Gutteridge Haskins & Davey Limited

Financial Statements

30 June 2011

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 2011 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	Appointed on 10 November 2011	P Duthie	Appointed on 10 November 2011
J Baird	Resigned on 10 November 2011	J Blake	Resigned on 10 November 2011
I Shepherd	Resigned on 4 July 2011	D Whybird	Resigned on 4 July 2011
D Marsden	Resigned on 15 November 2010		

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 £923,971 (2010 £583,813)

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 1 July 2011, the Company acquired CollinsonDutton Limited and its subsidiary The acquisition is a significant growth step for the Company as well as providing additional skills in strategic asset management and rail At the time the financial statements are authorized for issue, both parties of the acquisition have not reached an agreement on the final purchase price (see note 24 for further details) There is no financial effect to the Company's financial situation as at the end of the financial year

On 1 July 2011, the Company issued a further £1,500,000 fully paid shares to GHD Pty Ltd, the immediate parent entity Funding continues to be received from a common controlled entity monthly to enable the Company to meet its liabilities as they fall due

No other matter or circumstance has arisen since 30 June 2011 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 2011, the Company had net liabilities of £1,755,219 (2010 £915,528) and accumulated losses of £5,203,527 (2010 £4,279,556) 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

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

25 November 2011

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 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 2011, 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 24 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 2011, 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 ACA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Leeds, UK
25 November 2011

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2011

	Notes	2011 £	2010 £
Revenue	5	1,505,625	2,085,522
Other income	6	-	8,526
Job related disbursements		(371,079)	(546,042)
Employee costs	9	(1,383,990)	(1,680,117)
Depreciation of plant and equipment	7,14	(32,896)	(41,311)
Recruitment and training		(3,259)	(12,158)
Occupancy costs		(185,571)	(199,364)
Travelling costs		(59,422)	(28,421)
Services charges		(148,716)	-
Other expenses		(178,106)	(170,448)
Finance costs	7	(66,557)	-
Loss before tax expense		(923,971)	(583,813)
Tax	11	-	-
Loss attributable to the members of the company		(923,971)	(583,813)

All amounts relate to continuing operations

STATEMENT OF FINANCIAL POSITION

At 30 June 2011

	Notes	2011 £	2010 £
NON CURRENT ASSETS			
Plant and equipment	14	40,525	69,053
Total non current assets		40,525	69,053
CURRENT ASSETS			
Cash and cash equivalents	19(a)	34,083	196,254
Trade and other receivables	12	438,125	900,397
Prepayments		17,587	38,912
Total current assets		489,795	1,135,563
TOTAL ASSETS		530,320	1,204,616
CURRENT LIABILITIES			
Trade and other payables	15	431,095	332,138
Provisions	16	46,443	59,723
Total current liabilities		477,538	391,861
NON CURRENT LIABILITIES			
Loans	17	1,808,001	1,719,491
Provisions	16	-	8,792
Total non current liabilities		1,808,001	1,728,283
TOTAL LIABILITIES		2,285,539	2,120,144
NET LIABILITIES		(1,755,219)	(915,528)
SHAREHOLDER'S DEFICIT			
Share capital	18	2,500,000	2,500,000
Other reserves		948,308	864,028
Accumulated losses		(5,203,527)	(4,279,556)
TOTAL DEFICIT		(1,755,219)	(915,528)

The financial statements were approved by the board on 25 November 2011 and were signed of on its behalf by

J Dutton
Director
25 November 2011

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2011

	Notes	Share capital £	Other reserves £	Accumulated losses £	Total £
Balance at 1 July 2010		2,500,000	864,028	(4,279,556)	(915,528)
Other reserves	22	-	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)
Balance at 1 July 2009		2,500,000	589,413	(3,695,743)	(606,330)
Other reserves		-	274,615	-	274,615
Loss for the year		-	-	(583,813)	(583,813)
Balance at 30 June 2010		2,500,000	864,028	(4,279,556)	(915,528)

