

Gutteridge Haskins & Davey Limited

Financial Statements

30 June 2008

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COMPANIES HOUSE

GENERAL INFORMATION

Directors

C Weeks
D Whybird
M Polin
D Marsden
J Blake

Company Secretary

R Holliday

Registered Office

4 Innovation Close
York Science Park
York YO10 5ZF

Solicitor

Lovells
Atlantic House
Holborn Viaduct
London
EC1A 2FG

Bankers

HSBC
Leeds Branch Office
33 Park Row
Leeds LS11LD

Auditor

Ernst & Young LLP
1 Bridgewater Place
Water Lane
Leeds LS11 5QR

DIRECTORS' REPORT

DIRECTORS

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

C Weeks

D Whybird

M Polin

T Pinzone resigned on 21 April 2008

D Marsden

J Blake appointed on 3 August 2007

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

REVIEW OF OPERATIONS AND RESULTS OF OPERATIONS

The loss after tax of the Company for the reporting period was £1,164,824

OPERATING RESULTS & LIKELY DEVELOPMENTS

Any likely development in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No matter or circumstance has arisen since 30 June 2008 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

DISCLOSURE OF INFORMATION TO THE AUDITORS

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to have made himself aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITORS

A resolution to re-appoint Ernst & Young LLP as auditors will be proposed at the AGM

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



D Marsden
Director

31 October 2008

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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 as adopted by the European Union.

The directors are required to prepare financial statements for each financial year, which present fairly the financial position of the Company and the financial performance and cash flows of the Company for that period. In preparing those financial statements the directors are required to

- select suitable accounting policies and then apply them consistently,
- 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
- state that the Company has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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 and Davey Limited for the year ended 30 June 2008, which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Recognised Income and Expense and the related notes 1 to 22. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Company's affairs as at 30 June 2008 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.

Ernst & Young LLP

Ernst & Young LLP
Registered auditor
Leeds

4 November 2008

INCOME STATEMENT

for the year ended 30 June 2008

	Notes	2008 £	2007 £
Revenue	5	655,128	128,454
Interest received		3,052	5,024
Job related disbursements		(148,258)	(37,932)
Employment expenses	8	(1,264,025)	(815,089)
Depreciation of plant and equipment	12	(30,084)	(19,294)
Recruitment and training		(9,777)	(6,822)
Occupancy costs		(146,328)	(69,405)
Office overheads		(223,436)	(183,902)
Other expenses		(1,096)	(5,918)
Loss before income tax expense		(1,164,824)	(1,004,884)
Income tax	10	-	-
Loss attributable to the members of the company		(1,164,824)	(1,004,884)

BALANCE SHEET
at 30 June 2008

	Notes	2008 £	2007 £
NON CURRENT ASSETS			
Plant and equipment	12	109,271	134,337
Deferred tax assets	10	-	1,216
Total non current assets		109,271	135,553
CURRENT ASSETS			
Cash and cash equivalents	19(a)	109,581	202,212
Trade and other receivables	11	304,422	57,469
Prepayments		30,239	9,624
Total current assets		444,242	269,305
TOTAL ASSETS		553,513	404,858
CURRENT LIABILITIES			
Trade and other payables	13	93,282	83,548
Provisions	14	10,819	16,977
Other liabilities	16	650	-
Total current liabilities		104,751	100,525
NON CURRENT LIABILITIES			
Loans	15	107,820	300,000
Provisions	14	10,000	8,001
Deferred tax liabilities	10	-	1,216
Other liabilities	16	650	-
Total non current liabilities		118,470	309,217
TOTAL LIABILITIES		223,221	409,742
Net assets / (liabilities)		330,292	(4,884)
SHAREHOLDER'S EQUITY			
Share capital	17	2,500,000	1,000,000
Accumulated losses		(2,169,708)	(1,004,884)
TOTAL EQUITY/(DEFICIT)		330,292	(4,884)

The financial statements were approved by the board on 31 October 2008 and were signed off on its behalf by

D Marsden
Director



STATEMENT OF RECOGNISED INCOME AND EXPENSE
for the year ended 30 June 2008

	Notes	2008 £	2007 £
Net income recognised directly in equity		-	-
Net loss for the year	18	(1,164,824)	(1,004,884)
Total recognised income and expense for the year		<u>(1,164,824)</u>	<u>(1,004,884)</u>

