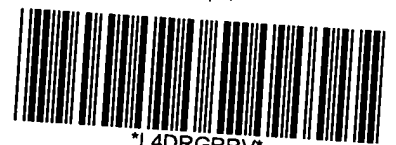


**STEER DAVIES & GLEAVE LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2015**

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LD6 14/08/2015 #12  
COMPANIES HOUSE

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**STEER DAVIES & GLEAVE LIMITED**

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**COMPANY INFORMATION**

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**DIRECTORS**

C Clark  
S Hewitt  
H Jones  
J L Lawrence  
W Pike  
J K Steer

**COMPANY SECRETARY**

Vicky Dorrington

**REGISTERED NUMBER**

1883830

**REGISTERED OFFICE**

28-32 Upper Ground  
London  
SE1 9PD

**INDEPENDENT AUDITORS**

BDO LLP  
55 Baker Street  
London  
United Kingdom  
W1U 7EU

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**STEER DAVIES & GLEAVE LIMITED**

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**GROUP STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MARCH 2015**

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**INTRODUCTION**

The directors present their strategic report for the year ended 31 March 2015.

**BUSINESS REVIEW**

Total fees earned from consulting activities in the year to 31 March 2015 were £37.9m (2014 - £37.5m), a 1% increase on the previous year. Profit before tax in the year ending 31 March 2015 decreased by 19% to £2.0m (2014 - £2.4m). Profit did not meet expectations largely due to lower than budget levels of activity in the UK albeit some of the Group's non UK operations exceeded expectations. A number of markets in which the Group operates experienced unfavourable periods during the year and this is considered to have adversely impacted upon trading. The Group continued its practice of market and project selection through its approach to bid evaluation and this is considered to be a contributing factor to its resilience.

Whilst the Directors are seeking to secure growth in Group turnover and profits, the risks noted below are such that consistent year on year revenue growth cannot be assured and volatility in levels of profitability is anticipated.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The market for transport consultancy remains highly competitive and it is the view of the Directors that the Group will face further competition in all of its markets of operation. The performance of the Group will also be impacted upon by financial and economic conditions and governmental transport policies, changes to which can lead to a reduction in market size and increased debtor risk. It is also the view of the Directors that client indemnity requirements and recourse to litigation present an ongoing and increasing risk to the transport consultancy sector.

The Group monitors its principal risks and uncertainties through the collation of market intelligence and also its consideration of lead indicators including hit-rate, work won and backlog. The Group manages its risks and uncertainties through its controls and reporting processes.

**DEVELOPMENT, PERFORMANCE AND POSITION**

The Group will continue to follow its strategy of offering high quality and differentiated consultancy services to its chosen markets to retain and attract clients in addition to adding complementary services to its offering to support growth, diversification and aid competitiveness. Whilst the Group is focused on its chosen markets it evaluates new markets on an ongoing basis and expects to continue to diversify and amend its service offering as client needs evolve.

The Directors believe that the independence of the Group provides a competitive advantage and that employee ownership assists the Group employ, retain and develop highly talented staff, a key component of its strategy.

The Group will continue to offer consultancy services to both the private and public sectors and where possible it will be pro-active and respond to changes in prevailing procurement practices as well as client requirements. The Group faces a variety of competitors in its sub-markets of operation and aims to compete through the offering of a high quality and differentiated product. It remains an objective of the Group to grow and to also achieve significant growth in revenues and profitability outside of the UK so as to improve overall resilience and performance. The Group considers that its ability to combine expertise from a variety of geographies and disciplines into integrated project teams provides additional value to its client base.

Specifically the Group has targeted growth in North America and also through acquisition where it is appropriate to do so.

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**GROUP STRATEGIC REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2015**

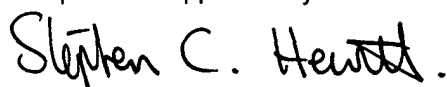
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**FINANCIAL KEY PERFORMANCE INDICATORS**

The Group uses a range of performance measures to monitor and manage the business. Alongside financial indicators management employ KPIs relating to staff productivity, staff satisfaction, as measured through a staff survey, as well as indicators relating to staff turnover and professional development. Financial indicators, used by the Group, relate to levels of billing, working capital management, project profitability and work-winning, in addition to more aggregate Key Performance Outcomes which are set out below for 2015 and 2014:

	<b>2015</b>	<b>2014</b>
	<b>£000's</b>	<b>£000's</b>
Turnover	<b>37,852</b>	<b>37,494</b>
Operating Profit	<b>1,970</b>	<b>2,444</b>
Profit before tax	<b>1,968</b>	<b>2,436</b>
Net assets	<b>13,723</b>	<b>12,995</b>
Average staff numbers	<b>370</b>	<b>338</b>

This report was approved by the board on 5 August 2015 and signed on its behalf by



.....  
**S Hewitt**  
**Director**

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2015**

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The directors present their report and the financial statements for the year ended 31 March 2015.

**DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Group strategic report, 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 Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 and Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**PRINCIPAL ACTIVITY AND FUTURE DEVELOPMENTS**

The principal activity of the Group is the provision of consulting services to the transport and related sectors. The Group supports clients in numerous locations and has offices in Europe, North and South America. At 31 March 2015, the Group employed 380 employees, an increase of 9% on 31 March 2014 (2014 - 349).

The Group is headquartered in London and operates internationally through both branches and subsidiary businesses. The Group's branches are located in Italy, Spain, Peru, Puerto Rico, Colombia and Chile and together with the UK form the 'Company'. Our subsidiaries are located in Canada, USA, Mexico, Brazil and Chile.

