Gutteridge Haskins & Davey Limited

Financial Statements

30 June 2010

GENERAL INFORMATION

Directors
I Shepherd
D Whybird
D Marsden
J Blake

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 Auditors
1 City Square
Leeds LS1 2AL

DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year ended 30 June 2010 The Company has taken advantage of the exemption under s415A of the Companies Act 2006 not to present an enhanced business review

DIRECTORS

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

I Shepherd		D Whybird
D Marsden		J Blake
M Polin	Resigned on 1 November 2009	

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 £583,813 (2009 £1,526,036)

FUTURE 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 2010 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 2010, the Company had net liabilities of £915,528 (2009 £606,331) and accumulated losses of £4,279,556 (2009 £3,695,744) 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

AUDITORS

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 auditors are 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 auditors are 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

D M Marsden

D Marsden
Director

11 November 2010

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 2010, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Change in Equity 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 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
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 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 (APB'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

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 2010, 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

David Johnson BA FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Leeds, UK
11 November 2010

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2010

	Notes	2010 £	2009 £
Revenue	5	**2,085,522**	**1,277,898**
Other income	6	8,526	1,558
Job related disbursements		(546,042)	(260,615)
Employee costs	9	(1,680,117)	(1,873,559)
Depreciation of plant and equipment	7,14	(41,311)	(36,106)
Recruitment and training		(12,158)	(54,756)
Occupancy costs		(199,364)	(226,898)
Travelling costs		(28,421)	(113,915)
Other expenses		(170,448)	(239,643)
Loss before tax expense		**(583,813)**	**(1,526,036)**
Tax	11	-	-
Loss attributable to the members of the company		**(583,813)**	**(1,526,036)**

All amounts relate to continuing operations

STATEMENT OF FINANCIAL POSITION
At 30 June 2010

	Notes	2010 £	2009 £
NON CURRENT ASSETS			
Plant and equipment	14	69,053	95,871
Total non current assets		**69,053**	**95,871**
CURRENT ASSETS			
Cash and cash equivalents	20(a)	196,254	123,412
Trade and other receivables	12	900,397	1,063,063
Prepayments		38,912	23,799
Total current assets		**1,135,563**	**1,210,274**
TOTAL ASSETS		**1,204,616**	**1,306,145**
CURRENT LIABILITIES			
Trade and other payables	15	332,138	210,146
Provisions	16	59,723	66,269
Other liabilities	18	-	650
Total current liabilities		**391,861**	**277,065**
NON CURRENT LIABILITIES			
Loans	17	1,719,491	1,626,619
Provisions	16	8,792	8,792
Total non current liabilities		**1,728,283**	**1,635,411**
TOTAL LIABILITIES		**2,120,144**	**1,912,476**
NET LIABILITIES		**(915,528)**	**(606,331)**
SHAREHOLDER'S DEFICIT			
Share capital	19	2,500,000	2,500,000
Other reserves		864,028	589,413
Accumulated losses		(4,279,556)	(3,695,744)
TOTAL DEFICIT		**(915,528)**	**(606,331)**

The financial statements were approved by the board on 11 November 2010 and were signed of on its behalf by

D M Marsden

D Marsden
Director
11 November 2010

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2010

	Share capital £	Other reserves £	Accumulated losses £	Total £
Balance at 1 July 2009	2,500,000	589,413	(3,695,744)	(606,331)
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)**
Balance at 1 July 2008	2,500,000	-	(2,169,708)	330,292
Other reserves	-	589,413	-	589,413
Loss for the year	-	-	(1,526,036)	(1,526,036)
Balance at 30 June 2009	**2,500,000**	**589,413**	**(3,695,744)**	**(606,331)**

STATEMENT OF CASH FLOWS

For the year ended 30 June 2010

	Notes	2010 £	2009 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		1,963,544	1,055,450
Payments to suppliers and employees		(2,558,125)	(2,539,120)
Interest received		-	1,408
Net cash used in operating activities	20(b)	**(594,581)**	**(1,482,262)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(14,862)	(22,706)
Net cash used in investing activities		**(14,862)**	**(22,706)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of borrowings from a common controlled entity		830,000	1,518,799
Proceeds from trust distribution		589,413	-
Repayments of borrowings to a common controlled entity		(737,128)	-
Net cash provided by financing activities		**682,285**	**1,518,799**
Net increase in cash and cash equivalents held		72,842	13,831
Cash and cash equivalents at the beginning of the financial year		123,412	109,581
Cash and cash equivalents at the end of the financial year	20(a)	**196,254**	**123,412**