STATEMENT OF CASH FLOWS

for the year ended 30 June 2008

	Notes	2008 £	2007 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		441,326	61,361
Payments to suppliers and employees		(1,838,723)	(1,020,334)
Interest received		3,052	5,024
Net cash used in operating activities	19(b)	(1,394,345)	(953,949)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(13,896)	(143,630)
Proceeds from disposal of plant and equipment		6,630	-
Net cash used in investing activities		(7,266)	(143,630)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issue		1,500,000	999,999
(Repayments)/proceeds of advances to/(from) parent & common controlled entities		(192,180)	300,000
Net cash provided by financing activities		1,307,820	1,299,999
Net (decrease)/increase in cash and cash equivalents held		(93,791)	202,420
Cash and cash equivalents at the beginning of the financial year		202,212	-
Effect of exchange rates on cash holdings in foreign currencies		1,160	(208)
Cash and cash equivalents at the end of the financial year	19(a)	109,581	202,212

NOTES TO THE FINANCIAL STATEMENTS

At 30 June 2008

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 2008 were authorised for issue by the board of directors on 30 October 2008. 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 1985. 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 2008, the Company had net assets of £330,292 and accumulated loss of £2,169,708. The parent 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. As a result, the going concern basis has been applied in the preparation of these financial statements.

Changes in accounting policy

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

The Company has adopted the following new and amended IFRS interpretations during the year. Adoption of these revised standards and interpretations did not have any effect on the financial performance or position of the company in the current or prior periods. In certain cases, they did however give rise to additional disclosures.

- *IFRS 7 Financial Instruments: Disclosures*
- *IAS 1 Amendment – Presentation of Financial Statements: Capital Disclosures*

(a) Revenue recognition

Revenue is principally derived from contracts to provide professional services. Revenue is recognised by reference to the stage of completion of the contract to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received, excluding discounts, rebates, and other sales taxes or duty.

The stage of completion is measured by using the percentage completion method, based on the proportion of costs incurred for work performed to date, compared to the estimated total cost of the contract. Contract costs include all costs directly related to specific contracts and an allocation of costs that are attributable to contract activity in general. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses incurred that are recoverable. Revenue not billed to clients is included in unbilled receivables and payments on account in excess of the relevant amount of revenue are included in trade and other payables.

Interest income

Interest on bank accounts is recognised as receivable.

(b) Taxes

Current income tax

Current income 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 balance sheet date.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income 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 income tax assets is reviewed each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred income tax assets and deferred income 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 balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

At 30 June 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Operating leases

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

Incentives received on entering into operating lease are recognised as liabilities. Lease payments relating to free rental periods are allocated between rental expense and reduction of the liability.

(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 balance sheet date. 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 included 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 the income statement 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 balance sheet comprises cash at banks and at 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. Borrowings at the balance sheet date are from GHD Pty Ltd, the Company's parent. 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. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or on terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

(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) 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 balance sheet date.

Premises make good

Provisions are measured both initially and subsequently as the present value of the amount required to settle the obligation at balance sheet date.

(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, where 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 the income statement in the period in which they become payable.

NOTES TO THE FINANCIAL STATEMENTS

At 30 June 2008

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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>
IFRS 2 Amendment to IFRS 2 – Vesting Conditions and Cancellations	1 January 2009
IFRS 3 Business Combinations (revised January 2008)	1 July 2009
IFRS 8 Operating segments	1 January 2009
IAS 1 Presentation of Financial Statements (revised September 2007)	1 January 2009
IAS 23 Borrowing Costs (revised March 2007)	1 January 2009
IAS 27 Consolidated and Separate Financial Statements (revised January 2008)	1 January 2009
IAS 32/IAS 1 Amendment to IAS 32 and IAS 1 - Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
<i>International Financial Reporting Interpretations Committee (IFRIC)</i>	
IFRIC 13 Customer Loyalty Programmes	1 July 2008

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

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) 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. 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.

(b) 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 16). The loan has no fixed repayment date and repayment terms are 366 days after demand of the lender. As at the date signing this report, no demand for repayment has been made by the lender.

(c) Foreign Currency Risk

At balance sheet date the Company did not have any foreign currency receivable or payables. The Company's borrowings are in Great British Pounds.

(d) Interest Rate Risk

Interest rate of a loan from a common controlled entity 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.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Estimates and assumptions

Estimates and judgments are continuously 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 generally are difficult to ascertain.

