

Company Registration No 1883830 (England and Wales)

STEER DAVIES & GLEAVE LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2010

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STEER DAVIES & GLEAVE LIMITED

DIRECTORS AND ADVISERS

Directors	C G Rowland	
	F Beltrandi	
	J K Steer	
	J L Lawrence	
	S Hewitt	(Appointed 1 July 2010)
	H Jones	(Appointed 1 July 2010)
	W Pike	(Appointed 1 September 2010)
Secretary	V Dorrington	(Appointed 3 April 2009)
Company number	1883830	
Registered office	28-32 Upper Ground London United Kingdom SE1 9PD	
Registered auditors	BDO LLP 55 Baker Street London United Kingdom W1U 7EU	

STEER DAVIES & GLEAVE LIMITED

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STEER DAVIES & GLEAVE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2010

The directors present their report and the audited consolidated financial statements for the year ended 31 March 2010

Results and dividends

The consolidated profit and loss account for the year is set out on page 7 and shows the profit for the year

In accordance with existing company policy, the directors do not recommend payment of a dividend (2009 - £nil) and the retained profit has been transferred to reserves

Principal activity, business review and future developments

The principal activity of the group is the provision of consultancy services to the global transportation sector. The group has offices in Europe, USA, Canada, UAE and Latin America

Fees earned from consultancy services in the year to 31 March 2010 were £34,938,696 (2009 - £38,187,685) and profit before tax was £1,657,249 (2009 - £3,679,061)

The group delivered growth in its non-UK activities with its non-UK offices contributing £9,432,126 (2009 - £8,749,560) of fees earned in the year to 31 March 2010, an increase of 7.8% on the year to 31 March 2009

In the year to 31 March 2010, profit before tax has decreased by 55.0%. This reduction in profit before tax is primarily due to a reduction in turnover and margins in the UK markets, which was partially mitigated by growth in non-UK markets and the group's management actions

The directors believe that growth in non-UK fees will continue during the year to 31 March 2011 but there will be further reduction in UK originating fees, and overall group turnover for the year ended 31 March 2011 will be reduced

The group will pursue its core objectives during the year to 31 March 2011. The group plans to leverage its global presence and strengthen its reputation for providing best value strategic advice underpinned by technical excellence and expert opinion

Corporate governance

The group operates an established corporate governance framework that is overseen by the board of directors. The composition of the board has been changed to strengthen the linkages between the board and the group's consulting activities

STEER DAVIES & GLEAVE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2010

Financial instruments

The group's financial instruments are set out in Note 21

The market for transport consultancy services has become increasingly competitive and the directors anticipate this trend to continue both in the UK and internationally. The group will continue to focus on the quality of its services to retain and attract customers.

Sales are principally in the local currency of the operation involved, but some international work is either in Euros, US Dollars or other currencies. The group is therefore exposed to movements in several exchange rates. The group seeks to structure contracts so as to minimise exchange rate risk where possible, and where not possible the finance team monitors the net exposure and takes appropriate action which may include arranging forward contracts.

The group's credit risk is primarily attributable to its trade debtors. The group's bid approval process and preferred contractual structures are employed to mitigate credit risk alongside the group's credit management capability. The group seeks to mitigate currency risk through its choice of trading currency and a preference to match currency fees and costs.

The group has loan facilities of £2,000,000 (2009 - £1,759,503) with NatWest Bank at a standard commercial rate. At 31 March 2010, £2,000,000 (2009 - £1,500,000) of this facility was unutilised.

The group monitors cash flow as a part of its day to day control procedures. The Head of Finance and Finance Manager prepare both long and short term cash flow forecasts and operate a policy of preserving cash, and managing the group's facilities to ensure that the group has appropriate liquidity.

Charitable donations

During the year the group made charitable donations of £10,591 (2009 - £5,839).

Disabled persons

The group's aim is to meet the objectives of the code of good practice of the employment of disabled people. Full and fair consideration is given to disabled applicants for employment and training, and career development is encouraged on the basis of their aptitude and abilities. It is group policy to retain employees who become disabled whilst in service, where applicable.

Employee involvement

The group remains committed to employee briefing, engagement and involvement to ensure that employees are knowledgeable as to group performance and development. The group also operates a staff forum which consults and communicates with employees.

Post balance sheet events

No events have occurred since the year end which require reporting or disclosing in the financial statements.

STEER DAVIES & GLEAVE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2010

Directors and their interests

The directors who held office during the year and their beneficial interest in the shares of the company were as follows

		Ordinary shares of 1p each	
		As at 31 March 2010	As at 1 April 2009
		No	No
S J Crouch	(resigned 31 July 2010)	8,544	6,217
F Beltrandi		265,615	263,288
T J Ryder	(resigned 1 January 2010)	48,932	61,249
J K Steer		912,889	911,634
C G Rowland		-	-
J L Lawrence		-	-
		<u>1,235,980</u>	<u>1,242,388</u>

Number of options during the year

	At start of year	Granted	Exercised	Lapsed	At end of year
S J Crouch	64,911	-	-	(21,052)	43,859
F Beltrandi	42,981	-	-	(21,052)	21,929
T J Ryder	42,981	-	-	(42,981)	-
J K Steer (non executive)	34,590	-	-	(16,842)	17,748
C G Rowland (non executive)	17,571	-	-	(17,571)	-
J L Lawrence (non executive)	-	-	-	-	-
	<u>203,034</u>	<u>-</u>	<u>-</u>	<u>(119,498)</u>	<u>83,536</u>

In the interests of governance, the company discontinued the practice of issuing options to non executive directors

STEER DAVIES & GLEAVE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2010

Directors' responsibilities

The directors are responsible for preparing the directors' 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 group and company 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 group and company and of the profit and loss of the group and 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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.

Auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

Approved by the Board and signed by order of the Board



V Dorrington

Secretary

12 October 2010

STEER DAVIES & GLEAVE LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF STEER DAVIES & GLEAVE LIMITED

We have audited the financial statements of Steer Davies & Gleave Limited for the year ended 31 March 2010 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 statement of directors' responsibilities, 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 group's and the parent 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 group's and the parent company's affairs as at 31 March 2010 and of the group's 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.

Opinion on other matters 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.

STEER DAVIES & GLEAVE LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE SHAREHOLDERS OF STEER DAVIES & GLEAVE LIMITED

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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

BDO LLP

Anne Sayers (senior statutory auditor)
for and on behalf of BDO LLP (statutory auditor)
London
United Kingdom

12 October 2010

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

STEER DAVIES & GLEAVE LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2010

	Notes	2010 £	2009 £
Turnover	2	34,938,696	38,187,685
Cost of sales		(27,070,785)	(28,760,586)
Gross profit		7,867,911	9,427,099
Administrative expenses		(6,205,064)	(5,772,353)
Operating profit	3	1,662,847	3,654,746
Interest receivable and similar income		21,201	64,126
Interest payable and similar charges	6	(26,799)	(39,811)
Profit on ordinary activities before taxation		1,657,249	3,679,061
Tax on profit on ordinary activities	7	(736,322)	(1,377,461)
Profit for the financial year	17	920,927	2,301,600

Turnover and operating profit derive wholly from continuing operations

STEER DAVIES & GLEAVE LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 MARCH 2010

		2010	2009
	Notes	£	£
Profit for the financial year	17	920,927	2,301,600
Exchange adjustments on translation of foreign operations	17	35,483	-
Total recognised gains and losses for the year		<u>956,410</u>	<u>2,301,600</u>

STEER DAVIES & GLEAVE LIMITED

BALANCE SHEETS

AS AT 31 MARCH 2010

Company Registration No 1883830 (England and Wales)

		Group		Company	
	Notes	2010 £	2009 £	2010 £	2009 £
Fixed assets					
Intangible assets	8	72,567	70,718	72,567	70,718
Tangible assets	9	1,087,146	1,000,151	827,749	983,790
Investments	10	7,440	7,440	7,440	7,440
		<u>1,167,153</u>	<u>1,078,309</u>	<u>907,756</u>	<u>1,061,948</u>
Current assets					
Debtors	11	12,446,389	14,221,448	13,305,754	14,766,613
Cash at bank and in hand		6,602,467	4,196,460	5,943,347	3,986,593
		<u>19,048,856</u>	<u>18,417,908</u>	<u>19,249,101</u>	<u>18,753,206</u>
Creditors amounts falling due within one year	12	<u>(6,896,788)</u>	<u>(7,098,569)</u>	<u>(6,337,570)</u>	<u>(6,893,370)</u>
Net current assets		<u>12,152,068</u>	<u>11,319,339</u>	<u>12,911,531</u>	<u>11,859,836</u>
Total assets less current liabilities		<u>13,319,221</u>	<u>12,397,648</u>	<u>13,819,287</u>	<u>12,921,784</u>
Creditors amounts falling due after more than one year	13	<u>(27,427)</u>	<u>(109,707)</u>	<u>(27,427)</u>	<u>(109,707)</u>
Provisions for liabilities	15	<u>(908,812)</u>	<u>(682,800)</u>	<u>(908,812)</u>	<u>(682,800)</u>
		<u>12,382,982</u>	<u>11,605,141</u>	<u>12,883,048</u>	<u>12,129,277</u>
Capital and reserves					
Called up share capital	16	60,583	60,583	60,583	60,583
Share premium account	17	70,413	70,413	70,413	70,413
Option reserve	17	180,308	276,201	180,308	276,201
SIP share reserve	17	(225,865)	(277,818)	(225,865)	(277,818)
EBT share reserve	17	(4,705,171)	(4,112,369)	(4,705,171)	(4,112,369)
Profit and loss account	17	17,002,714	15,588,131	17,502,780	16,112,267
Shareholders' funds	19	<u>12,382,982</u>	<u>11,605,141</u>	<u>12,883,048</u>	<u>12,129,277</u>

Approved by the Board and authorised for issue on 12 October 2010 and signed on its behalf by

S Hewitt
Director

Stephen C. Hewitt

H Jones
Director

H Jones

STEER DAVIES & GLEAVE LIMITED

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2010

	Note	2010 £	2010 £	2009 £	2009 £
Net cash inflow from operating activities	25		4,751,463		4,477,230
Returns on investments and servicing of finance					
Interest received		21,201		64,126	
Interest paid		(8,230)		(29,192)	
Interest element of finance lease rental payments		(18,569)		(10,619)	
Net cash (outflow)/inflow from returns on investments and servicing of finance			(5,598)		24,315
UK corporation tax			(1,252,603)		(893,733)
Capital expenditure and financial investment					
Purchase of intangible fixed assets		(31,001)		(71,699)	
Purchase of tangible fixed assets		(458,697)		(205,786)	
Sale of tangible fixed assets		-		9,259	
			(489,698)		(268,226)
Acquisitions					
Purchase of CRA consultants			(78,488)		(87,336)
Cash inflow before financing			2,925,076		3,252,250
Financing					
Other loans		8,223		10,395	
Capital element of finance leases		(113,917)		(97,795)	
Purchase of own shares		(287,569)		(1,135,966)	
Sale of own shares		133,697		394,408	
			(259,566)		(828,958)
Increase in cash	26, 27		2,665,510		2,423,292

STEER DAVIES & GLEAVE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 March 2010. The acquisitions method of accounting has been adopted. Under this method, the results of the subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Under section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account. Its profit for the financial year was £904,266 (2009 - £2,843,468).

Going concern

These financial statements have been prepared on a going concern basis.

Turnover

Turnover represents sales to outside customers at invoiced amounts less value added tax. In addition, turnover includes fees on long-term contracts calculated as a proportion of total contract value based on the percentage stage of completion, or on the basis of unbilled work carried out to date, dependent on the nature of the individual contract.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on the acquisition of subsidiaries or trade and asset purchases is included in intangible assets and amortised over the directors' estimate of its useful economic life.

