REGISTERED NUMBER: 01711510 (England and Wales)

Strategic Report,

Report of the Directors and

Financial Statements

for the Year Ended

31 October 2018

for

DLA Architecture Limited

Contents of the Financial Statements for the Year Ended 31 October 2018

DLA Architecture Limited

Company Information
for the Year Ended 31 October 2018

DIRECTORS:	R J Nash J G Orrell C C Levett M Corbridge A P Hargreaves J D Knowles C M Reed Miss S L Sparling J Brown J N Clarke M Bust
REGISTERED OFFICE:	55 St Pauls Street Leeds West Yorkshire LS1 2TE
REGISTERED NUMBER:	01711510 (England and Wales)
AUDITORS:	Kirk Newsholme Chartered Accountants and Statutory Auditors 4315 Park Approach Thorpe Park Leeds West Yorkshire LS15 8GB
BANKERS:	National Westminster Bank PO Box 15 8 Park Row Leeds West Yorkshire LS1 1QS
SOLICITORS:	Alead Limited The Old Vicarage Briggate Silsden BD20 9JS

DLA Architecture Limited (Registered number: 01711510)

Strategic Report
for the Year Ended 31 October 2018

The directors present their strategic report for the year ended 31 October 2018.

REVIEW OF THE BUSINESS
The financial year ending 31 October 2018 has resulted in satisfactory turnover, profit margins and levels of cash, as reported more fully below.

The work of the company has however continued to prove challenging as a consequence of unexpected project delays and uncertainty in the property and construction markets. Uncertainty in the market has resulted from a combination of UK, European and World economic, political and business factors rather than being attributable to specific root causes.

The adopted strategy of working from centrally located office premises in Leeds, London and Manchester has continued to improve regional representation, in conjunction with improved levels of project opportunities of greater diversity.

A broad range of worksector skills and experience has been sustained and extended, across both public and private sector work.

A continued raising of the profile of the company and recognition of its work continue to provide indicators of success, despite challenging market conditions. There has been continued progress with engagement with the wider business community in all three locations, Leeds, London and Manchester.

The company continues to take pride in the level of support and the development it provides to its people. Particular attention has been given to skills assessment, improvements in the CPD process and steps towards achieving clarity of management structure.

Key Performance Indicators
DLA Architecture Limited uses KPIs to monitor performance in respect of client service, design quality, personnel, ICT and environmental processes. The KPIs are used to inform management action, which has resulted in satisfactory performance being achieved in all processes.

Financial KPIs show turnover outturn was in line with expectation, which has resulted in gross and net profit margins, at a level of 35.9% and 7.9% respectively, and cash reserves maintained well above minimum levels, as shown in the balance sheet, at a level of £1.71m.

Specific financial KPIs in respect of operating profit, turnover per productive member of staff and cash reserves are detailed below:

Operating Profit KPI

	2018	2017	2016	3 year average
Turnover (£)	7,904,058	7,670,976	7,776,378	7,783,804
Operating profit (£)	618,878	86,916	819,729	508,508
Operating profit percentage	7.83%	1.13%	10.54.%	6.50%

This KPI of net operating profit before tax is monitored against a target of a 3 year average of 5% of turnover, after payment of staff bonuses and before tax.

REVIEW OF BUSINESS CONTINUED

Turnover per productive member of staff KPI

	2018	2017	2016	3 year average
Turnover (£)	7,904,058	7,670,976	7,776,378	7,783,304
Productive staff	96	99	82	92
Turnover per productive staff member (£)	82,334	77,485	94,834	84,607

This KPI is a measure of productivity, affected by fee levels, cost levels, efficiency of work delivery and the extent of non-productive work, which can then be readily benchmarked against competitors, against a target established as part of the forecasts prepared at the beginning of each financial year, in the range of £75,000 to £80,000 turnover per productive member of staff.