Judgments

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

Income taxes

The Company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

At 30 June 2008

5. REVENUE

	2008 £	2007 £
Sales revenue		
Fees for professional services	655,128	128,454

6. OPERATING LOSS

	2008 £	2007 £
<i>This is stated after charging</i>		
Depreciation of property, plant and equipment	30,084	19,294
Auditors remuneration	15,778	13,000

7. AUDITORS REMUNERATION

	2008 £	2007 £
The Company paid the following amounts to its auditors in respect of the audit of the financial statements and other services provided to the Company		
Audit of the financial statements	15,778	13,000
Other fees to auditors – taxation services	3,500	5,000
	19,278	18,000

8. EMPLOYEE COSTS

	2008 £	2007 £
Wages and salaries	1,058,105	657,128
National Insurance	113,445	60,364
Pension costs	86,841	55,819
Other staff costs	5,634	41,778
	1,264,025	815,089

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

	No	No.
Directors*	6	5
Professional staff	12	10
Support staff	1	1
	19	16

*Directors include two professional staff. They have been counted only once as Directors

9. REMUNERATION OF DIRECTORS

	2008 £	2007 £
Director's emoluments	235,587	240,006
Contributions to defined contributions pension schemes	27,671	10,833
	263,258	250,839

C Weeks, D Whybird and M Polin are all directors of the parent undertaking GHD Pty Ltd and their emoluments and pension costs are disclosed in the financial statements of that entity. At 30 June 2008, two UK based directors were in a defined contribution pension scheme.

NOTES TO THE FINANCIAL STATEMENTS

At 30 June 2008

10. INCOME TAX

	2008 £	2007 £
a) RECONCILIATION OF INCOME TAX EXPENSE TO PRIMA FACIE TAX PAYABLE		
Loss before income tax expense	(1,164,824)	(1,004,884)
Prima facie tax on the operating loss at 29.5% (2007: 30%)	(343,623)	(301,465)
Expenses not deductible for tax purposes	3,960	3,195
Accelerated capital allowances	(28)	(1,216)
Unrecognised tax losses	339,691	299,486
Income tax expense	-	-
b) DEFERRED TAX		
DEFERRED TAX ASSET		
Tax losses carried forward	-	1,216
Movements.		
Opening balance at 1 July	1,216	-
(Credit)/credit during the year	(1,216)	1,216
Closing balance at 30 June	-	1,216
DEFERRED TAX LIABILITY		
Accelerated capital allowances	-	1,216
Movements.		
Opening balance at 1 July	1,216	-
(Write off)/charge during the year	(1,216)	1,216
Closing balance at 30 June	-	1,216

At 30 June 2008 there was a potential deferred tax asset of £604,897 (2007: 300,249) in respect of unutilised tax losses. A deferred tax asset was not recognised due to the uncertainty as to when they would be recovered.

11. TRADE AND OTHER RECEIVABLES

	2008 £	2007 £
Trade debtors	97,660	-
Unbilled receivables *	136,722	20,580
Amounts owed by parent undertaking	32,799	20,052
Other debtors	37,241	16,837
	304,422	57,469
At 30 June 2008 all trade debtors aged within 90 days. The directors do not consider a provision for impairment of receivables to be required.		
* Unbilled receivables		
Gross value of contracts in progress less recognised losses	140,718	113,771
Less progress claims	(3,996)	(93,191)
Unbilled receivables	136,722	20,580

NOTES TO THE FINANCIAL STATEMENTS

At 30 June 2008

12. PLANT AND EQUIPMENT

	Land and buildings (leasehold) £	Plant and equipment £	Total £
<i>Cost</i>			
At 1 July 2007	67,582	86,049	153,631
Additions	-	13,896	13,896
Disposal	-	(10,867)	(10,867)
At 30 June 2008	67,582	89,078	156,660
<i>Depreciation and impairment</i>			
At 1 July 2007	8,210	11,084	19,294
Provided during the year	13,370	16,714	30,084
Disposal	-	(1,989)	(1,989)
At 30 June 2008	21,580	25,809	47,389
Net book value at 30 June 2008	46,002	63,269	109,271
Net book value at 30 June 2007	59,372	74,965	134,337

13. TRADE AND OTHER PAYABLES

	2008 £	2007 £
CURRENT		
Trade payables	12,119	4,453
Employee entitlements	42,062	36,680
Other payables	39,101	42,415
	93,282	83,548