Goodwill is stated at cost less any accumulated impairment losses.

Software licences

Where the group's software licences are expected to generate future revenues in excess of the costs of acquiring those licences, then the expenditure incurred on those licences is capitalised and treated as an intangible fixed asset and is amortised as follows:

Software licences	20% - 33 3% per annum on cost
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Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Computer equipment	33 3% - 50% per annum on cost
Furniture and equipment	10% - 25% per annum on cost
Short leasehold buildings	Higher 10% per annum or over lease term

Impairment of fixed assets

The need for any fixed asset impairment write down is assessed by comparison of the carrying value of the asset against the higher of realisable value and its value in use.

STEER DAVIES & GLEAVE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2010

1 Accounting policies

(continued)

Other fixed asset investments

Investments held as fixed assets are stated at cost less any provision for impairment

Employee benefit trust

The group is deemed to have control of the assets, liabilities, income and costs of its Employee Benefit Trust (EBT). The cost of the group's shares purchased for cash and held by the EBT is deducted from shareholders' funds in the group's balance sheet. These shares are then transferred to the Share Incentive Plan (SIP) as required.

Share incentive plan

The group is deemed to have control of the assets, liabilities, income and costs of its Share Incentive Plan (SIP). The cost of the group's shares held by the SIP is deducted from shareholders' funds in the group's balance sheet. The SIP holds shares until they have vested fully with employees at which point they are no longer recognised in the SIP, and the corresponding profit or loss on disposal is recognised in reserves.

Long-term contracts

Long-term contracts are assessed by contract type and are reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Where the outcome of a category of contract can be assessed with reasonable certainty before its conclusion, a prudent estimate of the attributable profit is recognised in the profit and loss account as the difference between the reported turnover and related costs for those contracts.

Deferred taxation

Deferred tax is provided in full on timing differences which represent a liability at the balance sheet date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income or expenditure in tax computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised only to the extent that it is more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Foreign currencies

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

The results of foreign operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. For foreign operations that meet the criteria of "closing rate" method as defined by SSAP20 "Foreign Currency Translation" and subsidiaries, exchange differences arising on translation of the opening net assets and results of foreign operations are reported in the statement of total recognised gains and losses. All other exchange differences are included in the profit and loss account.

STEER DAVIES & GLEAVE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2010

1 Accounting policies

(continued)

Hire purchase and finance lease contracts

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the group, are capitalised in the balance sheet and are depreciated over their economic lives. The capital elements of future obligations under the leases are included as liabilities in the balance sheet. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Assets acquired under instalment finance agreements are treated as tangible fixed assets and depreciation is provided accordingly. The capital element of future finance payments is included within creditors. Finance charges are allocated to accounting periods over the length of the contract.

Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Dilapidation provision

Where the group has entered into any fully repairing leases, it provides the full amount in the balance sheet for its lease obligations.

Pensions

Contributions to the group's two defined contribution pension schemes are charged in the profit and loss account as they become payable. The assets of the scheme are held separately from those of the group in independently administered funds.

Share based employee remuneration

When shares and share options are awarded to employees a charge is made which is spread over the vesting period to the profit and loss account based on the valuation at the date at which the shares or options are granted according to the Black Scholes Option Pricing Model in accordance with FRS20 'Share-based payments'. The credit entry for this charge is taken to the share option reserve and reported in the reconciliation of movements in shareholders' funds.

Liquid resources

For the purposes of the cash flow statement, liquid resources are defined as current asset investments and short term deposits.

Financial instruments

In relation to the disclosure in note 21

- Short term debtors are not treated as financial assets or liabilities,
- The group does not hold or issue any derivative financial instruments for trading purposes

STEER DAVIES & GLEAVE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2010

2 Turnover

Turnover is wholly attributable to the principal activity of the group

Analysis of fees earned by geographical markets has been excluded as the directors consider such disclosure would be prejudicial to the interest of the group

Fees earned and profit on ordinary activities are attributable to one continuing activity, the provision of consultancy services to the public and private sector

3 Operating profit

Operating profit is stated after charging/(crediting)

	2010	2009
	£	£
Hire of plant and machinery (operating leases)	17,453	129,880
Hire of other assets (operating leases)	1,139,018	1,041,455
Auditor's remuneration - audit services	54,211	53,084
Auditor's remuneration - non audit services	7,165	42,384
Foreign currency gains	(57,641)	(537,459)
Loss on sale of tangible fixed assets	3,134	2,616
Depreciation of owned tangible fixed assets	510,240	470,055
Depreciation of leased tangible fixed assets	84,340	85,184
Amortisation	107,640	227,563
Share scheme charges	199,060	107,729

The auditor's remuneration for audit services as shown above is in respect of the audit of the group's and parent company's accounts

STEER DAVIES & GLEAVE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2010

4 Wages and salaries

The average number of persons employed (including directors) during the year was as follows

	Group		Company	
	2010	2009	2010	2009
	No	No	No	No
Employees	357	376	323	368

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Wages and salaries	17,743,480	17,975,254	16,296,113	17,482,424
Social security	1,689,665	1,816,097	1,642,349	1,787,898
Other pension costs	1,071,758	1,103,061	1,029,995	1,092,117
Share scheme charges	199,060	107,729	199,060	107,729
	<u>20,703,963</u>	<u>21,002,141</u>	<u>19,167,517</u>	<u>20,470,168</u>

Included within wages and salaries is a FRS20 'Share-based payments' charge of £381,662 (2009 - £487,328) in respect of shares received by employees under an annual discretionary group bonus scheme

Share scheme charges are comprised as follows

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Share scheme admin charges	13,839	30,572	13,839	30,572
Share scheme SIP charges - directors	2,130	2,070	2,130	2,070
Share scheme SIP charges - non directors	66,684	69,762	66,684	69,762
Share scheme option charges - directors	2,300	-	2,300	-
Share scheme option charges - non directors	114,107	5,325	114,107	5,325
	<u>199,060</u>	<u>107,729</u>	<u>199,060</u>	<u>107,729</u>

