

Gutteridge Haskins & Davey Limited

Financial Statements

30 June 2013

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GENERAL INFORMATION

Directors

J Dutton
P Duthie

Company Secretary

L M Elbourne

Registered Office

4 Innovation Close
York Science Park
York YO10 5ZF

Solicitor

Langleys
Queen Street
Micklegate
York
YO1 6WG

Bankers

HSBC
Leeds Branch Office
33 Park Row
Leeds LS11LD

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
1 City Square
Leeds LS1 2AL

DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year ended 30 June 2013. This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

DIRECTORS

The names of the directors in office at any time during or since the end of the year are

J Dutton

P Duthie

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of an international professional services company providing leadership in management, engineering, the environment, planning and architecture.

DIVIDENDS

No dividends have been declared or paid by the Company.

RESULTS OF OPERATIONS

The loss after tax of the Company for the reporting period was £1,013,379 (2012 £1,492,513).

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No other matter or circumstance has arisen since 30 June 2013 that has significantly affected or may significantly affect

- (a) the Company's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Company's state of affairs in future financial years

GOING CONCERN

As at 30 June 2013, the Company had net assets of £4,324,557 (2012 net liabilities £1,747,732) and accumulated losses of £7,709,419 (2012 £6,696,040). The directors have performed a detailed exercise to assess the forecast cash position for a period of at least twelve months after the date of signing the accounts, and if the Company does not meet its growth forecast the Company has enough cash to meet its liabilities as they fall due. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the uncertain economic outlook. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason the directors adopted the going concern basis in preparing the financial statements.

AUDITOR

Each of the persons who is a director at the date of approval of this annual report confirms that

- (a) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- (b) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to re-appoint Deloitte LLP as auditors will be proposed at the AGM.

This report is made in accordance with a resolution of the Board.

J Dutton
Director

17 February 2014

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual 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 International Financial Reporting Standards (IFRS) as adopted by the European Union. 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, International Accounting Standard 1 requires that directors

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events, and conditions on the Company's financial position and financial performance, and
- make an assessment of the Company's ability to continue as a going concern

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

INDEPENDENT AUDITOR'S REPORT to the members of Gutteridge Haskins & Davey Limited

We have audited the financial statements of Gutteridge, Haskins & Davey Limited for the year ended 30 June 2013, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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.

Respective responsibilities of directors and auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implication for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2013, and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report.

Matthew Hughes

Matthew Hughes BSc (Hons) ACA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

Leeds, UK

24/2/2014

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2013

	Notes	2013 £	2012 £
Revenue	5	5,493,844	3,757,494
Job related disbursements		(671,707)	(485,709)
Employee costs	8	(4,846,431)	(3,617,802)
Depreciation of plant and equipment	6,13	(86,153)	(55,313)
Recruitment and training		(36,878)	(10,083)
Occupancy costs		(282,356)	(219,006)
Travelling costs		(140,084)	(183,501)
Services charges		(36,007)	(291,465)
Other expenses		(406,532)	(275,579)
Finance costs	6	(1,075)	(111,549)
Loss before tax expense		(1,013,379)	(1,492,513)
Tax	10	-	-
Loss attributable to the members of the company		(1,013,379)	(1,492,513)

