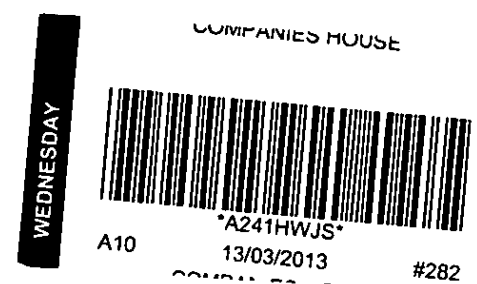


Gutteridge Haskins & Davey Limited

Financial Statements

30 June 2012



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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 LS1 1LD

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 2012. 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

D Whybird	Resigned on 04 July 2011	I Shepherd	Resigned on 04 July 2011
J Blake	Resigned on 10 November 2011	J Baird	Resigned on 10 November 2011
J Dutton	Appointed on 10 November 2011	P Duthie	Appointed on 10 November 2011

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 £1,492,513 (2011 £923,971).

ACQUISITION OF SUBSIDIARY

On 1 July 2011, the Company acquired 100% of the shares of CollinsonDutton Limited ("CDL") and its subsidiary. CDL is a professional service company providing project management and technical advice within the railway sector. The acquisition is a significant growth step for the Company as well as providing additional skills in strategic asset management and rail. After the acquisition, the business and employees of CDL have been transferred into the Company.

The consideration comprised £1,023,884 cash, £165,000 deferred consideration and consideration in the form of equity shares in GHD Group Pty Ltd, the Company's ultimate parent company, of £339,000 at market value.

The deferred consideration, £65,000 paid in July 2012, £50,000 to be paid in July 2013 and £50,000 to be paid in July 2014, has been discounted in the investment cost at the risk-free bond rate in the UK. The deferred payments are contingent on retention of key identified personnel and on achieving certain key performance indicators.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No other matter or circumstance has arisen since 30 June 2012 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 2012, the Company had net liabilities of £1,747,732 (2011 £1,755,219) and accumulated losses of £6,696,040 (2011 £5,203,527). The immediate parent company, GHD Pty Ltd, has undertaken to support the Company for a period of not less than 12 months from the date on which the financial statements are signed. The directors have considered this support and, after making enquiries of the directors of GHD Pty Ltd, have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that they have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of GHD Pty Ltd to continue as a going concern. For this reason the directors adopted the going concern basis in preparing the financial statements.

DIRECTORS' REPORT (continued)

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 auditor will be proposed at the AGM

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



J Dutton
Director

21 January 2013

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 (IFRSs) 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 2012, 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 2012, 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 BSc (Hons) ACA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Leeds, UK

4 February 2013

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2012

	Notes	2012 £	2011 £
Revenue	5	3,757,494	1,505,625
Job related disbursements		(485,709)	(371,079)
Employee costs	8	(3,617,802)	(1,383,990)
Depreciation of plant and equipment	6,13	(55,313)	(32,896)
Recruitment and training		(10,083)	(3,259)
Occupancy costs		(219,006)	(185,571)
Travelling costs		(183,501)	(59,422)
Services charges		(291,465)	(148,716)
Other expenses		(275,579)	(178,106)
Finance costs	6	(111,549)	(66,557)
Loss before tax expense		(1,492,513)	(923,971)
Tax	10	-	-
Loss attributable to the members of the company		(1,492,513)	(923,971)

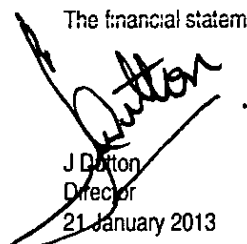
All amounts relate to continuing operations, including the business acquired from CollinsonDutton Limited (see note 14)