Cash reserves KPI

	2018	2017	2016	3 year average
Cash (£)	1,709,653	1,007,809	1,699,558	1,472,340

This KPI provides information in respect of working capital, against a target of a 3 year average of minimum cash reserves of £500k. Cash reserve levels may fluctuate with project timing differences, speed of payment of fees due from clients, inefficiencies in project management and cyclical tax charges.

Commentary on KPIs

Project delays in the first half of 2016 led to a disproportionate workload effort in the second half of 2016, which in combination with a slower than expected rate of project conversion in 2017 resulted in variation in profitability and turnover per staff member KPIs year on year, but the 3 year average now stabilising. The cash reserves KPI shows year on year variation, but all well in excess of minimum levels, as a consequence of prudent management to reduce risk levels whilst market uncertainty continues.

PRINCIPAL RISKS AND UNCERTAINTIES

Major customer loss

The market for the provision of architectural and associated services remains highly competitive. The company seeks to manage the risk of losing clients to key competitors by the provision of added value services to clients by maintaining strong relationships and local representation with key clients. Current workload balance has resulted in reduced average contract size and reduced risks that might result from large proportions of workload from specific clients.

Operational and Reputational risk

The provision of architectural and associated services remains challenging, which requires the constant review of market conditions together with the careful matching and control of the provision of services to manage commercial risk.

Effective quality and risk management, combined with targeted work effort in all management processes remains essential to reduce the risk of reduction in the standard of client service and consequent reputational risk. Project management protocols have proven robust and effective, with continued development and streamlining of systems.

Contractual risk

Contracts are assessed for their risk factors prior to acceptance. For higher risk contracts, the company will require stage payments for the duration of the contract. Achieving wider awareness and consistency across the management team of the importance of establishing terms prior to exposure to risk has been a continued area of focus.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Staff Development
Staff retention remains of importance where continuity of service is expected by clients and to underpin the long term in the strategy of investment in, and development of, people. As a consequence, the company business plan includes a continued focus on improvements in levels of staff engagement, communication, flexibility, work life balance and total reward.

Financial instruments
The operations of the company expose it to a variety of financial risks, predominantly credit risk and liquidity risk.

The principal financial instruments of the company comprise sterling cash, bank deposits and bank loans together with trade debtors and trade creditors that arise directly from operations.

The main risks arising from the financial instruments of the company can be analysed as follows:

Credit and liquidity risk
Business performance is managed against credit and liquidity risk by the close monitoring of financial indicators, cash flow and debt recovery, together with the effective allocation of staff resource to workload on at least a monthly basis, or as needed, to maintain the financial good health of the company.

The principal financial assets of the company are bank balances, cash, amounts recoverable on contracts and trade debtors, which represent the company's maximum exposure to credit risk in relation to financial assets.

The credit risk of the company is primarily attributable to its trade debtors and amounts recoverable on contracts. Credit risk is mitigated by the management of customer credit limits through the monitoring of the aggregate amount and duration of exposure to any one customer depending upon their credit rating. The amounts presented in the balance sheet are net of allowance for doubtful debts, estimated by the management team based on prior experience and their assessment of the current economic environment.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The company has no significant concentration of credit risk.

FUTURE DEVELOPMENTS
The Directors will continue with a long term strategy of steady and carefully controlled development of the company. This will continue to be delivered through initiatives already in place, focussing on adding service value in combination with investment in its people, to support a strategy of regional and worksector diversity.

The quality of service to the clients of the company will be constantly reviewed and the quality of product (the Projects that the company designs and implements, together with its consultancy advice) will be closely monitored and improved wherever possible.

As management systems become more developed and embedded in day to day working, this will enable a renewed focus on creative design, design communication, design review and thought leadership.

Longer term plans to bring a talented and committed team through the business will continue. These plans are intended to protect the future health of the company and to make sure it is best placed to respond to new challenges ahead.

The company will continue with environmental initiatives and wider corporate social responsibilities at the heart of its activities.