All amounts relate to continuing operations

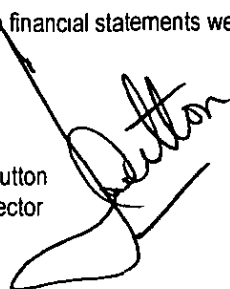
STATEMENT OF FINANCIAL POSITION

At 30 June 2013

	Notes	2013 £	2012 £
NON CURRENT ASSETS			
Investment in subsidiary	14	-	238,902
Intangible assets	15	1,523,177	1,284,275
Plant and equipment	13	308,719	384,523
Total non current assets		1,831,896	1,907,700
CURRENT ASSETS			
Cash and cash equivalents	21(a)	850,480	172,760
Trade and other receivables	11	2,628,017	2,154,909
Prepayments		155,129	105,036
Total current assets		3,633,626	2,432,705
TOTAL ASSETS		5,465,522	4,340,405
CURRENT LIABILITIES			
Trade and other payables	16	886,761	1,531,082
Provisions	17	90,315	91,373
Other liabilities	18	34,037	35,972
Total current liabilities		1,011,113	1,658,427
NON CURRENT LIABILITIES			
Trade and other payables	16	47,560	96,368
Borrowings	19	-	4,221,050
Provisions	17	82,292	112,292
Total non-current liabilities		129,852	4,429,710
TOTAL LIABILITIES		1,140,965	6,088,137
NET ASSETS/(LIABILITIES)		4,324,557	(1,747,732)
SHAREHOLDER'S EQUITY			
Share capital	20	10,000,000	4,000,000
Other reserves		2,033,976	948,308
Accumulated losses		(7,709,419)	(6,696,040)
TOTAL EQUITY/(DEFICIT)		4,324,557	(1,747,732)

The financial statements were approved by the board on 17 February 2014 and were signed off on its behalf by

J Dutton
Director



STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2013

	Notes	Share capital £	Other reserves £	Accumulated losses £	Total £
Balance at 1 July 2012		4,000,000	948,308	(6,696,040)	(1,747,732)
Issue of ordinary shares	20	6,000,000	-	-	6,000,000
Other Reserve		-	1,085,668	-	1,085,668
Loss for the year		-	-	(1,013,379)	(1,013,379)
Balance at 30 June 2013		10,000,000	2,033,976	(7,709,419)	4,324,557
Balance at 1 July 2011		2,500,000	948,308	(5,203,527)	(1,755,219)
Issue of ordinary shares		1,500,000	-	-	1,500,000
Loss for the year		-	-	(1,492,513)	(1,492,513)
Balance at 30 June 2012		4,000,000	948,308	(6,696,040)	(1,747,732)

STATEMENT OF CASH FLOWS

For the year ended 30 June 2013

	Notes	2013 £	2012 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		5,638,303	3,012,534
Payments to suppliers and employees		(6,202,677)	(4,073,274)
Interest paid		(1,075)	(111,549)
VAT paid to tax authorities		(678,334)	(270,401)
Net cash used in operating activities	21(b)	(1,243,783)	(1,442,690)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for investments		(63,925)	(1,023,884)
Purchase of plant and equipment		(47,443)	(295,810)
Proceeds from sale of plant and equipment		4,321	-
Net cash used in investing activities		(107,047)	(1,319,694)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease/(increase) in amounts due from related entities		249,600	(1,011,988)
Proceeds of borrowings from a common controlled entity		-	2,413,049
Additional share capital		6,000,000	1,500,000
Repayments of borrowings to a common controlled entity		(4,221,050)	-
Net cash provided by financing activities		2,028,550	2,901,061
Net increase in cash and cash equivalents held		677,720	138,677
Cash and cash equivalents at the beginning of the financial year		172,760	34,083
Cash and cash equivalents at the end of the financial year	21(a)	850,480	172,760

NOTES TO THE FINANCIAL STATEMENTS

1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENTS OF COMPLIANCE WITH IFRS

The financial statements of Gutteridge Haskins & Davey Limited ("the Company") for the year ended 30 June 2013 were authorised for issue by the board of directors on 17 February 2014. Gutteridge Haskins & Davey Limited is a private limited company incorporated and domiciled in England and Wales. The principal continuing activity of the Company is that of a professional services company involved in management, engineering, the environment and planning. The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006. The principal accounting policies adopted by the Company are set out in note 2.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Great British Pounds.

Going Concern

As at 30 June 2013, the Company had net assets of £4,324,557 (2012: Net liabilities £1,747,732) and accumulated losses of £7,709,419 (2012: £6,696,040). The directors have performed a detailed exercise to assess the forecast cash position for a period of at least twelve months after the date of signing the accounts, and if the Company does not meet its growth forecast the Company has enough cash to meet its liabilities as they fall due. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the uncertain economic outlook. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason the directors adopted the going concern basis in preparing the financial statements.

Changes in accounting policy

The accounting policies adopted are consistent with those of the previous financial year.