STATEMENT OF FINANCIAL POSITION

At 30 June 2012

	Notes	2012 £	2011 £
NON CURRENT ASSETS			
Plant and equipment	13	384,523	40,525
Investment in subsidiary	14	238,902	-
Intangible assets	15	1,284,275	-
Total non current assets		1,907,700	40,525
CURRENT ASSETS			
Cash and cash equivalents	21(a)	172,760	34,083
Trade and other receivables	11	2,154,909	438,125
Prepayments		105,036	17,587
Total current assets		2,432,705	489,795
TOTAL ASSETS		4,340,405	530,320
CURRENT LIABILITIES			
Trade and other payables	16	1,531,082	431,095
Provisions	17	91,373	46,443
Other liabilities	18	35,972	-
Total current liabilities		1,658,427	477,538
NON CURRENT LIABILITIES			
Trade and other payables	16	96,368	-
Loans	19	4,221,050	1,808,001
Provisions	17	112,292	-
Total non current liabilities		4,429,710	1,808,001
TOTAL LIABILITIES		6,088,137	2,285,539
NET LIABILITIES		(1,747,732)	(1,755,219)
SHAREHOLDER'S DEFICIT			
Share capital	20	4,000,000	2,500,000
Other reserves		948,308	948,308
Accumulated losses		(6,696,040)	(5,203,527)
TOTAL DEFICIT		(1,747,732)	(1,755,219)

The financial statements were approved by the board on 21 January 2013 and were signed of on its behalf by


J Dutton
Director
21 January 2013

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2012

	Notes	Share capital £	Other reserves £	Accumulated losses £	Total £
Balance at 1 July 2011		2,500,000	948,308	(5,203,527)	(1,755,219)
Additional share capital	20	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)
Balance at 1 July 2010		2,500,000	864,028	(4,279,556)	(915,528)
Other reserves		-	84,280	-	84,280
Loss for the year		-	-	(923,971)	(923,971)
Balance at 30 June 2011		2,500,000	948,308	(5,203,527)	(1,755,219)

STATEMENT OF CASH FLOWS

For the year ended 30 June 2012

	Notes	2012 £	2011 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		2,877,150	1,691,115
Payments to suppliers and employees		(4,412,671)	(2,116,064)
VAT paid to tax authorities		(270,402)	(113,159)
Net cash used in operating activities	21(b)	(1,805,923)	(538,108)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for investments		(1,023,884)	-
Purchase of plant and equipment		(299,310)	(4,911)
Net cash used in investing activities		(1,323,194)	(4,911)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of borrowings from a common controlled entity		2,305,000	564,000
Proceeds from trust distribution		-	358,895
Proceeds from share issues		1,500,000	-
Increase in amounts due from parent entities		(537,206)	-
Repayments of borrowings to a common controlled entity		-	(542,047)
Net cash provided by financing activities		3,267,794	380,848
 Net increase/(decrease) in cash and cash equivalents held		 138,677	 (162,171)
Cash and cash equivalents at the beginning of the financial year		34,083	196,254
Cash and cash equivalents at the end of the financial year	21(a)	172,760	34,083

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 2012 were authorised for issue by the board of directors on 21 January 2013. 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. The company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. These financial statements therefore present information about the company as an individual undertaking and not as a group.

Going concern

As at 30 June 2012, the Company had net liabilities of £1,747,732 (2011: £1,755,219) and accumulated losses of £6,696,040 (2011: £5,203,527). The immediate parent company, GHD Pty Ltd, has undertaken to support the Company for a period of not less than 12 months from the date on which the financial statements are signed. The directors have considered this support and, after making enquiries of the directors of GHD Pty Ltd, have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that they have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of GHD Pty Ltd to continue as a going concern. 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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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 Company 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 measured initially at their fair values at the acquisition date.

As there is no specific IFRS guidance on combination between entities under common control, guidance of UK GAAP (hive-up) is adopted for transfer of business from the subsidiary to the parent entity.

(k) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the 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.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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, except as discussed below.

Amendments to IAS 1 - Presentation of Financial Statements

The revised standard requires companies preparing financial statement in accordance with IFRSs to group together items within other comprehensive income in the financial statements.