NOTES TO THE FINANCIAL STATEMENTS

1 AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENTS OF COMPLIANCE WITH IFRS

The financial statements of Guttendge Haskins & Davey Limited ('the Company") for the year ended 30 June 2010 were authorised for issue by the board of directors on 11 November 2010 Guttendge 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 2010, the Company had net net liabilities of £915,528 (2009 £606,331) and accumulated losses of £4,279,556 (2009 £3,695,744) 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 liabilities 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 on departure from those 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, 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 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, 2009 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 has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of 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***
IFRS 7 Financial Instruments Disclosures –Amendments (revised May 2010)	1 January 2011
IFRS 9 Financial Instruments - Classification and Measurement	1 January 2013
IAS 24 Related Party Disclosures – Revised definition of related parties (revised November 2009)	1 January 2011
International Financial Reporting Interpretations Committee (IFRIC)	
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2011

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 generally are difficult to ascertain At 30 June, the net amount of work in progress was an asset of £46,336 (2009 liability of £5,823) 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 £997,030 (2009, £850,000) Refer to Note 11

	2010 £	2009 £
5. REVENUE		
Sales revenue		
Professional services	2,085,522	1,277,898
6. OTHER INCOME		
Interest income	-	1,408
Net exchange gains	8,451	-
Other	75	150
	8,526	1,558
7. LOSS BEFORE TAX EXPENSE		
This is stated after charging		
Depreciation of plant and equipment (note 14)	41,311	36,106
Auditor's remuneration (note 8)	24,880	16,716
Operating lease cost Land and buildings	169,821	196,028
Operating lease cost others	7,529	5,912
Loss on disposal of plant and equipment	369	-
Employee costs (note 9)	1,680,117	1,837,559
8 AUDITOR'S REMUNERATION		
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		
Fees payable to the Company's auditors for the audit of the financial statements	15,000	15,216
Non audit fees – taxation services	9,880	1,500
	24,880	16,716
9. EMPLOYEE COSTS		
Wages and salaries	1,256,170	1,360,768
National Insurance	150,830	157,875
Pension costs	114,877	129,126
Employee benefits	158,240	193,768
Other staff costs	-	32,022
	1,680,117	1,873,559

NOTES TO THE FINANCIAL STATEMENTS

9 EMPLOYEE COSTS (continued)

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

	2010 No	2009 No
Directors*	4	5
Professional staff	17	16
Support staff	2	2
	23	23

*Two of the directors are also professional staff, but, for the purpose of this note, they are only categorised as directors

10. REMUNERATION OF DIRECTORS

	2010 £	2009 £
Directors' emoluments	229,003	229,003
Contributions to defined contribution pension schemes	29,025	29,025
	258,028	**258,028**
Highest paid director's remuneration		
Director's emoluments	131,583	131,583
Contributions to defined contribution pension schemes	16,819	16,819
	148,402	148,402

M Polin, 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 2010, two UK based directors were in a defined contribution pension scheme

11 TAX

The factors affecting the current tax charge for the year are explained below	2010 £	2009 £
Loss before tax expense	**(583,813)**	**(1,526,036)**
Tax on the operating loss at the UK corporate tax rate of 28% (2009 28%)	(163,468)	(427,290)
Expenses not deductible for tax purposes	5,742	4,911
Capital allowances deferred	8,991	9,550
Equity recognised as income for tax purposes	76,892	165,036
Unrecognised tax losses	71,843	247,793
Tax expense	-	-

At 30 June 2010 there was a potential deferred tax asset of £940,535 (2009 £850,000) in respect of unutilised tax losses A deferred tax asset was not recognised due to the uncertainty as to when they would be recovered

12. TRADE AND OTHER RECEIVABLES

CURRENT	2010 £	2009 £
Trade debtors	279,527	157,549
Amounts due from contract customers (note 13)	50,148	43,640
Amounts receivable from parent company (note 23)	147,243	15,192
Amounts receivable from common controlled entities (note 23)	116,341	223,326
Trust distribution receivable	274,615	589,413
Other debtors	32,523	33,943
	900,397	**1,063,063**

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*
	£	£	£	£
2010	279,527	211,790	45,089	22,648
2009	157,549	122,571	19,975	15,003

* Past due not impaired ("PDNI")

No provision of bad debt has been made in 2010 or 2009 All debtors aged over 90 days (2009 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

	2010	2009
Contracts in progress at the end of the reporting period	£	£
Costs incurred plus recognised profits less recognised losses to date	2,368,077	1,412,766
Less progress billings	(2,321,741)	(1,418,589)
Net work in progress	**46,336**	**(5,823)**
Amounts due from contract customers included in trade and other receivables	50,148	43,640
Amount due to contract customers included in trade and other payables	(3,812)	(49,463)
Net work in progress	**46,336**	**(5,823)**

14 PLANT AND EQUIPMENT

	Leasehold Improvement and Make Good	Plant and equipment	Total
	£	£	£
Cost			
At 1 July 2008	67,582	89,078	156,660
Additions	3,351	19,355	22,706
At 1 July 2009	70,933	108,433	179,366
Additions	-	14,862	14,862
Disposals	-	(709)	(709)
At 30 June 2010	70,933	122,586	193,519