(a) Revenue recognition

Amounts disclosed as revenue are net of duties and taxes paid. Revenue is measured at the fair value of the consideration received or receivable. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met. The directors believe that sales revenue relating to professional services represents one class of business.

Consulting services revenue

Consulting revenue is generally recognised when invoiced. Where work has been carried out but not yet invoiced, revenue is recognised to the extent of costs incurred where it is probable those costs will be recoverable. Where progress invoicing represents work not yet performed the associated costs for that invoicing are adjusted in profit or loss and recognised as unearned income in other payables in the statement of financial position. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Estimates used by the Company in determining consulting project revenues are based upon historical outcomes, taking into account the type of contract and the contract deliverables. Consulting revenue is not considered to be reliably measurable until all the contract deliverables, including successful performance of the goals of a contract, have been met.

Contract costs include all costs directly related to specific contracts and an allocation of costs that are attributable to contract activity in general.

Interest income

Interest on bank accounts is recognised as receivable.

(b) Taxes

Current Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Taxes (continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed each reporting period 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 tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting period 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 tax assets and deferred tax 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 end of the reporting period.

(c) Operating leases

The Company has entered into commercial property leases. The leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

Fixed price operating lease payments are charged to profit or loss on a straight line basis over the lease term. Contingent rentals are recognised as an expense in the period in which they are incurred.

Incentives received at the beginning of the operating lease are recognised as liabilities. The aggregate benefits of incentives are recognised as reduction of rental expense on a straight line basis over the lease term. Lease payments relating to free rental periods are allocated between rental expense and increase of the asset.

(d) Foreign currency translation

Transactions in foreign currencies are recorded at the rate 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 end of the reporting period. All differences are taken to the profit and loss account.

(e) Plant and equipment

Plant and equipment is stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met. Depreciation is calculated on a straight line basis over the useful life of the assets. The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease, or the estimated useful life of the improvement to the Company, whichever is the shorter. An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition 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. The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end. Depreciation is provided on all plant and equipment on a straight line basis over its expected useful life as follows:

- Plant and equipment - 3 to 5 years
- Leasehold improvements - 5 years

(f) Cash and cash equivalents

Cash in the statement of financial position comprises cash at banks and on hand.

(g) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs and are subsequently valued at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter life. Borrowings at the end of the reporting period are from GHD Finance Pty Ltd, a commonly controlled entity. These borrowings are interest bearing.

(h) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

(i) Trade receivables

Trade receivables are recognised at cost less provision for doubtful debts. The recoverability of trade receivables is reviewed on an ongoing basis. A provision for doubtful receivables is established when collection of the full nominal amount is no longer probable. Bad debts are written off as incurred.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of acquisition) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The consideration also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition related costs are recognised in profit or loss as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed, that meet the criteria for recognition, on a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

(k) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of net identifiable assets of the acquired business at the date of acquisition. Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment. Goodwill is allocated to cash-generating units ("CGUs") for the purpose of impairment testing. The allocation is made to those CGUs that are expected to benefit from the business combination in which the goodwill arose.

(l) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period, and are discounted to present value where the effect is material.

Premises make good

The Company has legal obligations to 'make good' certain of its leasehold premises. Provisions are measured both initially and subsequently as the present value of the amount required to settle the obligation at the end of the reporting period.

(m) Employee benefits

Wages and salaries and annual leave

Liabilities for wages and salaries and annual leave are recognised and are measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. They are expected to be settled within one year.

Pensions

The Company operates a defined contribution pension scheme. Contributions to this scheme are recognised in profit or loss in the period in which they become payable.

3. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

(a) New standards and interpretations adopted

In the current financial year, the Company has adopted all the applicable new and revised IFRSs that are relevant to its operations and effective for annual periods beginning on or after 1 July 2012. The adoption of these new/revised IFRSs does not result in changes to the Company's accounting policies and has no material effect on the amounts reported for the current or prior periods.