STEER DAVIES & GLEAVE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2010

5 Directors' emoluments

The directors' emoluments for the year are as follows

	2010 £	2009 £
Directors' emoluments (including benefits in kind)	698,270	789,087
Directors' pension contributions	71,702	54,220
Directors' share scheme charges	2,130	2,070
Compensation for loss of office	89,800	-
	<u>861,902</u>	<u>845,377</u>

During the period the number of directors who were accruing benefits under group pension schemes was as follows

	2010 No	2009 No
Money purchase	<u>4</u>	<u>4</u>

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £216,597 (2009 - £233,017), and group pension contributions of £23,935 (2009 - £22,780) were made to a money purchase scheme on their behalf. These amounts included bonus payments relating to 2009. During the year, the highest paid director did not receive shares under a long term incentive scheme.

Long term incentive schemes

The options held by the directors are detailed in the directors' report. The number of directors who exercised share options during the year was nil (2009 - 2), and the total number of options exercised was nil (2009 - 93,896). There was no gain made during the year (2009 - £20,592).

The amount charged to the profit and loss account during the year in respect of options granted to directors was £2,300 (2009 - £nil).

At 31 March 2010, 3 directors (2009 - 5) held options. Further details are disclosed in Note 18.

At 31 March 2010, a long term incentive plan (LTIP) existed for executive directors, which operated via the allocation of shares. Shares would be allocated and transferred every November based on the percentage increase in the share price as announced at the annual AGM. A decision was taken after the balance sheet date to discontinue these LTIPs.

There were two LTIPs in place, one allocated up to £100,000 worth of shares for percentage increases between 0% and 15% or more in the share price, and the other allocated up to £50,000 worth of shares for percentage increases between 0% and 15% or more in the share price. Between these percentages the allocation varies giving more shares at the higher end of the range. Each of the executive directors were assigned to one of these LTIPs depending on their role.

STEER DAVIES & GLEAVE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2010

5 Directors' emoluments

(continued)

Under the terms of the LTIP, there has been no allocation of shares since the inception of the scheme

6 Interest payable

	2010	2009
	£	£
Bank interest payable	3,035	18,269
Hire purchase interest	18,569	10,619
Other interest payable	5,195	10,923
	<u>26,799</u>	<u>39,811</u>

STEER DAVIES & GLEAVE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2010

7 Taxation

Analysis of current period tax charge

	2010 £	2009 £
Current tax		
Corporation tax charge	527,607	1,253,012
(Under)/over provision in previous year	(72,150)	1,101
Double taxation relief	(126,291)	(52,862)
UK Corporation tax	329,166	1,201,251
Overseas taxation	377,241	154,743
Total current tax	706,407	1,355,994
Deferred tax		
Origination and reversal of timing differences	29,915	21,467
Total tax on profit on ordinary activities	736,322	1,377,461

Factors affecting current period tax charge

The tax assessed on the profit on ordinary activities for the year is higher than (2009 - higher than) the standard rate of corporation tax in the UK of 28.00% (2009 - 28.00%)

The differences are reconciled below

	2010 £	2009 £
Profit on ordinary activities before taxation	1,657,249	3,679,061
Standard rate corporation tax charge	464,030	1,030,137
Expenses not deductible for tax purposes	8,894	19,956
Adjustments to tax in respect of prior periods	(72,150)	1,101
Overseas tax payable	377,241	154,743
Depreciation for the period in excess of capital allowances	59,459	67,892
Adjustments in relation to share based payments	28,384	(15,439)
Double taxation relief	(126,291)	(52,862)
Taxation on profits of group subsidiaries	(33,160)	150,466
Total current tax for the year	706,407	1,355,994

Factors which may affect future tax charges

The tax assessed on future profits on ordinary activities will be subject to changing tax rates in current regions, and the existence of double taxation treaties with new regions which the group may expand into

STEER DAVIES & GLEAVE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2010

8 Intangible fixed assets Group

	Software Licences £	Goodwill £	Total £
Cost			
At 1 April 2009	188,859	192,140	380,999
Additions	31,001	78,488	109,489
At 31 March 2010	219,860	270,628	490,488
Amortisation			
At 1 April 2009	118,141	192,140	310,281
Charge for the year	29,152	78,488	107,640
At 31 March 2010	147,293	270,628	417,921
Net book value			
At 31 March 2010	72,567	-	72,567
At 31 March 2009	70,718	-	70,718

Intangible fixed assets Company

	Software Licences £
Cost	
At 1 April 2009	188,859
Additions	31,001
At 31 March 2010	219,860
Amortisation	
At 1 April 2009	118,141
Charge for the year	29,152
At 31 March 2010	147,293
Net book value	
At 31 March 2010	72,567
At 31 March 2009	70,718

STEER DAVIES & GLEAVE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2010

9 Tangible fixed assets Group

	Short Leasehold Buildings £	Computer Equipment £	Furniture and Equipment £	Total £
Cost				
At 1 April 2009	1,290,770	916,400	671,233	2,878,403
Additions	226,012	211,653	247,044	684,709
Disposals	-	(49,730)	(4,389)	(54,119)
At 31 March 2010	1,516,782	1,078,323	913,888	3,508,993
Depreciation				
At 1 April 2009	883,338	590,951	403,963	1,878,252
Disposals	-	(29,170)	(21,815)	(50,985)
Charge for the year	271,456	227,761	95,363	594,580
At 31 March 2010	1,154,794	789,542	477,511	2,421,847
Net book value				
At 31 March 2010	361,988	288,781	436,377	1,087,146
At 31 March 2009	407,432	325,449	267,270	1,000,151

Hire purchase agreements

Included within the total net book value of tangible fixed assets is £136,085 (2009 - £220,425) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £84,340 (2009 - £85,184).

