increases on the purchase of goods and services. However, the Company actively manages its suppliers in an attempt to minimise any increases. In addition, the Company will look to mitigate any increases by passing these onto customers as part of the contract negotiations.

APEM Limited

Strategic Report (continued) For the Year Ended 31 December 2023

Financial key performance indicators

The Directors consider the most relevant key performance indicators are revenue and underlying EBITDA, which are discussed in the Business Review section above.

Other key performance indicators

The Directors consider other key performance indicators to be utilisation of fee earning staff and tender success rate. Utilisation of staff (excluding holidays, including tender time) was 69.3% (2022: 71.6%). Tender success rate is 67.1% (2022: 72.3%).

Environmental, Social, and Governance (ESG)

APEM Group Ltd is committed to environmental stewardship, social responsibility, and good governance (ESG). Since 2021 we have followed an evolving ESG action plan, now with over 70 metrics which we are advancing and improving. This involves collecting and measuring data such as our carbon emissions to drive reductions; assessing and supporting social factors such as diversity and inclusion; and evaluating and advancing best corporate governance practices such as leadership, transparency and adherence to ethical standards. An external review of APEM Group's 2023 ESG work awarded the company the highest category of 'Leading' status for ESG with a total score of 80%.

Our strong ESG performance demonstrates our positive impact on society and the environment which contributes to a more sustainable and equitable future. By creating long terms values, we are able to improve decision making processes, increase stakeholder engagement and drive sustainable business practices.

This report was approved by the board on 26 June 2024

and signed on its behalf.



L McGimpsey
Director

APEM Limited

Directors' Report For the Year Ended 31 December 2023

The directors present their report and the financial statements for the year ended 31 December 2023.

Principal activity

The principal activity of the Company is the provision of independent environmental consultancy providing a coherent mix of freshwater, marine, terrestrial and geospatial specialist services.

Results and dividends

The profit for the year, after taxation, amounted to £3,511,106 (2022 - £4,485,587).

The Company paid dividends of £5,328,543 (2022 - £2,346,920) during the year. The Company does not propose the payment of a final dividend (2022 - £Nil).

Directors

The directors who served during the year were:

S C Clough
Dr A E Williams
N Hunter

L McGimpsey, D Baker and A Davison were appointed Directors on 30 April 2024.

Going concern

The Company had net assets at 31 December 2023 of £9,674,520, net current liabilities of £7,625,293 and made a profit for the year of £3,511,106.

Cash flow and profitability forecasts prepared by the directors show that the company will generate future positive cash flows. The company has sufficient cash reserves and committed sales to generate positive future cash flows and repay its debts as they become due.

The Company continues to have a strong order book and tender pipeline to enable continued revenue growth in line with its Business Plan. Management have performed detailed forecasts and sensitivity analysis. The Directors have concluded the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Future developments

The Company has significant plans for growth in its organic activities.

Qualifying third party indemnity provisions

The Company has qualifying third-party indemnity provisions for the benefit of its Directors, which remain in force at the date of this report.

Matters covered in the Strategic Report

In accordance with section 414C(11), certain matters required to be detailed in the Directors' Report are detailed in the Strategic Report where the Directors consider them to be of strategic importance to the Company.

APEM Limited

Directors' Report (continued) For the Year Ended 31 December 2023

Disclosure of information to auditors

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

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

Subsequent events

On 12 June 2024 Apem Group Pty Limited acquired a 100% interest in Biosis Pty Limited, a consultancy specialising in providing timely and high-level heritage and ecology advice based on extensive skill, experience and established relationships within the industry.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 26 June 2024

and signed on its behalf.

L McGimpsey
Director



APEM Limited

Directors' Responsibilities Statement For the Year Ended 31 December 2023

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

APEM Limited

Independent Auditor's Report to The Members Of APEM Limited

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of APEM Limited ("the Company") for the year ended 31 December 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, and 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company 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.

Conclusions relating to going concern

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

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

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

APEM Limited

Independent Auditor's Report to The Members Of APEM Limited (continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our 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.

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

APEM Limited

Independent Auditor's Report to The Members Of APEM Limited (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.

Extent to which the audit was capable of detecting irregularities, including fraud

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

Non-compliance with laws and regulations

Based on

- Our understanding of the Company and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining and understanding of the Company's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be the UK Generally Accepted Accounting Practice, the UK Companies Act 2006 and those that relate to payment of employees.

The Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be tax legislations across the Company and relevant employment laws.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the company's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

APEM Limited

Independent Auditor's Report to The Members Of APEM Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias; and
- Revenue cut off procedures including the verification of accrued income.