(b) New standards and interpretations not applied

The IASB and IFRIC have issued the following standards, amendments and interpretations with an effective date after the date of these financial statements:

<i>International Accounting Standards (IAS/IFRSs)</i>	<i>Effective date</i>
IAS 19 Employee Benefits (amendment)	1 July 2014
IAS 24 Related Party Disclosures	1 July 2014
IAS 27 Separate Financial Statements (amendment)	1 January 2014
IAS 32 Offsetting Financial Assets and Financial Liabilities (amendment)	1 January 2014
IFRS 9 Financial Instruments	1 January 2015
IFRS 10 Consolidated Financial Statements (amendment)	1 January 2014
IFRS 12 Disclosure of Interests in Other Entities (amendment)	1 January 2014
IFRS 13 Fair Value Measurement (amendment)	1 July 2014

The directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Company's financial statements in the period of initial application.

NOTES TO THE FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Estimates and assumptions

Estimates and judgments are regularly evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. The estimates and assumptions that have a potential risk of causing a material adjustment to the carrying amounts of assets and liabilities with the next financial year are discussed below.

Estimated impairment of cash generating units, including goodwill

The Company tests at the end of each reporting period whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2(k). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions. Refer to note 15 for details of these assumptions and the potential impact of changes to the assumption.

Work in progress

The accurate calculation of work in progress relies on accurate forecasts of contract costs to completion which are based on management's best estimate. At 30 June, the net amount of work in progress was an asset of £123,082 (2012: £83,277). Refer to Note 12.

Judgment

In the process of applying the Company's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the financial statements:

Taxes

The Company recognises the net future tax benefit related to deferred tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. At 30 June, the unrecognised deferred tax asset was £1,566,253 (2012: £1,431,634). Refer to Note 10.

5. REVENUE

	2013 £	2012 £
Sales revenue		
Professional services	5,493,844	3,757,494

6. LOSS BEFORE TAX EXPENSE

This is stated after charging

Depreciation of plant and equipment (note 13)	86,153	55,313
Interest expense – commonly controlled entity (note 19)	-	108,049
Interest expense – other	1,075	-
Unwinding of discount on long term provision	-	3,500
Auditor's remuneration (note 7)	35,436	21,700
Operating lease cost: Land and buildings	196,890	159,883
Operating lease cost: others	894	4,213
Loss on disposal of plant and equipment	2,774	-

7. AUDITOR'S REMUNERATION

The Company paid the following amounts to its auditor in respect of the audit of the financial statements and other services provided to the Company:

Fees payable to the Company's auditor for the audit of the financial statements	22,305	18,500
Non audit fees – taxation services	5,070	3,200
Non audit fees – corporate finance services	8,061	-
	35,436	21,700

8. EMPLOYEE COSTS

Wages and salaries	4,079,606	2,998,540
National Insurance	472,586	355,923
Pension costs	263,915	223,989
Employee benefits	(1,058)	14,555
Other staff costs	31,382	24,795
	4,846,431	3,617,802

NOTES TO THE FINANCIAL STATEMENTS

8. EMPLOYEE COSTS (continued)

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

	2013 No	2012 No
Directors*	2	2
Professional staff	55	37
Support staff	8	8
	65	47

*One of the directors (2012 one) is also professional staff, but, for the purpose of this note, he is only categorised as a director

9. REMUNERATION OF DIRECTORS

	2013 £	2012 £
Directors' emoluments	125,717	118,194
Contributions to defined contribution pension schemes	7,674	10,206
	133,391	128,400

The amounts are for the period during which directors are in office. Phillip Duthie is also a director of related entities. His emolument and pension costs are disclosed in the financial statements of those entities. At 30 June 2013, one UK based director was in a defined contribution pension scheme.