STEER DAVIES & GLEAVE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2010

9 Tangible fixed assets

(continued)

Company

	Short Leasehold Buildings £	Computer Equipment £	Furniture and Equipment £	Total £
Cost				
At 1 April 2009	1,290,770	893,743	671,233	2,855,746
Additions	226,012	160,108	76,952	463,072
Transfers to another group company	-	(14,624)	(47,454)	(62,078)
Disposals	-	(49,730)	(4,389)	(54,119)
At 31 March 2010	1,516,782	989,497	696,342	3,202,621
Depreciation				
At 1 April 2009	883,338	584,655	403,963	1,871,956
Disposals	-	(29,170)	(21,815)	(50,985)
Transfers to another group company	-	(2,661)	(1,471)	(4,132)
Charge for the year	271,456	204,051	82,526	558,033
At 31 March 2010	1,154,794	756,875	463,203	2,374,872
Net book value				
At 31 March 2010	361,988	232,622	233,139	827,749
At 31 March 2009	407,432	309,088	267,270	983,790

Hire purchase agreements

Included within the total net book value of tangible fixed assets is £136,085 (2009 - £220,425) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £84,340 (2009 - £85,184).

STEER DAVIES & GLEAVE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2010

10 Fixed asset investments

Group

	Group undertakings £	Unlisted investments £	Total £
Cost			
As at 1 April 2009 and 31 March 2010	100	7,340	7,440
Net book value			
At 31 March 2010	100	7,340	7,440
At 31 March 2009	100	7,340	7,440

The group holds more than 20% of the share capital of the following company

	Country of incorporation	Principal activity	Class	%
Unlisted investments				
Traffic Kontor	Germany	Transport Consultancy	Ordinary Shares	40

The group holds less than 20% of the share capital of the following company

Other undertakings				
Multi-Modal Transport Solutions PTY	Australia	Transport Consultancy	Ordinary Shares	10

STEER DAVIES & GLEAVE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2010

10 Fixed asset investments

(continued)

Company

	Group undertakings £	Unlisted investments £	Total £
Cost			
As at 1 April 2009 and 31 March 2010	100	7,340	7,440
Net book value			
At 31 March 2010	100	7,340	7,440
At 31 March 2009	100	7,340	7,440

The group holds more than 20% of the share capital of the following companies

	Country of incorporation	Principal activity	Class	%
Subsidiary investments				
Steer Davies & Gleave Holdings Limited	England	Holding Company	Ordinary Shares	100
Unlisted investments				
Traffic Kontor	Germany	Transport Consultancy	Ordinary Shares	40

The group holds less than 20% of the share capital of the following company

Other undertakings				
Multi-Modal Transport Solutions PTY	Australia	Transport Consultancy	Ordinary Shares	10

STEER DAVIES & GLEAVE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2010

11 Debtors

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Trade debtors	7,343,907	8,178,511	6,940,315	7,854,532
Amounts recoverable on long term contracts	3,912,215	4,903,434	3,363,888	4,590,514
Amounts owed by group undertakings	-	-	1,869,322	1,206,890
Other debtors	456,907	410,818	439,679	410,818
Deferred tax	174,339	204,254	174,339	204,254
Prepayments and accrued income	559,021	524,431	518,211	499,605
	<u>12,446,389</u>	<u>14,221,448</u>	<u>13,305,754</u>	<u>14,766,613</u>

Deferred Tax

	Group	Company
	£	£
As at 1 April 2009	204,254	204,254
Movement	(29,915)	(29,915)
As at 31 March 2010	<u>174,339</u>	<u>174,339</u>

Deferred tax is provided at 28.00% (2009 - 28.00%)

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Capital allowances	134,554	82,694	134,554	82,694
Sundry timing differences	-	9,621	-	9,621
Overseas tax losses	39,785	111,939	39,785	111,939
	<u>174,339</u>	<u>204,254</u>	<u>174,339</u>	<u>204,254</u>

All amounts within debtors fall due for payment within one year

STEER DAVIES & GLEAVE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2010

12 Creditors amounts falling due within one year

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Bank loans and overdrafts - secured (note 14)	-	259,503	-	259,503
Other loans (note 14)	128,917	120,694	128,917	120,694
Payments received on account	2,102,169	2,549,378	1,771,683	2,392,610
Obligations under finance leases and hire purchase contracts (note 14)	83,599	115,236	82,280	115,236
Trade creditors	89,254	600,230	77,928	589,477
Corporation tax	191,917	738,113	128,934	739,875
Social security costs and other taxes	1,228,735	1,104,714	1,198,516	1,076,710
Other creditors	1,169,632	413,505	1,153,005	409,043
Accruals and deferred income	1,902,565	1,197,196	1,796,307	1,190,222
	<u>6,896,788</u>	<u>7,098,569</u>	<u>6,337,570</u>	<u>6,893,370</u>

Included within other creditors is a balance of £591,580 (2009 - £nil) relating to unsecured interest bearing loan notes

The bank loan and overdraft was secured by a fixed and floating charge over the group's assets

13 Creditors amounts falling due after more than one year

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Obligations under finance leases and hire purchase contracts (note 14)	27,427	109,707	27,427	109,707
	<u>27,427</u>	<u>109,707</u>	<u>27,427</u>	<u>109,707</u>

STEER DAVIES & GLEAVE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2010

14 Maturity of borrowings

Group

Amounts repayable

	Bank loans & overdrafts	Other loans	Obligations under finance leases and HP contracts	Total
	£	£	£	£
As at 31 March 2010				
In one year or less on demand	-	128,917	83,599	212,516
Between one and two years	-	-	27,427	27,427
	<u>-</u>	<u>128,917</u>	<u>111,026</u>	<u>239,943</u>
As at 31 March 2009				
In one year or less on demand	259,503	120,694	115,236	495,433
Between one and two years	-	-	82,280	82,280
Between two and five years	-	-	27,427	27,427
	<u>259,503</u>	<u>120,694</u>	<u>224,943</u>	<u>605,140</u>