STATEMENT OF CASH FLOWS
For the year ended 30 June 2011

	Notes	2011 £	2010 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		1,691,115	1,963,544
Payments to suppliers and employees		(2,116,064)	(2,432,140)
VAT paid to tax authorities		(113,159)	(125,985)
Net cash used in operating activities	19(b)	(538,108)	(594,581)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(4,911)	(14,862)
Net cash used in investing activities		(4,911)	(14,862)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of borrowings from a common controlled entity		564,000	830,000
Proceeds from trust distribution		358,895	589,413
Repayments of borrowings to a common controlled entity		(542,047)	(737,128)
Net cash provided by financing activities		380,848	682,285
Net (decrease)/increase in cash and cash equivalents held		(162,171)	72,842
Cash and cash equivalents at the beginning of the financial year		196,254	123,412
Cash and cash equivalents at the end of the financial year	19(a)	34,083	196,254

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 2011 were authorised for issue by the board of directors on 25 November 2011 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 2011, the Company had net liabilities of £1,755,219 (2010 £915,528) and accumulated losses of £5,203,527 (2010 £4,279,556) 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

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 to be received at the end of the operating lease are recognised as assets 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 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) 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

(k) 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 July 1, 2010 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

International Accounting Standards (IAS/IFRSs)	*Effective date*
IAS 12 Income Taxes – Limited scope amendment	1 January 2012
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 July 2011
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

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 £57,267 (2010 £46,336) Refer to Note 13

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 £1,090,052 (2010, £940,535) Refer to Note 11

	2011 £	2010 £
5 REVENUE		
Sales revenue		
Professional services	1,505,625	2,085,522
6 OTHER INCOME		
Net exchange gains	-	8,451
Other	-	75
	-	8,526
7 LOSS BEFORE TAX EXPENSE		
This is stated after charging		
Depreciation of plant and equipment (note 14)	32,896	41,311
Interest expense – commonly controlled entity (note 17)	66,557	-
Auditor's remuneration (note 8)	18,500	24,880
Operating lease cost Land and buildings	154,631	169,821
Operating lease cost others	5,393	7,529
Loss on disposal of plant and equipment	543	369
Employee costs (note 9)	1,383,990	1,680,117
8 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	15,500	15,000
Non audit fees – taxation services	3,000	9,880
	18,500	24,880
9 EMPLOYEE COSTS		
Wages and salaries	1,021,027	1,256,170
National Insurance	123,284	150,830
Pension costs	93,853	114,877
Employee benefits	104,428	158,240
Other staff costs	41,398	-
	1,383,990	1,680,117

NOTES TO THE FINANCIAL STATEMENTS

9 EMPLOYEE COSTS (continued)

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

	2011 No	2010 No
Directors*	3	4
Professional staff	14	17
Support staff	2	2
	19	23

*One of the directors (2010 two) is also professional staff, but, for the purpose of this note, he is only categorised as a director

10 REMUNERATION OF DIRECTORS

	2011 £	2010 £
Directors' emoluments	146,848	229,003
Contributions to defined contribution pension schemes	18,524	29,025
	165,372	258,028
Highest paid director's remuneration		
Director's emoluments	97,420	131,583
Contributions to defined contribution pension schemes	12,207	16,819
	109,627	148,402

J Baird, D Whybird and I Shepherd are all directors of the immediate parent company, GHD Pty Ltd Their emoluments and pension costs are disclosed in the financial statements of that entity At 30 June 2011, one UK based director was in a defined contribution pension scheme

11 TAX

The factors affecting the current tax charge for the year are explained below	2011 £	2010 £
Loss before tax expense	(923,971)	(583,813)
Tax on the operating loss at the UK corporate tax rate of 27 5% (2010 28%)	(254,092)	(163,468)
Expenses not deductible for tax purposes	2,801	5,742
Capital allowances deferred	6,564	8,991
Equity recognised as income for tax purposes	23,177	76,892
Unrecognised tax losses	221,550	71,843
Tax expense	-	-

At 30 June 2011 there was a potential deferred tax asset of £1,090,052 (2010 940,535) 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 they would be recovered The rate of corporation tax in the UK fell from 28% to 26% from 1 April 2011 Accordingly, a blended rate of 27 5% has been used for the year The UK Government has announced that UK corporation tax will fall to 25% from 1 April 2012 with further falls of 1% per annum in 2013 and 2014 These future changes have not been substantively enacted at the balance sheet date and hence a rate of 26% has been used to calculate the company's unrecognised deferred tax asset