10. TAX

The factors affecting the current tax charge for the year are explained below

	2013 £	2012 £
Loss before tax expense	(1,013,379)	(1,492,513)
Tax on the operating loss at the UK corporate tax rate of 23.75% (2012 25.75%)	(240,678)	(384,322)
Expenses not deductible for tax purposes	2,114	12,507
Capital allowances deferred	14,813	10,552
Short term timing differences	(4,161)	-
Equity recognised as income for tax purposes	257,846	-
Unrecognised tax losses	(29,934)	361,263
Tax expense	-	-

At 30 June 2013 there was a potential deferred tax asset of £1,566,253 (2012 £1,431,634) in respect of unutilised tax losses, accelerated capital allowances and short term timing differences. A deferred tax asset was not recognised due to the uncertainty as to whether it would be recovered. The rate of corporation tax in the UK fell from 24% to 23% from 1 April 2013. Accordingly, a blended rate of 23.75% has been used for the year. The UK Government has announced that UK corporation tax will fall to 21% from 1 April 2014. These future changes have not been substantively enacted at the balance sheet date and hence a rate of 23.75% has been used to calculate the company's unrecognised deferred tax asset.

NOTES TO THE FINANCIAL STATEMENTS

11 TRADE AND OTHER RECEIVABLES

	2013 £	2012 £
CURRENT		
Trade debtors	662,214	806,673
Amounts due from contract customers (note 12)	138,647	106,328
Amount due from ultimate parent company (note 24)	-	795,353
Amounts receivable from parent company (note 24)	622,614	-
Amounts receivable from a controlled entity (note 24)	5,149	85,972
Trust distribution receivable (note 24)	1,085,668	-
Amounts receivable from common controlled entities (note 24)	84,769	345,320
Other debtors	28,956	15,263
	2,628,017	2,154,909

(a) Provision for doubtful debts

Trade receivables are non-interest bearing and are generally on 30 days terms. A provision for doubtful debts is recognised when there is objective evidence that an individual trade receivable is impaired.

At 30 June, the ageing analysis of trade receivables is as follows:

	Total £	0-30 Days £	31-90 Days PDNI* £	+ 91 Days PDNI* £
2013	662,214	435,856	226,358	-
2012	806,673	606,505	200,168	-

* Past due not impaired ("PDNI")

No provision of bad debt has been made in 2013 or 2012. All debtors aged over 90 days (2012: 90 days) have been collected before the signing date of the financial statements. The directors do not consider a provision for impairment of receivables to be required.

(b) Fair value and credit risk

Due to the short term nature of trade receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk is the carrying amount of receivables, net of provision for doubtful debts. New client credit assessments are undertaken where expected fees exceed £5,000, the detail being dependent on the fee. The credit risk of existing clients is reassessed where there are indicators of issues with timely collection of debts.

12. WORK IN PROGRESS

	2013 £	2012 £
Contracts in progress at the end of the reporting period		
Costs incurred plus recognised profits less recognised losses to date	3,206,413	2,982,071
Less progress billings	(3,083,331)	(2,898,794)
Net work in progress	123,082	83,277
Amounts due from contract customers included in trade and other receivables	138,647	106,328
Amount due to contract customers included in trade and other payables	(15,565)	(23,051)
Net work in progress	123,082	83,277

NOTES TO THE FINANCIAL STATEMENTS

13. PLANT AND EQUIPMENT

	Leasehold improvement and make good £	Plant and equipment £	Total £
<i>Cost</i>			
At 1 July 2011	69,933	124,085	194,018
Additions	195,579	203,732	399,311
Disposals	(1,000)	-	(1,000)
At 1 July 2012	264,512	327,817	592,329
Additions	15,785	31,659	47,444
Disposals	(30,000)	(22,322)	(52,322)
At 30 June 2013	250,297	337,154	587,451
<i>Depreciation and impairment</i>			
At 1 July 2011	64,278	89,215	153,493
Provided during the year	21,700	33,613	55,313
Disposal	(1,000)	-	(1,000)
At 1 July 2012	84,978	122,828	207,806
Provided during the year	24,166	61,987	86,153
Disposal	-	(15,227)	(15,227)
At 30 June 2013	109,144	169,588	278,732
Net book value at 30 June 2013	141,153	167,566	308,719
Net book value at 30 June 2012	179,534	204,989	384,523

14. INVESTMENT IN SUBSIDIARY

CollinsonDutton Ltd

	2013 £	2012 £
	-	238,902

On 1 July 2011, the Company acquired 100% of the shares of CollinsonDutton Limited ("CDL") and its subsidiary, whose fair value of net assets was £238,902. After the acquisition, CDL's business, client relationships, experienced and key employees have been transferred to the Company during 2012 and 2013. The investment amount was fully transferred to goodwill in 2013 (Note 15).