Company

Amounts repayable

	Bank loans & overdrafts	Other loans	Obligations under finance leases and HP contracts	Total
	£	£	£	£
As at 31 March 2010				
In one year or less on demand	-	128,917	82,280	211,197
Between one and two years	-	-	27,427	27,427
	<u>-</u>	<u>128,917</u>	<u>109,707</u>	<u>238,624</u>
As at 31 March 2009				
In one year or less on demand	259,503	120,694	115,236	495,433
Between one and two years	-	-	82,280	82,280
Between two and five years	-	-	27,427	27,427
	<u>259,503</u>	<u>120,694</u>	<u>224,943</u>	<u>605,140</u>

STEER DAVIES & GLEAVE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2010

15 Provisions for liabilities

In November 2001, the group entered into a fully repairing lease in respect of its premises at 28-32 Upper Ground, London, SE1 9PD. That lease expires in November 2011.

At the end of the lease period, the lease terms oblige the group to return the premises to the same state at which the lease commenced. Since the lease began the group has made extensive modifications to the premises.

On 11 August 2009, an independent surveyor estimated that the current cost to satisfy the repairing lease clause was £908,812. The directors of the group believe this to be the best estimate of the future liability. Under FRS12 the group has provided in full for the lease obligation.

Group and company	Dilapidation provision
	£
As at 1 April 2009	682,800
Capitalised within tangible fixed assets	226,012
As at 31 March 2010	908,812

16 Share capital	2010	2009
	£	£
Authorised		
Equity		
100,000,000 Ordinary shares of 1p each	1,000,000	1,000,000
Allotted, called up and fully paid		
Equity		
6,058,274 Ordinary shares of 1p each	60,583	60,583

STEER DAVIES & GLEAVE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2010

17 Reserves

Group	Share premium reserve	Option reserve	SIP share reserve	EBT share reserve	Profit and loss reserve	Total
	£	£	£	£	£	£
Balance at 1 April 2009	70,413	276,201	(277,818)	(4,112,369)	15,588,131	11,544,558
Movement (see below)	-	(95,893)	51,953	(592,802)	493,656	(143,086)
Profit for the year	-	-	-	-	920,927	920,927
Balance at 31 March 2010	70,413	180,308	(225,865)	(4,705,171)	17,002,714	12,322,399

	Option reserve	SIP share reserve	EBT share reserve	Profit and loss reserve	Total
	£	£	£	£	£
Share scheme charges	-	-	-	68,814	68,814
Exchange adjustments on translation of foreign operations	-	-	-	35,483	35,483
Purchase of shares	-	(287,569)	(591,580)	-	(879,149)
Transfer of shares	-	(104,602)	104,602	-	-
Proceeds from disposal of shares	-	126,698	6,999	-	133,697
Loss on disposal of shares	-	317,426	(112,823)	(204,603)	-
Share based payments	116,407	-	-	381,662	498,069
Options exercised or lapsed	(212,300)	-	-	212,300	-
	(95,893)	51,953	(592,802)	493,656	(143,086)

STEER DAVIES & GLEAVE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2010

17 Reserves

(continued)

Company	Share premium reserve	Option reserve	SIP share reserve	EBT share reserve	Profit and loss reserve	Total
	£	£	£	£	£	£
Balance at 1 April 2009	70,413	276,201	(277,818)	(4,112,369)	16,112,267	12,068,694
Movement (see below)	-	(95,893)	51,953	(592,802)	486,247	(150,495)
Profit for the year	-	-	-	-	904,266	904,266
Balance at 31 March 2010	70,413	180,308	(225,865)	(4,705,171)	17,502,780	12,822,465

	Option reserve	SIP share reserve	EBT share reserve	Profit and loss reserve	Total
	£	£	£	£	£
Share scheme charges	-	-	-	68,814	68,814
Exchange adjustments on translation of foreign operations	-	-	-	28,074	28,074
Purchase of shares	-	(287,569)	(591,580)	-	(879,149)
Transfer of shares	-	(104,602)	104,602	-	-
Proceeds from disposal of shares	-	126,698	6,999	-	133,697
Loss on disposal of shares	-	317,426	(112,823)	(204,603)	-
Share based payments	116,407	-	-	381,662	498,069
Options exercised or lapsed	(212,300)	-	-	212,300	-
	(95,893)	51,953	(592,802)	486,247	(150,495)

STEER DAVIES & GLEAVE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2010

17 Reserves

(continued)

At 31 March 2010, the Employee Benefit Trust (EBT) held 2,415,157 shares (2009 - 2,066,849), of which 950,498 (2009 - 1,073,447) were under option to employees

At 31 March 2010 the Share Incentive Plan (SIP) held 1,068,484 shares (2009 - 1,035,326), of which 904,957 (2009 - 827,386) were partnership shares which had vested fully with employees and were being held by the SIP on behalf of the employees, these shares are not recognised on the group's balance sheet. Of the remaining 163,527 shares (2009 - 207,940), 21,883 (2009 - 21,023) are matching shares held on behalf of employees which are due to vest in October 2010, and 141,644 (2009 - 176,176) are bonus shares held on behalf of employees which are due to vest in July 2010, and nil (2009 - 10,741) are unallocated. Until such time as the matching shares and the bonus shares vest unconditionally with the employees, the group is deemed to have control over these shares, therefore these shares are recognised on the group's balance sheet.

Current group policy is to retain all profits and not pay dividends and therefore there are no dividends associated with these shares.

The market value of the group's shares at 31 March 2010 was 150p per share (2009 - 176p)

STEER DAVIES & GLEAVE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2010

18 Share based payments

The group operates share-based payment remuneration schemes through an Employee Benefit Trust (EBT) and a Share Incentive Plan (SIP) in order to facilitate wider share ownership of the group through the distribution of shares to employees

The group also operates an approved EMI option scheme and an unapproved share option scheme in order to incentivise key staff. Options under both the approved and unapproved schemes are granted at the market price of the shares at the date of the grant which is set at the latest AGM. Awards vest three months after the date of grant and may be exercised over the contractual life of the option which varies between 3 to 4 years. In the event of an employee leaving the group, the options lapse 40 days following the leaving date.