12 TRADE AND OTHER RECEIVABLES

CURRENT	2011 £	2010 £
Trade debtors	61,715	279,527
Amounts due from contract customers (note 13)	57,279	50,148
Amounts receivable from parent company (note 22)	283,157	147,243
Amounts receivable from common controlled entities (note 22)	12,749	116,341
Trust distribution receivable	-	274,615
Other debtors	23,225	32,523
	438,125	900,397

NOTES TO THE FINANCIAL STATEMENTS

12 TRADE AND OTHER RECEIVABLES (continued)

(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*
	£	£	£	£
2011	61,715	18,549	43,166	-
2010	279,527	211,790	45,089	22,648

* Past due not impaired ("PDNI")

No provision of bad debt has been made in 2011 or 2010 All debtors aged over 90 days (2010 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

13 WORK IN PROGRESS

	2011	2010
Contracts in progress at the end of the reporting period	£	£
Costs incurred plus recognised profits less recognised losses to date	2,673,612	2,368,077
Less progress billings	(2,616,345)	(2,321,741)
Net work in progress	57,267	46,336
Amounts due from contract customers included in trade and other receivables	57,279	50,148
Amount due to contract customers included in trade and other payables	(12)	(3,812)
Net work in progress	57,267	46,336

14 PLANT AND EQUIPMENT

	Leasehold Improvement and Make Good	Plant and equipment	Total
	£	£	£
Cost			
At 1 July 2009	70,933	108,433	179,366
Additions	-	14,862	14,862
Disposals	-	(709)	(709)
At 1 July 2010	70,933	122,586	193,519
Additions	-	4,911	4,911
Disposals	(1,000)	(3,412)	(4,412)
At 30 June 2011	69,933	124,085	194,018

NOTES TO THE FINANCIAL STATEMENTS

14 PLANT AND EQUIPMENT (continued)

	Leasehold Improvement £	Plant and equipment £	Total £
Depreciation and impairment			
At 1 July 2009	36,548	46,947	83,495
Provided during the year	15,812	25,499	41,311
Disposal	-	(340)	(340)
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 30 June 2011	64,278	89,215	153,493
Net book value at 30 June 2011	5,655	34,870	40,525
Net book value at 30 June 2010	18,573	50,480	69,053

15 TRADE AND OTHER PAYABLES

	2011 £	2010 £
CURRENT		
Trade payables	32,209	16,649
Amounts due to contract customers (note 13)	12	3,812
Amount payable to ultimate parent entity (note 22)	324,742	149,923
Amount payable to common controlled entities (note 22)	12,573	24,190
PAYE tax payable	29,185	47,125
Other payables	32,374	90,439
	431,095	332,138

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs The average credit period taken for trade purchases is 28 days (2010 28 days) The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms

Paybles 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

16 PROVISIONS

	2011 £	2010 £
CURRENT		
Employee benefits	36,651	57,723
Make good provision	9,792	2,000
	46,443	59,723
NON CURRENT		
Make good provision	-	8,792

(a) Nature and purpose of provisions

Employee benefits
This is the Company's annual leave liability based on salary hourly rate 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

NOTES TO THE FINANCIAL STATEMENTS

16 PROVISIONS (continued)

	2011 £	2010 £
(b) Movements in provisions		
Premises make good – current and non current		
Current	2,000	2,000
Non current	8,792	8,792
Carrying amount at beginning of year	10,792	10,792
Provision released	(1,000)	-
	9,792	10,792
Employee benefits – current		
Carrying amount at beginning of year	57,723	64,269
Additional provision recognised	104,428	158,240
Provision utilised or transferred out	(125,500)	(164,786)
	36,651	57,723

17 BORROWINGS

	2011 £	2010 £
NON CURRENT		
Loans from common controlled entities - GHD Finance Pty Ltd (note 22)	1,808,001	1,719,491

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 21 (c) (iii) on interest rate It is not due to be settled within 12 months after the reporting period