CollinsonDutton Limited is incorporated in England and Wales and its principal activity is the provision of consultancy services.

	2013 £	2012 £
Fair Values ¹ of Net Assets Acquired		
Plant and equipment	-	41,433
Receivables	-	777,938
Cash and overdrafts	-	(2,810)
Accounts payable and borrowings	-	(705,423)
Work in progress	-	47,916
Deferred tax assets and liabilities	-	18,758
Other assets and liabilities	-	61,090
	-	238,902

¹ The fair value of assets and liabilities acquired has been assessed as equivalent to the book value.

Outflow of Cash

Total consideration	-	1,523,177
Less Deferred settlement	-	(160,293)
Consideration made	-	1,362,884
Less Shares provided	-	(339,000)
	-	1,023,884

NOTES TO THE FINANCIAL STATEMENTS

15. INTANGIBLE ASSETS

	2013 £	2012 £
Cost at 1 July	1,284,275	-
Additions	238,902	1,284,275
Cost at 30 June	1,523,177	1,284,275

Goodwill represents investment made in CDL (Note 14). It is created during 2012 and 2013 after the acquisition by the transfer of CDL's business to the Company, which generates income for the Company.

(a) Impairment tests for goodwill

Goodwill is allocated to the cash generating units (CGUs) identified according to business reporting unit (Operating Centre), on the basis of location of the business acquired. Management has determined that the business in the UK as a whole is a single CGU.

The recoverable amount of a CGU is determined based on value-in-use ("VIU") calculations. These calculations use discounted cash flow projections based on financial budgets approved by management covering a one-year period. Cash flows beyond the one-year period are extrapolated to five years for established operations based on a "long term sustainable rate of growth". For start-up or newly acquired operations a management estimate of revenue and profit growth has been determined for the ten year period from which the cash flows have been developed.

The discount rate used was 7.61%.

(b) Impact of possible changes in key assumptions

The forecast cash flows reflect sufficient asset coverage for each CGU and management do not believe it is probable there would be major impact due to changes in key assumptions. Sensitivity analysis was performed for changes +/- 5% in growth assumptions and +/- 1% and 2% in discount rates. No material change to impairment charges would have resulted from the outcomes of this testing.

16. TRADE AND OTHER PAYABLES

	2013 £	2012 £
CURRENT		
Trade payables	81,776	130,383
Amounts due to contract customers (note 12)	15,566	23,051
Amount payable to ultimate parent entity (note 24)	330,493	-
Amount payable to parent company (note 24)	-	587,754
Amount payable to common controlled entities (note 24)	60	7,312
Deferred settlement on acquisition	48,808	63,925
Other payables	410,058	718,657
	886,761	1,531,082
NON CURRENT		
Deferred settlement on acquisition	47,560	96,368

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 28 days (2012: 28 days). The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

Payables to related parties are interest free and due for payment upon demand. They are considered as current. The directors consider that the carrying amount of trade payables approximates to their fair value.

NOTES TO THE FINANCIAL STATEMENTS

17. PROVISIONS

CURRENT

Employee benefits

2013 £	2012 £
90,315	91,373

NON CURRENT

Make good provision

82,292	112,292
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(a) Nature and purpose of provisions

Employee benefits

This is the Company's annual leave liability based on salary hourly rate with national insurance cost factored in. Annual leave entitlement is normally utilised within 12 months.

Premises make good

The Company has legal obligations to "make good" certain of its leasehold premises for which it makes provision in line with the accounting policy set out at note 2.

(b) Movements in provisions

Premises make good – current and non current

	2013 £	2012 £
Current *	-	9,792
Non current	112,292	-
Carrying amount at beginning of year	112,292	9,792
New provision	-	103,500
Provision released	(30,000)	(1,000)
Provision at year end	82,292	112,292

*Current provision at beginning of year was reclassified to non current during the year.