(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	1 January 2013
IAS 27 Separate Financial Statements	1 January 2013
IAS 28 Investments in Associates and Joint Ventures	1 January 2013
IFRS 7 Financial Instruments - Disclosure (amendment)	1 January 2013
IFRS 9 Financial Instruments - Classification and Measurement	1 January 2013
IFRS 10 Consolidated Financial Statements	1 January 2013
IFRS 11 Joint Arrangements	1 January 2013
IFRS 12 Disclosure of Interests in Other Entities	1 January 2013
IFRS 13 Fair Value Measurement	1 January 2013
IAS 1 Presentation of Financial Statements	1 January 2013
IAS 16 Property, Plant and Equipment	1 January 2013
IAS 32 Financial Instruments - Presentation	1 January 2013

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.

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 £83,277 (2011: £57,267). 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 £1,431,634 (2011: £1,090,052). Refer to Note 10.

5. REVENUE

	2012 £	2011 £
Sales revenue		
Professional services	3,757,494	1,505,625

6. LOSS BEFORE TAX EXPENSE

This is stated after charging

Depreciation of plant and equipment (note 13)	55,313	32,896
Interest expense – commonly controlled entity (note 19)	108,049	66,557
Unwinding of discount on long term provision	3,500	-
Auditor's remuneration (note 7)	21,700	18,500
Operating lease cost: Land and buildings	159,883	154,631
Operating lease cost: others	4,213	5,393
Loss on disposal of plant and equipment	-	543
Employee costs (note 8)	3,617,802	1,383,990

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	19,500	15,500
Non audit fees – taxation services	3,200	3,000
	22,700	18,500

8. EMPLOYEE COSTS

Wages and salaries	2,998,540	1,021,027
National Insurance	355,923	123,284
Pension costs	223,989	93,853
Employee benefits	14,555	104,428
Other staff costs	24,795	41,398
	3,617,802	1,383,990

NOTES TO THE FINANCIAL STATEMENTS

8. EMPLOYEE COSTS (continued)

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

	2012 No	2011 No
Directors*	2	3
Professional staff	37	14
Support staff	8	2
	47	19

*One of the directors (2011 one) is also professional staff, but, for the purpose of this note, he is only categorised as a director

9. REMUNERATION OF DIRECTORS

	2012 £	2011 £
Directors' emoluments	118,194	146,848
Contributions to defined contribution pension schemes	10,206	18,524
	128,400	165,372
<i>Highest paid director's remuneration</i>		
Director's emoluments	76,667	97,420
Contributions to defined contribution pension schemes	4,600	12,207
	81,267	109,627

The amounts are for the period during which directors are in office. J Baird and Phillip Duthie are also directors of related entities. Their emolument and pension costs are disclosed in the financial statements of those entities. At 30 June 2012, 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

	2012 £	2011 £
Loss before tax expense	(1,492,513)	(923,971)
Tax on the operating loss at the UK corporate tax rate of 25.75% (2011 27.5%)	(384,322)	(254,092)
Expenses not deductible for tax purposes	12,507	2,801
Capital allowances deferred	10,552	6,564
Equity recognised as income for tax purposes	-	23,177
Unrecognised tax losses	361,263	221,550
Tax expense	-	-

At 30 June 2012 there was a potential deferred tax asset of £1,431,634 (2011 £1,090,052) 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 26% to 25% from 1 April 2012. Accordingly, a blended rate of 25.75% has been used for the year. The UK Government has announced that UK corporation tax will fall to 24% from 1 April 2013 and a further fall of 1% in 2014. These future changes have not been substantively enacted at the balance sheet date and hence a rate of 25% has been used to calculate the company's unrecognised deferred tax asset.

NOTES TO THE FINANCIAL STATEMENTS

11. TRADE AND OTHER RECEIVABLES

CURRENT	2012 £	2011 £
Trade debtors	806,673	61,715
Amounts due from contract customers (note 12)	106,328	57,279
Amount due from ultimate parent company (note 24)	795,353	-
Amounts receivable from parent company (note 24)	-	283,157
Amounts receivable from common controlled entities (note 24)	431,292	12,749
Other debtors	15,263	23,225
	2,154,909	438,125

(a) Provision for doubtful debts

Trade receivables are non-interest bearing and are generally on 14-30 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* £
2012	806,673	606,505	200,168	-
2011	61,715	18,549	43,166	-

* Past due not impaired ("PDNI")