18 SHARE CAPITAL

	2011 £	2010 £
Authorised		
2,500,000 (2010 2,500,000) ordinary shares of £1 each	2,500,000	2,500,000
Issued and fully paid		
2,500,000 (2010 2,500,000) ordinary shares of £1 each	2,500,000	2,500,000

Capital risk management

The Company focuses on overall funding comprising equity and borrowings from a commonly controlled entity (Note 17) 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

NOTES TO THE FINANCIAL STATEMENTS

19 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 are as follows

	2011 £	2010 £
Cash and cash equivalents	34,083	196,254

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

	2011 £	2010 £
Loss after tax	(923,971)	(583,813)
Depreciation	32,896	41,311
Finance costs	66,557	-
Loss on disposal of plant and equipment	543	369
Unrealised foreign exchange losses	27,546	6,790
Changes in operating assets and liabilities		
Increase / (decrease) in receivables and prepayments	208,982	(167,245)
Increase in payables	49,339	108,007
Net cash flows from operating activities	(538,108)	(594,581)

20 COMMITMENTS AND CONTINGENCIES

OPERATING LEASE COMMITMENTS

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

	2011 £	2010 £
Land and buildings		
Not later than one year	36,536	105,968
After one year but not more than five years	-	7,333
	36,536	113,301
Equipment		
Not later than one year	10,472	4,753
After one year but not more than five years	16,581	-
	27,053	4,753
Total	63,588	118,054

21 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

	2011 £	2010 £
Financial assets		
Cash and cash equivalents	34,083	196,254
Trade and other receivables	438,125	900,397
	472,208	1,096,651
Financial liabilities		
Loans from related company	1,808,001	1,719,491
Trade and other payables	431,095	332,138
	2,239,096	2,051,629

NOTES TO THE FINANCIAL STATEMENTS

21 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 12) 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 12) 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 17) 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 £337,315 (2010 £174,113) 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 £33,732 (2010 17,411) 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 17) 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 precent risk margin Interest charged by GHD Finance Pty Ltd to the Company in 2011 was £66,557 (2010 nil or £48,091 if not waived)

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 £10,313 (2010 nil) The 0 5% is the change interest rates that management deems reasonably possible

NOTES TO THE FINANCIAL STATEMENTS

22 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 10 if any Transactions entered into, and trading balances outstanding at 30 June 2011 with other related parties, are as follows

Related party	Distribution from related party £	Loans from related party £	Repayment of loan to related party £	Sales to related party £	Purchases from related party £	Amounts owed by related party £	Amounts owed to related party £
Ultimate parent entity	-	-	-	-	-	-	324,742
Parent entity	-	-	-	109,824	-	283,157	-
Common controlled entities	-	564,000	542,047	271,468	12,795	12,749	1,820,574
Related entity *	84,280	-	-	-	-	-	-

* This represents a discretionary trust distribution from Bond Street Trust (an Australian trust) on 30 June 2011, which is recorded as "Other reserves" in Equity The Company was nominated by its parent company, GHD Pty Ltd, as an income beneficiary of the Bond Street Trust

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 12, 15 and 17

23 PARENT UNDERTAKING

At 30 June 2011 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 2011 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

24 EVENTS SUBSEQUENT TO BALANCE DATE

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

Cash consideration of £962,794 and consideration in the form of equity shares in GHD Group Pty Ltd of £339,000 at market value have been made to date

Deferred consideration is contingent on retention of key identified personnel and on achieving certain key performance indicators The potential undiscounted amount of all future payments that the Company could be required to make under the contingent consideration arrangement is between £200,000 and £400,000

After the financial year end, acquisition-related costs (included in administrative expenses) incurred and paid by the Company up to date is £25,837

At the time the financial statements are authorised for issue, management has not determined the final fair value of the assets and liabilities acquired Both parties of the acquisition have not reached an agreement on the final purchase price, which is subject to the final net assets value on the completion balance sheet As a result of this, management have not finalised their assessment of any goodwill arising as a result of the business combination

A further £1,500,000 fully paid shares was issued to GHD Pty Ltd, the immediate parent entity, on 1 July 2011