Employee benefits – current

Carrying amount at beginning of year	91,373	36,651
Additional provision recognised	453,619	334,288
Provision utilised or transferred out	(454,677)	(279,566)
Provision at year end	90,315	91,373

18. OTHER LIABILITIES

CURRENT

Lease incentive

2013 £	2012 £
34,037	35,972

19. BORROWINGS

NON CURRENT

Loans from common controlled entities - GHD Finance Pty Ltd (note 24) - 4,221,050

The loans from GHD Finance Pty Ltd were unsecured. All loans were fully repaid during the year. Interest charge was waived after the loans were fully repaid.

20. SHARE CAPITAL

Authorised

10,000,000 (2012 4,000,000) ordinary shares of £1 each

2013 £	2012 £
10,000,000	4,000,000

Issued and fully paid

10,000,000 (2012 4,000,000) ordinary shares of £1 each

10,000,000	4,000,000
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During the year the company allotted 6,000,000 ordinary shares with a nominal value of £1.

Capital risk management

The Company focuses on overall funding comprising equity and borrowings from a commonly controlled entity (Note 19). The mix of funding between new shares and borrowings is subject to regular review by the Board of Directors based on anticipated funding requirements.

NOTES TO THE FINANCIAL STATEMENTS

21. NOTES TO THE STATEMENT OF CASH FLOWS

(a) RECONCILIATION OF CASH

For the purpose of the Statement of Cash Flows, cash includes cash on hand and in banks, net of any outstanding bank overdraft. The carrying amount of these assets is approximately equal to their fair value. Cash at the end of the year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2013 £	2012 £
Cash and cash equivalents	850,480	172,760

(b) RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO LOSS AFTER TAX

Loss after tax	(1,013,379)	(1,492,513)
Adjustments for non-cash and non-operating items		
Depreciation	86,153	55,313
Loss on disposal of plant and equipment	2,774	-
Changes in operating assets and liabilities		
Decrease / (increase) in receivables and prepayments	48,354	(873,497)
(Decrease) / increase in payables	(367,685)	868,007
Net cash flows used in operating activities	(1,243,783)	(1,442,690)

22. COMMITMENTS AND CONTINGENCIES

(a) OPERATING LEASE COMMITMENTS

Future minimum rentals payable under non-cancellable operating leases are as follows:

Land and buildings

Not later than one year	168,460	168,460
After one year but not more than five years	408,304	582,596
	576,764	751,056

Equipment

Not later than one year	1,745	10,472
After one year but not more than five years	-	6,109
	1,745	16,581

Total

	578,509	767,637
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(b) CAPITAL COMMITMENTS AND CONTINGENCIES

There is no capital commitment or contingent liability at the balance sheet date.

23. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND RISKS MANAGEMENT

(a) FINANCIAL INSTRUMENTS

The Company's principal financial instruments comprise receivables, payables and intercompany loan. At the end of the reporting period, there are no significant concentrations of credit risk for loans and receivables. The carrying amount reflected below represents the Company's maximum exposure to credit risk for such loans and receivables:

	2013 £	2012 £
Financial assets		
Cash and cash equivalents	850,480	172,760
Trade and other receivables	2,628,017	2,154,909
	3,478,497	2,327,669
Financial liabilities		
Loans from related company	-	4,221,050
Trade and other payables	886,761	1,531,082
	886,761	5,752,132

NOTES TO THE FINANCIAL STATEMENTS

23. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND RISKS MANAGEMENT (continued)

(b) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company manages its exposure to key financial risks which are credit risk, liquidity risk, foreign currency risk and interest rate risk. The Company uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to receivables and use of loan from a common controlled entity. Ageing analyses are undertaken to manage credit risk (note 11). Liquidity risk is monitored through future cash flow forecasts.

(c) RISK EXPOSURES AND RESPONSES

(i) Credit Risk

Credit risk arises from cash and cash equivalents, trade and other receivables. The Company's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. The principal credit risk is the non-payment of trade receivables by clients. The Company trades only with recognised, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures where expected fees exceed £5,000. Ageing analyses are undertaken to manage credit risk (note 11). Receivable balances are monitored on an ongoing basis to minimise the Company's exposure to credit risk.