FUTURE DEVELOPMENTS CONTINUED

The company will continue to support and take pride in its initiatives and strategies for looking after its people, in staff development, reward, diversity and inclusion.

ON BEHALF OF THE BOARD:

R J Nash - Director

19 February 2019

DLA Architecture Limited (Registered number: 01711510)

Report of the Directors
for the Year Ended 31 October 2018

The directors present their report with the financial statements of the company for the year ended 31 October 2018.

PRINCIPAL ACTIVITY
The principal activity of the company in the year under review was that of architectural and masterplanning services.

DIVIDENDS
Despite the positive results, the Directors do not recommend the payment of a final dividend, consistent with the management philosophy adopted to date of prudence in the interests in the long term health of the company.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 November 2017 to the date of this report.

R J Nash
J G Orrell
C C Levett
M Corbridge
A P Hargreaves
J D Knowles
C M Reed
Miss S L Sparling
J Brown
J N Clarke
M Bust

DLA Design Group of Companies Limited, the parent company, maintains an insurance indemnity policy on behalf of the directors and officers of the company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

The auditors, Kirk Newsholme, are deemed to be re-appointed in accordance with section 487 of the Companies Act 2006.

ON BEHALF OF THE BOARD:

R J Nash - Director

19 February 2019

Report of the Independent Auditors to the Members of DLA Architecture Limited

Opinion
We have audited the financial statements of DLA Architecture Limited (the 'company') for the year ended 31 October 2018 which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 31 October 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:
- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information
The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:
- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of
DLA Architecture Limited

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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.

Responsibilities of directors
As explained more fully in the Statement of Directors' Responsibilities set out on page six, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report
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 a Report of the Auditors 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.

Neill Rayland BA FCA (Senior Statutory Auditor)
for and on behalf of Kirk Newsholme
Chartered Accountants and Statutory Auditors
4315 Park Approach
Thorpe Park
Leeds
West Yorkshire
LS15 8GB

22 February 2019

DLA Architecture Limited (Registered number: 01711510)

Profit and Loss Account
for the Year Ended 31 October 2018

	Notes	2018 £	2017 £
TURNOVER	3	7,904,058	7,670,976
Cost of sales		5,070,297	4,963,123
GROSS PROFIT		2,833,761	2,707,853
Exceptional item – doubtful debt		-	339,000
Administrative expenses		2,214,883	2,281,937
OPERATING PROFIT	6	618,878	86,916
Interest receivable and similar income	7	2,089	899
PROFIT BEFORE TAXATION		620,967	87,815
Tax on profit	8	119,580	22,802
PROFIT FOR THE FINANCIAL YEAR		501,387	65,013
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		501,387	65,013

The notes form part of these financial statements

DLA Architecture Limited (Registered number: 01711510)

Balance Sheet
31 October 2018

		2018		2017	
	Notes	£	£	£	£
FIXED ASSETS					
Investments	9		22,850		22,850
CURRENT ASSETS					
Debtors	10	3,833,613		3,809,150	
Cash at bank and in hand		1,709,653		1,007,809	
		5,543,266		4,816,959	
CREDITORS					
Amounts falling due within one year	11	1,347,915		1,122,995	
NET CURRENT ASSETS			4,195,351		3,693,964
TOTAL ASSETS LESS CURRENT LIABILITIES			4,218,201		3,716,814
CAPITAL AND RESERVES					
Called up share capital	13		500		500
Retained earnings	14		4,217,701		3,716,314
SHAREHOLDERS' FUNDS			4,218,201		3,716,814

The financial statements were approved by the Board of Directors on 19 February 2019 and were signed on its behalf by:

R J Nash - Director

DLA Architecture Limited (Registered number: 01711510)

Statement of Changes in Equity
for the Year Ended 31 October 2018

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 November 2016	500	3,651,301	3,651,801
Changes in equity			
Total comprehensive income	-	65,013	65,013
Balance at 31 October 2017	500	3,716,314	3,716,814
Changes in equity			
Total comprehensive income	-	501,387	501,387
Balance at 31 October 2018	500	4,217,701	4,218,201

The notes form part of these financial statements

1. **STATUTORY INFORMATION**

DLA Architecture Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements
These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The functional and presentational currency of the company is considered to be pounds sterling.