We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on 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 Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Steven Roberts (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Manchester
United Kingdom

27 June 2024

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

APEM Limited

Statement of Comprehensive Income For the Year Ended 31 December 2023

	Note	2023 £	2022 £
Turnover	4	33,755,972	28,674,418
Cost of sales		(19,795,128)	(15,800,696)
Gross profit		13,960,844	12,873,722
Administrative expenses		(10,110,220)	(7,889,629)
Other operating income	5	188,578	90,000
Operating profit	6	4,039,202	5,074,093
Interest payable and similar expenses	10	(41,289)	-
Profit before tax		3,997,913	5,074,093
Tax on profit	11	(486,807)	(588,506)
Profit for the financial year		3,511,106	4,485,587

There was no other comprehensive income for 2023 (2022 - £Nil).

The notes on pages 13 to 30 form part of these financial statements.

APEM Limited
Registered number:02530851

Statement of Financial Position
As at 31 December 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	13	53,397	75,700
Tangible assets	14	3,446,035	2,563,099
Investments	15	18,838,936	66
		<u>22,338,368</u>	<u>2,638,865</u>
Current assets			
Debtors	16	10,506,409	13,843,367
Bank and cash balances		1,506,669	991,220
		<u>12,013,078</u>	<u>14,834,587</u>
Current liabilities			
Creditors: amounts falling due within one year	17	(19,638,371)	(5,622,800)
Net current (liabilities)/assets		<u>(7,625,293)</u>	9,211,787
Total assets less current liabilities		<u>14,713,075</u>	<u>11,850,652</u>
Creditors: amounts falling due after more than one year	18	(199,660)	-
Provisions for liabilities			
Deferred tax	20	(576,018)	(325,110)
Other provisions	21	(4,262,877)	(33,585)
		<u>(4,838,895)</u>	<u>(358,695)</u>
Net assets		<u>9,674,520</u>	<u>11,491,957</u>
Capital and reserves			
Called up share capital	22	3,218	3,218
Profit and loss account	23	9,671,302	11,488,739
Total equity		<u>9,674,520</u>	<u>11,491,957</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
26 June 2024

L McGimpsey
Director



The notes on pages 13 to 30 form part of these financial statements.

APEM Limited

Statement of Changes in Equity For the Year Ended 31 December 2023

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2023	3,218	11,488,739	11,491,957
Comprehensive income for the year			
Profit for the year	-	3,511,106	3,511,106
Total comprehensive income for the year	-	3,511,106	3,511,106
Contributions by and distributions to owners			
Dividends: Equity capital	-	(5,328,543)	(5,328,543)
Total transactions with owners	-	(5,328,543)	(5,328,543)
At 31 December 2023	3,218	9,671,302	9,674,520

Statement of Changes in Equity For the Year Ended 31 December 2022

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2022	3,218	9,350,072	9,353,290
Comprehensive income for the year			
Profit for the year	-	4,485,587	4,485,587
Total comprehensive income for the year	-	4,485,587	4,485,587
Contributions by and distributions to owners			
Dividends: Equity capital	-	(2,346,920)	(2,346,920)
Total transactions with owners	-	(2,346,920)	(2,346,920)
At 31 December 2022	3,218	11,488,739	11,491,957

The notes on pages 13 to 30 form part of these financial statements.

APEM Limited

Notes to the Financial Statements For the Year Ended 31 December 2023

1. General information

APEM Limited is a private company, limited by shares, incorporated in England & Wales under the Companies Act 2006. The address of the registered office is given on the Company Information page and the nature of the Company's principal activities are set out in the Directors' Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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 Company's accounting policies (see note 3).

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £.

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of APEM Group Limited as at 31 December 2023 and these financial statements may be obtained from Riverview A17 Embankment Business Park, Vale Road Heaton Mersey, Stockport, England, SK4 3GN.

2.3 Going concern

The Company had net assets at 31 December 2023 of £9,674,520, net current liabilities of £7,625,293 and made a profit for the year of £3,511,106.

Cash flow and profitability forecasts prepared by the directors show that the company will generate future positive cash flows. The company has sufficient cash reserves and committed sales to generate positive future cash flows and repay its debts as they become due.