No provision of bad debt has been made in 2012 or 2011. 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

	2012 £	2011 £
Contracts in progress at the end of the reporting period		
Costs incurred plus recognised profits less recognised losses to date	2,982,071	2,673,612
Less progress billings	(2,898,794)	(2,616,345)
Net work in progress	83,277	57,267
Amounts due from contract customers included in trade and other receivables	106,328	57,279
Amount due to contract customers included in trade and other payables	(23,051)	(12)
Net work in progress	83,277	57,267

NOTES TO THE FINANCIAL STATEMENTS

13. PLANT AND EQUIPMENT

	Leasehold improvement and make Good £	Plant and equipment £	Total £
<i>Cost</i>			
At 1 July 2010	70,933	122,586	193,519
Additions	-	4,911	4,911
Disposals	(1,000)	(3,412)	(4,412)
At 1 July 2011	69,933	124,085	194,018
Additions	195,579	203,732	399,311
Disposals	(1,000)	-	(1,000)
At 30 June 2012	264,512	327,817	592,329
<i>Depreciation and impairment</i>			
At 1 July 2010	52,360	72,106	124,466
Provided during the year	12,918	19,978	32,896
Disposal	(1,000)	(2,869)	(3,869)
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 30 June 2012	84,978	122,828	207,806
Net book value at 30 June 2012	179,534	204,989	384,523
Net book value at 30 June 2011	5,655	34,870	40,525

14 INVESTMENT IN SUBSIDIARY

	2012 £	2011 £
Acquisition of CollinsonDutton Limited	1,523,177	
Transfer of business	(1,284,275)	
	238,902	-

On 1 July 2011, the Company acquired 100% of the shares of CollinsonDutton Limited ("CDL") and its subsidiary CDL is a professional service company providing project management and technical advice within the railway sector. The acquisition is a significant growth step for the Company as well as providing additional skills in strategic asset management and rail.

After the acquisition, CDL's business and employees have been transferred to the Company. As there is no specific IFRS guidance on combination between entities under common control, guidance of UK GAAP (hive-up) is adopted to reflect the transfer of business. The excess cost of the acquisition over the fair value of CDL's net assets at the acquisition date has been reclassified out of investment. This has created goodwill of £1,284,275 (Note 15).

The consideration comprised £1,023,884 cash, £165,000 deferred consideration and consideration in the form of equity shares in GHD Group Pty Ltd, the Company's ultimate parent company, of £339,000 at market value. The deferred consideration, £65,000 paid in July 2012, £50,000 to be paid in July 2013 and £50,000 to be paid in July 2014, has been discounted in the investment cost at the risk-free bond rate in the UK. The deferred payments are contingent on retention of key identified personnel and on achieving certain key performance indicators. Fair value of the net assets of CDL at acquisition was £238,902 with details as below.

NOTES TO THE FINANCIAL STATEMENTS

14. INVESTMENT IN SUBSIDIARY (continued)

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

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	<u>(339,000)</u>
	<u>1,023,884</u>

15. INTANGIBLE ASSETS

	2012 £	2011 £
Goodwill at cost	<u>1,284,275</u>	-

Goodwill represents the excess cost of the acquisition over the fair value of CDL's net assets at the acquisition date. It is created by the transfer of CDL's business into the Company after the acquisition (Note 14)

(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 8.85%

(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

	2012 £	2011 £
CURRENT		
Trade payables	130,383	32,209
Amounts due to contract customers (note 12)	23,051	12
Amount payable to ultimate parent entity (note 24)	-	324,742
Amount payable to parent company (note 24)	587,754	-
Amount payable to common controlled entities (note 24)	7,312	12,573
PAYE tax payable	119,549	29,185
Deferred settlement on acquisition	63,925	-
Other payables	599,108	32,374
	<u>1,531,082</u>	<u>431,095</u>
NON CURRENT		
Deferred settlement on acquisition	<u>96,368</u>	-

NOTES TO THE FINANCIAL STATEMENTS

16. TRADE AND OTHER PAYABLES (continued)

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 28 days (2011: 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.