Financial Reporting Standard 102 - reduced disclosure exemptions
The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

Related party exemption
The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with group companies.

Turnover
Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to labour hours and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Where payments are received from customers in advance of services provided, the amounts are recorded as payments on account and included as part of creditors due within one year.

Amounts recoverable on contracts
Where the outcome of a contract for professional services can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Taxation
Current tax, including UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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2. **ACCOUNTING POLICIES - continued**

Cash and cash equivalents
Cash and cash equivalents include cash in hand and deposits held at call with banks.

Employee benefits
The costs of short-term employee benefits are recognised as a liability and an expense.

Where material, the cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Retirement benefits
The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme and that of directors' personal pension schemes are charged to profit or loss in the period to which they relate.

Financial instruments
Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial liabilities and assets and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit and loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

The following assets and liabilities are classified as basic financial instruments - trade debtors, other debtors, cash and bank balances, trade creditors, other creditors, accruals and inter-company balances.

Trade debtors, other debtors, cash and bank balances, trade creditors, other creditors, accruals and inter-company balances (being repayable on demand) are measured at the amortised cost equivalent to the undiscounted amount of cash or other consideration expected to be paid or received.

continued...

2. **ACCOUNTING POLICIES - continued**

Investments
Investments in subsidiaries and joint ventures are measured at cost less impairment.

Impairment of assets
Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit and loss as described below.

Non financial assets
An asset is impaired when there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Financial assets
For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had the impairment loss not been recognised.

Leasing
Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Share-based payment
When share options in the parent company are awarded to employees of the company, the fair value of the options at the date of grant is charged to the profit and loss account over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vests, Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a change is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

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2. **ACCOUNTING POLICIES - continued**

Critical accounting judgements and sources of estimation uncertainty
In the application of the Company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The critical judgements that the directors have made in applying the company's accounting policies and the key sources of estimation uncertainty that have had the most significant effect on the amounts recognised in the financial statements are described below:

Contracts for professional services
Contracts are assessed on a contract by contract basis and reflected in the profit and loss account by recognising turnover and related costs as the contract activity progresses. Where contract activity can be reasonably assessed during the contract term an apportionment of the contract profit is also recognised.

The directors make an assessment at the period end as to the stage of completion of each contract and recognise the appropriate level of turnover and costs in the profit and loss account based on contract forecasts. Where similar projects have been undertaken, these provide an appropriate benchmark for comparison and reference. Where no similar project exists, management assessments are made prudently, and linked to key milestones in each contract. There are also further reviews in light of subsequent events.

Amounts recoverable on contracts are recognised in debtors, as the amount recognised in turnover but not yet invoiced, to the extent that these amounts are considered recoverable. Any forecast contract losses are recognised in full in the profit and loss account at the point the directors consider this outcome to be likely.

Recoverability of trade debtors
Outstanding trade debtor balances are reviewed on a line by line basis by management to identify possible amounts where an impairment provision is required. When assessing recoverability the directors have considered factors such as the ageing of the debts, past experience of recoverability, and the credit profile of individual customers.

3. **TURNOVER**

Turnover is wholly attributable to the rendering of professional services and arises solely within the United Kingdom.