The Company continues to have a strong order book and tender pipeline to enable continued revenue growth in line with its Business Plan. Management have performed detailed forecasts and sensitivity analysis. The Directors have concluded the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

APEM Limited

Notes to the Financial Statements For the Year Ended 31 December 2023

2. Accounting policies (continued)

2.4 Exemption from preparing consolidated financial statements

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of a larger group by a parent undertaking established under the law of any part of the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

2.5 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Turnover on contracts

Turnover on contracts is recognised according to the stage reached in the contract by reference to the value of work done split by deliverable within a project. A prudent estimate of the profit attributable to work completed is recognised once the outcome of the contract can be assessed with reasonable certainty. The costs on long-term contracts not yet taken to the Statement of Comprehensive Income less related foreseeable losses are shown in creditors as deferred income. Full provision is made for losses on all contracts in the year in which they are first foreseen, irrespective of the amount of work carried out at the Statement of Financial Position date.

2.6 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the Statement of Comprehensive Income for the period.

2.7 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

2.8 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

APEM Limited

Notes to the Financial Statements For the Year Ended 31 December 2023

2. Accounting policies (continued)

2.9 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

2.10 Finance costs

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

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit & loss except when a charge is attributable to an item recognised as other comprehensive income, or directly in equity, in which case the tax related to that item is also recognised in other comprehensive income or equity.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

2.12 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Software	-	5	years on a reducing balance basis
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APEM Limited

Notes to the Financial Statements For the Year Ended 31 December 2023

2. Accounting policies (continued)

2.13 Tangible fixed assets

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Plant & machinery, computer and office equipment	- 20% - 33% per annum on a straight-line basis except for camera equipment and some computer equipment which are on a reducing balance basis
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.14 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

APEM Limited

Notes to the Financial Statements For the Year Ended 31 December 2023

2. Accounting policies (continued)

2.15 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.16 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.17 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.18 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.19 Leased assets: the Company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.20 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.21 Financial instruments

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

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

APEM Limited

Notes to the Financial Statements For the Year Ended 31 December 2023

2. Accounting policies (continued)

2.21 Financial instruments (continued)

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.22 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

APEM Limited

Notes to the Financial Statements For the Year Ended 31 December 2023

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

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the reported amounts of revenues and expenses during the reporting period.

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

- Determined whether leases entered into by the Company either as a lessor or 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.
- Determined whether there are indicators of impairment of the company's tangible and intangible 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.

Other key sources of estimation uncertainty:

- Tangible fixed assets (see note 14)

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.

- Trade debtors (see note 16)

There is estimation uncertainty in calculating bad debt provisions. A full line by line review of trade debtors is carried out at the end of each month. Whilst every attempt is made to ensure that the bad debt provisions are as accurate as possible, there remains a risk that the provisions do not match the level of debts which ultimately prove to be uncollectable.

- Turnover

There is estimation uncertainty in determining the stage of completion for turnover contracts which is the method of recognising revenue. The Company determines the revenue to be recognised based on the value of work done split by deliverable within a project as accurately as possible although there remains a risk that the value of work done split by deliverable within a project may not be commensurate with the stage of completion. Full provision is made for losses on all contracts in the year in which they are first foreseen, irrespective of the amount of work carried out at the date of the Statement of Financial Position.

APEM Limited

Notes to the Financial Statements For the Year Ended 31 December 2023

4. Turnover

The whole of the turnover is attributable to the principal activity of the Company.

	2023 £	2022 £
United Kingdom	24,973,297	18,508,807
Rest of Europe	7,187,942	8,818,978
Rest of the world	1,594,733	1,346,633
	33,755,972	28,674,418

5. Other operating income

	2023 £	2022 £
Research and development tax credits	188,578	90,000
	188,578	90,000

Other operating income in the prior year represented research and development expenditure tax credits.

The company has not directly benefited from any other forms of government assistance.

6. Operating profit

The operating profit is stated after charging/(crediting):

	2023 £	2022 £
Depreciation of tangible assets	906,351	850,198
Amortisation of intangible assets	22,303	22,942
Exchange differences	214,355	(146,360)
Other operating lease rentals	246,470	296,359
Restructuring costs	514,700	-
	1,804,179	1,023,199

7. Auditors' remuneration

	2023 £	2022 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	32,126	24,850
	32,126	24,850

APEM Limited

Notes to the Financial Statements For the Year Ended 31 December 2023

8. Employees

Staff costs were as follows:

	2023 £	2022 £
Wages and salaries	15,050,633	12,057,614
Social security costs	1,421,994	1,139,813
Cost of defined contribution scheme	707,015	516,160
	<u>17,179,642</u>	<u>13,713,587</u>

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

	2023 No.	2022 No.
Staff	<u>434</u>	<u>353</u>

9. Directors' remuneration

	2023 £	2022 £
Directors' emoluments	-	107,356
Company contributions to defined contribution pension schemes	-	9,994
	<u>-</u>	<u>117,350</u>

During the year retirement benefits were accruing to no directors (2022 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £Nil (2022 - £44,586).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (2022 - £4,485).