17. PROVISIONS

	2012 £	2011 £
CURRENT		
Employee benefits	91,373	36,651
Make good provision	-	9,792
	91,373	46,443
NON CURRENT		
Make good provision	112,292	-

(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

	2012 £	2011 £
Current *	9,792	2,000
Non current	-	8,792
Carrying amount at beginning of year	9,792	10,792
New provision	103,500	-
Provision released	(1,000)	(1,000)
Provision at year end	112,292	9,792

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

Employee benefits – current

	2012 £	2011 £
Carrying amount at beginning of year	36,651	57,723
Additional provision recognised	334,288	104,428
Provision utilised or transferred out	(279,566)	(125,500)
Provision at year end	91,373	36,651

18. OTHER LIABILITIES

CURRENT

Lease incentive	35,972	-
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19. BORROWINGS

NON CURRENT

Loans from common controlled entities - GHD Finance Pty Ltd (note 24)	4,221,050	1,808,001
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The loans from GHD Finance Pty Ltd are unsecured. The Company must repay each loan within 366 days of demand by the lender. Refer to Note 23 (c) (iii) on interest rate. It is not due to be settled within 12 months after the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

20. SHARE CAPITAL

Authorised

4,000,000 (2011 2,500,000) ordinary shares of £1 each

Issued and fully paid

4,000,000 (2011 2,500,000) ordinary shares of £1 each ¹

¹ £1,500,000 shares (£1 each) were issued to GHD Pty Ltd, the immediate parent entity, on 1 July 2011

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. As disclosed in note 2, the parent company has undertaken to support the Company for a period of not less than 12 months from the date on which the financial statements are signed to ensure the Company will be able to continue as a going concern.

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:

	2012 £	2011 £
Cash and cash equivalents	172,760	34,083

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

Loss after tax	(1,492,513)	(923,971)
Depreciation	55,313	32,896
Finance costs	111,549	66,557
Loss on disposal of plant and equipment	-	543
Unrealised foreign exchange (gains)/losses	(12,779)	27,546
Changes in operating assets and liabilities		
(Increase)/ decrease in receivables and prepayments	(1,039,769)	208,982
Increase in payables	572,276	49,339
Net cash flows from operating activities	(1,805,923)	(538,108)

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

After one year but not more than five years

Equipment

Not later than one year

After one year but not more than five years

Total

168,460	36,536
582,596	-
751,056	36,536
10,472	10,472
6,109	16,581
16,581	27,053
767,637	63,589

(b) CAPITAL COMMITMENTS AND CONTINGENCIES

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

NOTES TO THE FINANCIAL STATEMENTS

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.

	2012 £	2011 £
Financial assets		
Cash and cash equivalents	172,760	34,083
Trade and other receivables	2,154,909	438,125
	<u>2,327,669</u>	<u>472,208</u>
Financial liabilities		
Loans from related company	4,221,050	1,808,001
Trade and other payables	1,531,082	431,095
	<u>5,752,132</u>	<u>2,239,096</u>

(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 a loan from a common controlled entity (note 19). The loan has no fixed repayment date and repayment terms are 366 days after demand of the lender. As at the date of signing this report, no demand for repayment has been made by 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 £595,066 (2011: £337,315) 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 if the Great British Pounds were to weaken/strengthen by +/-10%, the impact on the profit and loss account would be £59,507 (2011: £33,732). 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 2012 was £108,049 (2011: £66,557).

A sensitivity analysis was carried out and if the interest rates were to move by +/-0.5%, the impact on the profit and loss account would be £15,642 (2011: £10,313). The 0.5% is the change in 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 2012 with other related parties, are as follows:

Related party	Interest charge from related party £	Loans from related party £	Sales to related party £	Amounts owed by related party £	Amounts owed to related party £
Ultimate parent entity	-	-	-	795,353	-
Parent entity	-	-	68,555	-	587,754
Common controlled entities	108,049	4,221,050	354,347	345,320	7,312
Subsidiary	-	-	582,339	85,972	-

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, 16 and 19.

25. PARENT UNDERTAKING

At 30 June 2012 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 2012 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

There were no subsequent events to report after the balance sheet date.