NOTES TO THE FINANCIAL STATEMENTS

14 PLANT AND EQUIPMENT (continued)

	Leasehold Improvement and Make Good £	Plant and equipment £	Total £
Depreciation and impairment			
At 1 July 2008	21,580	25,809	47,389
Provided during the year	14,968	21,138	36,106
At 1 July 2009	36,548	46,947	83,495
Provided during the year	15,812	25,499	41,311
Disposal	-	(340)	(340)
At 30 June 2010	52,360	72,106	124,466
Net book value at 30 June 2010	**18,573**	**50,480**	**69,053**
Net book value at 30 June 2009	**34,385**	**61,486**	**95,871**

15. TRADE AND OTHER PAYABLES

	2010 £	2009 £
CURRENT		
Trade payables	16,649	4,263
Amounts due to contract customers (note 13)	3,812	49,463
Amount payable to ultimate parent entity (note 23)	149,923	64,163
Amount payable to common controlled entities (note 23)	24,190	-
PAYE tax payable	47,125	49,382
Other payables	90,439	42,875
	332,138	**210,146**

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs The average credit period taken for trade purchases is 28 days (2009 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

	2010 £	2009 £
CURRENT		
Employee benefits	57,723	64,269
Make good provision	2,000	2,000
	59,723	**66,269**
NON CURRENT		
Make good provision	**8,792**	**8,792**

(a) Nature and purpose of provisions

Employee benefits
Annual leave liability with pension and 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 on departure from those premises for which it makes provision in line with the accounting policy set out at note 2 Two make good payments are expected to be made in December 2010 and August 2011

NOTES TO THE FINANCIAL STATEMENTS

16 PROVISIONS (continued)

	2010 £	2009 £
(b) Movements in provisions		
Premises make good – current and non current		
Current	2,000	-
Non current	8,792	10,000
Carrying amount at beginning of year	10,792	10,000
Additional provision recognised	-	2,000
Financing charge	-	(1,208)
	10,792	**10,792**
Employee benefits – current		
Carrying amount at beginning of year	64,269	10,819
Additional provision recognised	158,240	193,768
Provision utilised or transferred out	(164,786)	(140,318)
	57,723	64,269

17 BORROWINGS

	2010 £	2009 £
NON CURRENT		
Loan from common controlled entities - GHD Finance Pty Ltd (note 23)	**1,719,491**	**1,626,619**

The loan from GHD Finance Pty Ltd is unsecured Refer to Note 22 (c) (iii) on interest rate It is not due to be settled within 12 months after the reporting period

18. OTHER LIABILITIES

	2010 £	2009 £
CURRENT		
Lease incentive	**-**	**650**

19 SHARE CAPITAL

	2010 £	2009 £
Authorised		
2,500,000 (2009 2,500,000) ordinary shares of £1 each	**2,500,000**	**2,500,000**
Issued and fully paid		
2,500,000 (2009 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

20 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

	2010 £	2009 £
Cash and cash equivalents	196,254	123,412

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

	2010	2009
Loss after tax	(583,813)	(1,526,036)
Depreciation	41,311	36,106
Finance costs	-	792
Loss on disposal of plant and equipment	369	-
Changes in operating assets and liabilities		
Decrease in receivables and prepayments	(167,245)	(162,788)
Increase in payables	114,796	169,664
Net cash flows from operating activities	**(594,581)**	**(1,482,262)**

21 COMMITMENTS AND CONTINGENCIES

OPERATING LEASE COMMITMENTS

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

	2010	2009
Land and buildings		
Not later than one year	105,968	109,802
After one year but not more than five years	7,333	51,961
	113,301	**161,763**
Equipments		
Not later than one year	4,753	1,188
	4,753	**1,188**
Total	**118,054**	**162,951**

22 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

	2010 £	2009 £
Financial assets		
Cash and cash equivalents	196,254	123,412
Trade and other receivables	900,397	1,063,063
	1,096,651	1,186,475
Financial liabilities		
Loans from related company	1,719,491	1,626,619
Trade and other payables	332,138	210,146
	2,051,629	1,836,765

NOTES TO THE FINANCIAL STATEMENTS

22. 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 or payables The Company's borrowings are in Great British Pounds

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 percent risk margin GHD Finance Pty Ltd has declared that no interest would be charged to the Company for the year ended 30 June 2010 The interest charge would have been £48,091 (2009 £31,461) if not waived

Since foreign currency and interest rate rises are not material at the end of the reporting period, no further sensitivity analysis has been prepared

23. 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 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	-	-	-	-	-	-	149,923
Parent entity	-	-	-	220,281	85,725	147,243	-
Common controlled entities	-	830,000	737,128	153,752	25,259	116,341	1,743,681
Related entity *	274,615	-	-	-	-	-	-

* This represents a discretionary trust distribution from Bond Street Trust (an Australian trust) on 30 June 2010, 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

NOTES TO THE FINANCIAL STATEMENTS

24 PARENT UNDERTAKING

At 30 June 2010 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 2010 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