4. **EMPLOYEES AND DIRECTORS**

	2018	2017
	£	£
Wages and salaries	4,175,211	3,901,728
Social security costs	471,446	431,314
Other pension costs	229,998	198,171
	4,876,655	4,531,213

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4. EMPLOYEES AND DIRECTORS - continued

The average number of employees during the year was as follows:

	2018	2017
Employees	96	99

5. DIRECTORS' EMOLUMENTS

	2018	2017
	£	£
Directors' remuneration	737,696	621,622
Directors' pension contributions to money purchase schemes	63,870	51,182

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	9	9

Information regarding the highest paid director is as follows:

	2018	2017
	£	£
Emoluments etc	110,928	104,262
Pension contributions to money purchase schemes	8,342	7,546

6. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2018	2017
	£	£
Hire of other assets - operating leases	282,392	307,089
Impairment of trade debtors recognised as an expense	(8,807)	396,654

The audit fee is borne by the parent company, DLA Design Group of Companies Limited

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2018	2017
	£	£
Deposit account interest	1,862	899
Other interest receivable	227	-
	2,089	899

continued...

8. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2018	2017
	£	£
Current tax:		
UK corporation tax	120,000	22,802
Adjustment in respect of of prior periods	(420)	-
Tax on profit	119,580	22,802

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2018	2017
	£	£
Profit before tax	620,967	87,815
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19%)	117,984	16,685
Effects of:		
Expenses not deductible for tax purposes	1,971	2,653
Capital allowances in excess of depreciation	-	(171)
Adjustments to tax charge in respect of previous periods	(420)	-
Other tax differences	45	3,635
Total tax charge	119,580	22,802

9. FIXED ASSET INVESTMENTS

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Joint venture

DLA Freeman White Healthcare Architecture Limited

Registered office:

Nature of business: Architects and design

Class of shares:	% holding
Ordinary	50.00

	2018	2017
	£	£
Aggregate capital and reserves	(64,709)	(100,383)
Profit for the year	35,672	8,302

continued...

	Loans to joint ventures
	£
At 1 November 2017 and 31 October 2018	22,850

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Trade debtors	2,612,253	2,578,672
Amounts owed by group undertakings	529,105	511,770
Amounts owed by joint ventures	209,349	105,975
Amounts recoverable on contracts	379,400	502,400
Other debtors	64,208	58,074
Corporation tax repayable	-	10,000
Prepayments and accrued income	39,298	42,259
	3,833,613	3,809,150

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Payments on account	222,700	225,000
Trade creditors	21,714	34,765
Corporation tax	120,000	-
Social security and other taxes	614,776	646,696
Other creditors	52,688	136,358
Accruals and deferred income	316,037	80,176
	1,347,915	1,122,995

12. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2018	2017
	£	£
Within one year	239,294	274,198
Between one and five years	642,473	802,387
	881,767	1,076,585

Subsequent to the period end, the company signed a property lease with a total commitment of £355,000.

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2018	2017
			£	£
500	Ordinary shares	£1	500	500

continued...

Notes to the Financial Statements - continued
for the Year Ended 31 October 2018

14. RESERVES

The retained earnings represent cumulative profits or losses net of dividends and other adjustments.

15. ULTIMATE PARENT COMPANY

DLA Design Group of Companies Limited (incorporated in England & Wales) is regarded by the directors as being the company's ultimate parent company.

The largest and smallest group in which the results of the company are consolidated is that headed by DLA Design Group of Companies limited, incorporated in England and Wales. The consolidated accounts of this company are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CA14 3UZ. No other group accounts include the results of the company.

16. CONTINGENT LIABILITIES

The company has given an unlimited cross guarantee and debenture to secure the bank borrowings of its parent company. At 31 October 2018 this liability amounted to £18,693 (2017: £164,184).

17. RELATED PARTY DISCLOSURES

DLA Freeman White Healthcare Architecture Limited Joint venture

	2018	2017
	£	£
Amount due from related party	286,124	212,475
Provisions for uncollectible receivables relating to amount of outstanding balances	(53,925)	(83,650)

During the year the company made sales of £507,398 (2017 - £180,148) to DLA Freeman White Healthcare Architecture Limited. The company also recharged costs totalling £Nil (2017 - £1,013) to DLA Freeman White Healthcare Architecture Limited.

18. ULTIMATE CONTROLLING PARTY

The directors are of the opinion that there is no one controlling party.