(ii) Liquidity Risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. Liquidity risk is monitored through future cash flow forecasts. The Company maintains continuity and flexibility of funding through the use of bank facilities and loans from a common controlled entity when necessary (note 19). The loan has no fixed repayment date and repayment terms are 366 days after demand of the lender.

(iii) Market Risk

Market risk arises where there are changes in market conditions such as interest rates or foreign exchange rates.

Foreign Currency Risk

At the end of the reporting period, the Company did not have any foreign currency receivable. The Company's borrowings are in Great British Pounds. The £330,553 (2012: £595,066) payables to related parties were in currencies other than Great British Pounds.

The Company's foreign currency exposure arises mainly from exchange rate movements of the Australian dollar against the Great British Pounds. The Company does not enter into financial derivatives to manage its foreign exchange risk.

A sensitivity analysis was carried out and should the Great British Pounds were to weaken/strengthen by +/-10%, impact on the profit and loss account would be £33,055 (2012: £59,507). The 10% is the change in foreign exchange rates that management deems reasonably possible.

Interest Rate Risk

The Company's exposure to market interest rates relates primarily to the Company's borrowings (refer note 19). Interest rate of a loan from a common controlled entity, GHD Finance Pty Ltd, is fixed, which is the aggregate of the benchmark rate, which is the three-month Sterling LIBOR published by the British Bankers Association on the draw down date, plus two and a half percent risk margin. Interest charged by GHD Finance Pty Ltd to the Company in 2013 was NIL (2012: £108,049).

A sensitivity analysis was carried out and should the interest rates were to move by +/-0.5% impact on the profit and loss account would be NIL (2012: £15,642). The 0.5% is the change interest rates that management deems reasonably possible.

NOTES TO THE FINANCIAL STATEMENTS

24. RELATED PARTY TRANSACTIONS

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. All transactions were made on arm's length. Those transactions with directors are disclosed in note 9 if any. Transactions entered into, and trading balances outstanding at 30 June 2013 with other related parties, are as follows:

Related party	Trust distribution from related entity £	Sales to related party £	Amounts owed by related party £	Amounts owed to related party £	Loans from related party £	Loan repaid to related party £
Ultimate parent entity	-	-	-	330,493	-	-
Parent entity	-	235,070	622,614	-	-	-
Common controlled entities	-	901,017	84,769	60	1,092,694	4,278,339
Subsidiary	-	-	5,149	-	-	-
Related entity *	1,085,668	-	-	-	-	-

PARENT ENTITY

The ultimate parent entity of the Company is GHD Group Pty Ltd and the immediate parent is GHD Pty Ltd. Amounts receivable from and payable to members of the wholly owned Group, refer to notes 11 and 16.

RELATED ENTITY

£1,085,668 represents a discretionary trust distribution from Bond Street Trust (an Australian Trust) on 30 June 2013, which is recorded as "Other Reserves" in Equity. The company was nominated by the trustees as an income beneficiary of the Bond Street Trust.

25. PARENT UNDERTAKING

At 30 June 2013 the Company's immediate parent company was GHD Pty Ltd, a company registered in Australia. Copies of GHD Pty Ltd & Controlled Entities Consolidated Financial Statements can be obtained on application to the Company Secretary, Level 15, 133 Castlereagh St, Sydney NSW 2000, Australia.

At 30 June 2013 the Company's ultimate parent company was GHD Group Pty Ltd, a company registered in Australia. Copies of GHD Group Pty Ltd & Controlled Entities Consolidated Financial Statements can be obtained on application to the Company Secretary, Level 15, 133 Castlereagh St, Sydney NSW 2000, Australia.

At the year end, GHD Group Pty Ltd was the parent company of the largest and smallest group of which the Company is a member and for which consolidated financial statements are drawn up.

26. EVENTS SUBSEQUENT TO BALANCE DATE

Effective 1 July 2013, the ownership of the Company was transferred from GHD Pty Ltd to GHD Holdings (UK) Pty Ltd, a company registered in Australia. The ultimate parent company remained unchanged as GHD Group Pty Ltd.