14. PROVISIONS

	2008 £	2007 £
CURRENT		
Employee benefits	10,819	14,978
Make good provision	-	1,999
	10,819	16,977
NON CURRENT		
Make good provision	10,000	8,001

NATURE AND PURPOSE OF PROVISIONS

Employee benefits

Annual leave liability with pension and national insurance cost factored in

Premises Make Good

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

MOVEMENTS IN PROVISIONS

CURRENT – Employee benefits

Carrying amount at beginning of year	14,978	-
Additional provision (released)/recognised	(4,159)	14,978
	10,819	14,978

CURRENT AND NON CURRENT – Premises make good

Carrying amount at beginning of year	10,000	-
Additional provision recognised	-	10,000
	10,000	10,000

NOTES TO THE FINANCIAL STATEMENTS

At 30 June 2008

15. FINANCIAL LIABILITIES

	2008 £	2007 £
Borrowings – Non Current		
Loan from common controlled entities - GHD Finance Pty Ltd	107,820	300,000

16. OTHER LIABILITIES

	2008 £	2007 £
CURRENT		
Lease incentive	650	-
NON CURRENT		
Lease incentive	650	-

17. SHARE CAPITAL

	2008 £	2007 £
Authorised		
2,500,000 (2007 1,000,000) ordinary shares of £1 each	2,500,000	1,000,000
Issued and fully paid*		
	Number	£
Balance at at 1 July 2006	1	1
Issued 31 July 2006*	99,999	99,999
Issued 25 August 2006*	200,000	200,000
Issued 30 October 2006*	400,000	400,000
Issued 1 June 2007*	300,000	300,000
Balance at 30 June 2007	1,000,000	1,000,000
Issued 20 May 2008*	1,500,000	1,500,000
Balance at 30 June 2008	2,500,000	2,500,000

* Issue of shares to immediate parent company, GHD Pty Ltd

18. RECONCILIATION OF MOVEMENTS IN EQUITY

	Share capital £	Retained earnings £	Total £
<i>At 1 July 2006</i>	1	-	1
Loss for the year ended 30 June 2007	-	(1,004,884)	(1,004,884)
Issue fully paid shares	999,999	-	999,999
At 30 June 2007	1,000,000	(1,004,884)	(4,884)
Loss for the year ended 30 June 2008	-	(1,164,824)	(1,164,824)
Issue fully paid shares	1,500,000	-	1,500,000
At 30 June 2008	2,500,000	(2,169,708)	330,292

NOTES TO THE FINANCIAL STATEMENTS

At 30 June 2008

19. NOTES TO THE STATEMENTS OF CASH FLOWS

(a) RECONCILIATION OF CASH

For purpose of the Statements of Cash Flows, cash includes cash on hand and in banks and investments in money market instruments with terms of less than 90 days, net of outstanding bank overdraft. Cash at the end of the year as shown in the Statements of Cash Flows is reconciled to the related items in the balance sheet are as follows

	2008 £	2007 £
Cash assets	109,581	202,212

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

Operating loss after income tax	(1,164,824)	(1,004,884)
Depreciation and impairment	30,084	19,294
Loss on disposal of plant and equipment	2,248	-
Unrealised foreign exchange (gains)/losses	(1,160)	208
Changes in operating assets and liabilities		
Increase in receivables and prepayments	(151,426)	(46,513)
Increase in trade creditors and accruals	11,034	83,548
Increase in work in progress	(116,142)	(20,580)
(Decrease)/increase in employee benefits	(4,159)	14,978
Net cash flows from operating activities	(1,394,345)	(953,949)

20. COMMITMENTS AND CONTINGENCIES

OPERATING LEASE COMMITMENTS

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

	2008 £	2007 £
Not later than one year	130,175	43,000
After one year but not more than five years	180,008	135,000
After five years	-	-
Total	310,183	178,000

21. RELATED PARTY TRANSACTIONS

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. Those transactions with directors are disclosed in note 9 if any. Transactions entered into, and trading balances outstanding at 30 June with other related parties, are as follows

	Sales to related party £	Purchases from related party £	Amounts owed by related party £	Amounts owed to related party £
Related party				
Common controlled entities	168,453	5,911	32,799	107,820

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 notes 11 and 16

22. ULTIMATE PARENT UNDERTAKING

At 30 June 2008 the Company's immediate parent undertaking 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, 10 Bond St, Sydney NSW 2000, Australia