Employees can purchase shares from the EBT in an annual trading window between 15 November and 15 December, or from the SIP via a monthly payroll saving scheme which runs from October to the following September. All group employees are eligible to participate in these schemes once they have completed six months service at the group, however there is a vesting condition for the SIP scheme shares that the individual remains an employee of the group over the savings period. The purchase price for shares from both schemes is the market price of the shares at the date of the grant which is set at the latest AGM.

For every three shares purchased from the EBT, employees are granted one EMI approved share option which vests three months after the date of grant. For every three shares purchased from the SIP, employees receive one free share which vests after one year of additional service has been completed.

Employees also receive shares as part of an annual discretionary group bonus. Shares acquired by employees as part of this bonus vest after one year of additional service has been completed following the declaration of the bonus. Shares acquired by this method cannot be sold for three years from their award unless the recipient leaves the group.

The executive directors can additionally receive shares as part of a long term incentive plan (LTIP). Shares will be allocated to executive directors under this LTIP every November once the new share price has been announced at the annual AGM, and vest immediately. Shares allocated by this method cannot be sold for three years from their allocation unless the recipient leaves the group, when the shares can be sold at the next annual trading window.

FRS20 'Share-based payments' requires that the fair value of such equity-settled transactions is calculated and systematically charged to the profit and loss account over the vesting period. Details of outstanding share options and the calculation of this charge are set out below.

Share options

At 31 March 2010, the following share options were outstanding in respect of the ordinary shares

Year of grant	Number of share options	Number held by directors	Period of option	Exercise price
2007	190,955	74,559	April 2007 to July 2010	228p
2008	6,552	-	February 2008 to May 2011	239p
2009	288,432	8,977	March 2009 to June 2012	176p
2010	30,000	-	March 2010 to June 2012	176p
2010	434,559	-	March 2010 to June 2013	150p
	<u>950,498</u>	<u>83,536</u>		

STEER DAVIES & GLEAVE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2010

18 Share based payments

(continued)

Movements in share options during the period were as follows

Year of grant	Weighted average exercise price	Outstanding options at 1 April 2009	Granted	Exercised	Lapsed	Outstanding options at 31 March 2010
2005	155p	163,619	-	-	(163,619)	-
2006	190p	285,239	-	-	(285,239)	-
2007	228p	247,588	-	-	(56,633)	190,955
2008	239p	17,012	-	-	(10,460)	6,552
2009	176p	359,989	-	-	(71,557)	288,432
2010	176p	-	30,000	-	-	30,000
2010	150p	-	474,730	-	(40,171)	434,559
		<u>1,073,447</u>	<u>504,730</u>	<u>-</u>	<u>(627,679)</u>	<u>950,498</u>

The exercise price of options outstanding at the end of the year ranged between 150p and 239p (2009 - 155p and 239p) and had a weighted average of 184p (2009 - 194p). The weighted average contractual life of options outstanding at the end of the year was 3.2 years (2009 - 3.4 years).

Of the total number of options outstanding at the end of the year, 485,939 (2009 - 713,458) had vested and were exercisable at the end of the year.

The weighted average share price (at the date of exercise) of options exercised during the year was 172p (2009 - 171p). The weighted average fair value of each option granted during the year was 31p (2009 - 17p).

The group did not enter into any share-based payment transactions with parties other than employees during the current or previous period.

The following information is relevant in the determination of the fair value of options granted during the year under the equity-settled share based remuneration schemes operated by the group.

Equity-settled	2010	2009
Option pricing model used	Black Scholes	Black Scholes
Weighted average share price at grant date (pence)	165	183
Exercise price (pence)	150	176
Weighted average contractual life (days)	1,169	1,192
Expected volatility (percentage)	13.40	14.80
Expected dividend growth rate (percentage)	-	-
Risk-free interest rate (percentage)	0.50	2.50

The volatility assumption, measured at the standard deviation of expected share price returns, is based on a statistical analysis of annual share prices over the last eight years.

STEER DAVIES & GLEAVE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2010

19 Reconciliation of movements in shareholders' funds

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Profit for the year	920,927	2,301,600	904,266	2,843,468
Exchange adjustments on translation of net assets	35,483	-	28,074	-
SIP share scheme charges	68,814	71,833	68,814	71,833
Purchase of SIP shares	(287,569)	(277,744)	(287,569)	(277,744)
Purchase of EBT shares	(591,580)	(858,222)	(591,580)	(858,222)
Disposal proceeds of SIP shares	126,698	-	126,698	-
Disposal proceeds of EBT shares	6,999	394,408	6,999	394,408
Share based payments	498,069	492,653	498,069	492,653
Net additions to shareholders' funds	777,841	2,124,528	753,771	2,666,396
Opening shareholders' funds	11,605,141	9,480,613	12,129,277	9,462,881
Closing shareholders' funds	12,382,982	11,605,141	12,883,048	12,129,277

20 Acquisition

On 16th January 2009, the group acquired the transport consultancy team from Charles River Associates (CRA). The team of eight consultants are based in Boston in the USA.

The final payment was made on the 30th January 2010 in US Dollars, and amounted to £78,488 at the balance sheet date.

At the balance sheet date, this payment has been recognised as additional goodwill (Note 8).

No other assets or liabilities were acquired through the transaction.

The final acquisition payment, as with the previous year, represents a combination of recruitment fees and payments for ongoing work passed across to the team by CRA. Consequently the useful estimated life is less than one year and the goodwill has been fully expensed during the year.