The Directors transferred to the payroll of APEM Group Ltd on 1 April 2022.

APEM Limited

Notes to the Financial Statements For the Year Ended 31 December 2023

10. Interest payable and similar expenses

	2023 £	2022 £
Bank interest payable	16,134	-
Finance leases and hire purchase contracts	23,829	-
Amortisation of deal fees	1,326	-
	41,289	-

11. Taxation

	2023 £	2022 £
Corporation tax		
Current tax on profits for the year	17,958	416,812
Adjustments in respect of previous periods	217,941	13,257
Total current tax	235,899	430,069
Deferred tax		
Origination and reversal of timing differences	262,090	163,667
Adjustments in respect of prior periods	(11,182)	(5,230)
Total deferred tax	250,908	158,437
Taxation on profit	486,807	588,506

APEM Limited

Notes to the Financial Statements For the Year Ended 31 December 2023

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2022 - lower than) the standard rate of corporation tax in the UK of 23.5% (2022 - 19%). The differences are explained below:

	2023 £	2022 £
Profit before tax	<u>3,997,913</u>	<u>5,074,093</u>
Profit multiplied by standard rate of corporation tax in the UK of 23.5% (2022 - 19%)	939,510	964,078
Effects of:		
Fixed asset differences	(1,133)	(75,439)
Expenses not deductible for tax purposes	9,830	7,955
Adjustments to tax charge in respect of prior periods	217,941	13,257
Adjustments in respect of prior periods (deferred tax)	(11,182)	(5,230)
Research and development tax credits	(21,775)	(17,100)
Change in tax rates	15,510	39,280
Group relief	(541,765)	(338,295)
Other timing differences	(120,129)	-
Total tax charge for the year	<u><u>486,807</u></u>	<u><u>588,506</u></u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

12. Dividends

	2023 £	2022 £
Dividend paid of £165.56 (2022 - £72.92) per ordinary share	<u><u>5,328,543</u></u>	<u><u>2,346,920</u></u>

The interim dividends for 2023 and 2022 were made with approval of declaration in the financial year to which they relate.

APEM Limited

Notes to the Financial Statements For the Year Ended 31 December 2023

13. Intangible assets

	Software £
Cost	
At 1 January 2023	110,895
At 31 December 2023	<u>110,895</u>
Amortisation	
At 1 January 2023	35,195
Charge for the year	22,303
At 31 December 2023	<u>57,498</u>
Net book value	
At 31 December 2023	<u>53,397</u>
At 31 December 2022	<u>75,700</u>

APEM Limited

Notes to the Financial Statements For the Year Ended 31 December 2023

14. Tangible fixed assets

	Plant and machinery etc. £
Cost	
At 1 January 2023	6,956,887
Additions	1,790,393
Disposals	(73,688)
At 31 December 2023	8,673,592
Depreciation	
At 1 January 2023	4,393,788
Charge for the year	906,351
Disposals	(72,582)
At 31 December 2023	5,227,557
Net book value	
At 31 December 2023	3,446,035
At 31 December 2022	2,563,099

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2023 £	2022 £
Plant and machinery	232,861	-

APEM Limited

Notes to the Financial Statements For the Year Ended 31 December 2023

15. Fixed asset investments

	Investments in subsidiary companies £
Cost and net book value	
At 1 January 2023	66
Additions	18,838,870
At 31 December 2023	18,838,936

On 25 July 2023, the Company acquired Nash Maritime Limited for consideration of £5,969,787.

On 6 December 2023, the Company acquired Goshawk Newco 2 Limited, and its subsidiary undertaking, Aspect Ecology Limited, for consideration of £12,869,083.

On 20 September 2023, APEM Group Pty Limited was newly incorporated.

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
APEM Inc.	7901 4th St N; St. Petersburg, FL 33702	Ordinary	100%
APEM Group Pty Limited	c/o UTA Tax: 481A New South Head Road, Double Bay NSW 2028	Ordinary	100%
Nash Maritime Limited	Riverview A17 Embankment Business Park, Vale Road Heaton Mersey, Stockport, England, SK4 3GN	Ordinary	100%
Aspect Ecology Limited	Riverview A17 Embankment Business Park, Vale Road Heaton Mersey, Stockport, England, SK4 3GN	Ordinary	100%
Goshawk Newco 2 Limited	Riverview A17 Embankment Business Park, Vale Road Heaton Mersey, Stockport, England, SK4 3GN	Ordinary	100%

All subsidiary undertakings are held directly other than Aspect Ecology Limited.

APEM Limited

Notes to the Financial Statements For the Year Ended 31 December 2023

16. Debtors: amounts falling due within one year

	2023	2022
	£	£
Trade debtors	4,301,882	4,821,307
Amounts owed by group undertakings	1,978,482	5,997,565
Other debtors	23,896	3,615
Prepayments and accrued income	575,793	658,625
Amounts recoverable on contracts	3,255,636	2,299,750
Corporation tax recoverable	370,720	62,505
	10,506,409	13,843,367

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

17. Creditors: amounts falling due within one year

	2023	2022
	£	£
Trade creditors	1,604,900	2,171,901
Amounts owed to group undertakings	15,889,316	1,483,248
Other taxation and social security	1,294,875	948,085
Obligations under finance lease	46,268	-
Other creditors	183,384	128,984
Accruals and deferred income	619,628	890,582
	19,638,371	5,622,800

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

18. Creditors: amounts falling due after more than one year

	2023	2022
	£	£
Obligations under finance leases	199,660	-

Obligations under finance leases are secured on the assets to which they relate.

APEM Limited

Notes to the Financial Statements For the Year Ended 31 December 2023

19. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2023 £	2022 £
Within one year	46,268	-
Between 1-5 years	199,660	-
	<u>245,928</u>	<u>-</u>

20. Deferred taxation

	2023 £	2022 £
At beginning of year	325,110	166,673
Charged to profit or loss	250,908	158,437
At end of year	<u>576,018</u>	<u>325,110</u>

The provision for deferred taxation is made up as follows:

	2023 £	2022 £
Accelerated capital allowances	614,807	351,332
Short term timing differences	(38,789)	(26,222)
	<u>576,018</u>	<u>325,110</u>

APEM Limited

Notes to the Financial Statements For the Year Ended 31 December 2023

21. Provisions

	Provision for loss making contracts £	Contingent deferred consideration £	Total £
At 1 January 2023	33,585	-	33,585
Charged to profit or loss	(33,585)	-	(33,585)
Arising on business combinations	-	4,262,877	4,262,877
At 31 December 2023	-	4,262,877	4,262,877

During the year, contingent deferred consideration arose on the acquisition of subsidiary undertakings.

The deferred consideration is repayable is due to be settled in October 2024, July 2025 and October 2025.

22. Share capital

	2023 £	2022 £
Allotted, called up and fully paid		
32,184 (2022 - 32,184) Ordinary shares of £0.10 each	3,218	3,218

Each ordinary share is entitled to one vote and dividend rights. On a return of capital (other than an exit event), each share is entitled to participate in a distribution to rank pari passu. They do not confer any rights of redemption.

On a return of capital (being an exit event where the exit value is £7m or less), each share is entitled to participate pro rata. On a return of capital (being an exit event where the exit value is more than £7m), each share is entitled to participate pro rata up to £7m and the remainder distributed pari passu amongst all shares.

23. Reserves

The Company's capital and reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of shares that have been issued.

Profit and loss account

Profit and loss account represents cumulative profits or losses, net of dividends paid.

APEM Limited

Notes to the Financial Statements For the Year Ended 31 December 2023

24. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £707,015 (2022 - £516,160). Contributions totalling £155,516 (2022 - £104,891) were payable to the fund at the reporting date and are included in other creditors.

25. Commitments under operating leases

At 31 December 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2023 £	2022 £
Not later than 1 year	236,367	240,916
Later than 1 year and not later than 5 years	413,899	551,070
Later than 5 years	138,817	205,449
	<u>789,083</u>	<u>997,435</u>

26. Related party transactions

The Company has taken advantage of the exemption in section 33.1A FRS 102 not to disclose transactions entered into with wholly owned members of the group headed by APEM Group Limited.

27. Subsequent events

On 12 June 2024 Apem Group Pty Limited acquired a 100% interest in Biosis Pty Limited, a consultancy specialising in providing timely and high-level heritage and ecology advice based on extensive skill, experience and established relationships within the industry.

28. Controlling party

The Company's immediate and ultimate parent company is APEM Group Limited, a company registered in England and Wales. The registered office of APEM Group Limited is Riverview A17 Embankment Business Park, Vale Road Heaton Mersey, Stockport, England, SK4 3GN.

The largest and smallest group in which the results are consolidated is that headed by APEM Group Limited. The consolidated accounts of the Company are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

The Company is ultimately controlled by WestBridge Fund Managers Limited, the duly appointed fund manager of WestBridge II LP fund.