STEER DAVIES & GLEAVE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2010

21 Financial instruments

The overall policy with regard to the management of financial risks is set out in the Directors' Report

Financial assets

The group's financial assets consists of cash at bank. The interest rate profile at 31 March 2010 of these assets was as follows

	Group			Company		
	Interest bearing	Non-interest bearing	Total	Interest bearing	Non-interest bearing	Total
2010	£	£	£	£	£	£
UK Sterling	4,174,234	718	4,174,952	4,174,234	718	4,174,952
US Dollar	225,652	-	225,652	41,647	-	41,647
Euro	942,323	694	943,017	942,323	694	943,017
Canadian Dollar	460,379	-	460,379	264,753	-	264,753
South African Rand	12,924	-	12,924	12,924	-	12,924
Chilean Peso	63,777	145	63,922	36,160	145	36,305
Colombian Peso	375,007	2,822	377,829	375,007	2,822	377,829
UAE Dirham	53,339	36	53,375	53,339	36	53,375
Saudi Arabian Riyal	38,545	-	38,545	38,545	-	38,545
Mexican Peso	150,280	253	150,533	-	-	-
Brazilian Real	100,528	811	101,339	-	-	-
	<u>6,596,988</u>	<u>5,479</u>	<u>6,602,467</u>	<u>5,938,932</u>	<u>4,415</u>	<u>5,943,347</u>

	Group			Company		
	Interest bearing	Non-interest bearing	Total	Interest bearing	Non-interest bearing	Total
2009	£	£	£	£	£	£
UK Sterling	3,039,808	1,400	3,041,208	3,039,808	1,400	3,041,208
US Dollar	304,272	-	304,272	212,456	-	212,456
Euro	368,033	523	368,556	368,033	523	368,556
Canadian Dollar	129,819	-	129,819	11,768	-	11,768
South African Rand	2	-	2	2	-	2
Chilean Peso	191,558	119	191,677	191,558	119	191,677
Colombian Peso	31,668	2,346	34,014	31,668	2,346	34,014
UAE Dirham	33,967	-	33,967	33,967	-	33,967
Saudi Arabian Riyal	53,162	-	53,162	53,162	-	53,162
Mexican Peso	39,516	267	39,783	39,516	267	39,783
	<u>4,191,805</u>	<u>4,655</u>	<u>4,196,460</u>	<u>3,981,938</u>	<u>4,655</u>	<u>3,986,593</u>

STEER DAVIES & GLEAVE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2010

21 Financial instruments

(continued)

Interest bearing assets comprise cash in current and short term deposits. The group earned interest on its cash balances at rates between 0% and 6% (2009 - 0% and 6%) during the year.

Financial liabilities

The group's financial liabilities consist of overdrafts, loans and obligations under finance leases. The interest rate profile at 31 March 2010 of these liabilities was as follows:

	Group			Company		
	Interest bearing	Non-interest bearing	Total	Interest bearing	Non-interest bearing	Total
2010	£	£	£	£	£	£
UK Sterling	239,943	-	239,943	238,624	-	238,624

	Group			Company		
	Interest bearing	Non-interest bearing	Total	Interest bearing	Non-interest bearing	Total
2009	£	£	£	£	£	£
UK Sterling	605,140	-	605,140	605,140	-	605,140

Fair values

At 31 March 2010 and 2009, the fair value and book value of the group's financial assets and liabilities were materially the same.

STEER DAVIES & GLEAVE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2010

22 Operating lease commitments

At 31 March 2010 the group had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2010	2009	2010	2009
	£	£	£	£
Expiry date				
Within one year	-	19,335	45,417	53,112
Between two and five years	833,717	726,290	16,554	63,802
In over five years	-	90,265	4,010	-
	<u>833,717</u>	<u>835,890</u>	<u>65,981</u>	<u>116,914</u>

At 31 March 2010 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2010	2009	2010	2009
	£	£	£	£
Expiry date				
Within one year	-	-	45,417	53,112
Between two and five years	767,236	686,617	16,554	63,802
In over five years	-	90,265	4,010	-
	<u>767,236</u>	<u>776,882</u>	<u>65,981</u>	<u>116,914</u>

23 Pension schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the group to the scheme and amounted to £1,071,758 (2009 - £1,103,062).

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

24 Related party transactions

During the year the group provided consultancy services to a company of which J K Steer, one of the directors, is a member of the board. Services were provided at commercial rates amounting to £33,600 (2009 - £10,720) and £nil was outstanding at the year end (2009 - £nil).

STEER DAVIES & GLEAVE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2010

25 Reconciliation of operating profit to net cash inflow from operating activities

	2010	2009
	£	£
Operating profit	1,662,847	3,654,746
Amortisation	107,640	227,563
Depreciation	594,580	555,239
Loss on disposal of fixed assets	3,134	2,616
SIP share scheme charges	68,814	71,833
Bonus share payments	381,662	487,328
Share option charges	116,407	5,325
Decrease in debtors	1,745,144	1,524,288
Increase/(decrease) in creditors	71,235	(2,051,708)
Net cash inflow from operating activities	4,751,463	4,477,230

26 Reconciliation of net cash inflow to movement in net debt

	2010	2009
	£	£
Increase in cash in the year	2,665,510	2,423,292
Cash inflow/(outflow) from decrease/(increase) in debt and lease financing	105,694	(158,440)
Change in net debt resulting from cash flows	2,771,204	2,264,852
Change in net debt resulting from non-cash flows	(591,580)	-
Opening net funds	3,591,320	1,326,468
Closing net funds	5,770,944	3,591,320

27 Analysis of net funds

	1 April 2009	Cash flow	Non-cash movements	31 March 2010
	£	£	£	£
Cash in hand and at bank	4,196,460	2,406,007	-	6,602,467
Bank loans and overdrafts	(259,503)	259,503	-	-
	3,936,957	2,665,510	-	6,602,467
Obligations under finance leases	(224,943)	113,917	-	(111,026)
Debt due within one year	(120,694)	(8,223)	-	(128,917)
Unsecured loan notes	-	-	(591,580)	(591,580)
Total	3,591,320	2,771,204	(591,580)	5,770,944