The Group will continue to follow its strategy of offering high quality Consultancy to its chosen markets to attract and retain clients in addition to adding complementary services to its offering. The Group expects to undertake some geographic expansion in the short to medium term.

**RESULTS**

The profit for the year, after taxation, amounted to £1,190,223 (2014 - £1,724,409).

In accordance with existing Company policy, the directors do not recommend the payment of a dividend (2014 - £nil) and the retained profit has been transferred to reserves. The Company rewarded staff under its discretionary Annual Bonus Scheme and its Long Term Incentive Plan. The total of these charges was £1,694,078, included in administrative expenses, for the year ended 31 March 2015 (2014 - £2,000,168).

Within the current year's results, there is a double charge for LTIP, in relation to the third year of the 2012 scheme and the first year of the 2014 scheme to comply with UK GAAP. The charges amount to £258,860 and £170,086 respectively.

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**STEER DAVIES & GLEAVE LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2015**

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**DIRECTORS**

The directors who served during the year were:

F Beltrandi (resigned 30 November 2014)  
C Clark  
S Hewitt  
H Jones  
J L Lawrence  
W Pike  
J K Steer

**EVENTS SINCE THE END OF THE YEAR**

There are no post balance sheet events requiring disclosure or adjustment.

**FINANCIAL INSTRUMENTS**

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 Group 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 where possible to mitigate credit risk alongside the Group's credit management capability.

The Group monitors cash flow as a part of its day to day control procedures and also prepares both long and short term cash flow forecasts. The Group operates a policy of preserving cash, and managing the Group's facilities to ensure that the Group has appropriate liquidity.

The Group has a bank facility of £2,000,000 (2014 - £2,000,000) with NatWest Bank at a standard commercial rate. At 31 March 2015, £2,000,000 (2014 - £2,000,000) of this facility was unutilised.

In August 2012, the Company took out a bank loan of £1,500,000. The loan is for a period of three years and repayments are made quarterly. The Company took advantage of the national loan guarantee scheme to reduce the interest rate on the loan, and has taken out an interest rate swap to fix the interest rate for the loan term.

In January 2015, the company took out a Euro time option forward contract for £1,000,000 over a period of 12 months. A further Euro time option forward contract for £1,200,000 was taken out in March 2015 over a period of six months.

**EMPLOYEE INVOLVEMENT**

The directors consider that a key strength of the Group is its staff. The Group believes strongly in maintaining high levels of employee engagement and communication as well as ensuring that staff are incentivised and supported to attain personal and Group objectives.

The Company has created, through the establishment of its Mission & Principles and the Voting Trust arrangements, an exceptional standard of behaviours, transparency and scrutiny in the Company. The purpose of this is to enhance the Company's performance, its ability to provide outstanding service to global clients and to be a desirable place to work. The Voting Trust is governed by its trustees, whose duties include monitoring and reporting on the compliance of the Company and the Board of Directors with the Mission & Principles.

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2015**

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**DISABLED EMPLOYEES**

The Group is committed to providing equal opportunities in employment. The employment of disabled persons is included in this commitment and the decisions on recruitment, reward, career development and advancements of disabled persons are based on the abilities and aptitude of the individual and on objective and role specific criteria.

**QUALIFYING THIRD PARTY INDEMNITY PROVISIONS**

The company has arranged qualifying third party indemnity for all of its directors.

**DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

**CHARITABLE DONATIONS**

During the year the Group made charitable donations of £4,110 (2014 - £3,959).

**AUDITORS**

The auditors, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

**CORPORATE GOVERNANCE**

The Group operates an established corporate governance framework that is overseen by the board of directors. The effectiveness of the board of directors and its committees are reviewed on an annual basis.

This report was approved by the board on 5 August 2015 and signed on its behalf by



.....  
S Hewitt  
Director



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**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF STEER DAVIES & GLEAVE LIMITED**

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We have audited the financial statements of Steer Davies & Gleave Limited for the year ended 31 March 2015, which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated and Company Balance Sheets, the consolidated cash flow statement 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 Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**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 2015, 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.

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**STEER DAVIES & GLEAVE LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF STEER DAVIES & GLEAVE LIMITED**

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**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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

5 August 2015

**STEER DAVIES & GLEAVE LIMITED**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2015**

	Note	2015 £	2014 £
<b>TURNOVER</b>	2	<b>37,851,790</b>	<b>37,493,975</b>
Cost of sales		<b>(29,487,172)</b>	<b>(28,452,282)</b>
<b>GROSS PROFIT</b>		<b>8,364,618</b>	<b>9,041,693</b>
Administrative expenses		<b>(6,463,047)</b>	<b>(6,769,228)</b>
Other operating income	3	<b>68,125</b>	<b>171,216</b>
<b>OPERATING PROFIT</b>	4	<b>1,969,696</b>	<b>2,443,681</b>
Interest receivable and similar income		<b>26,468</b>	<b>33,290</b>
Interest payable and similar charges	8	<b>(28,011)</b>	<b>(41,292)</b>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>1,968,153</b>	<b>2,435,679</b>
Tax on profit on ordinary activities	9	<b>(777,930)</b>	<b>(711,270)</b>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>1,190,223</b>	<b>1,724,409</b>

All amounts relate to continuing operations.

The notes on pages 14 to 35 form part of these financial statements.

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**STEER DAVIES & GLEAVE LIMITED**

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**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 MARCH 2015**

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	<b>2015</b> <b>£</b>	<b>2014</b> <b>£</b>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	<b>1,190,223</b>	<b>1,724,409</b>
Exchange adjustments on translation of foreign operations	<u><b>(82,911)</b></u>	<u><b>(308,791)</b></u>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<u><u><b>1,107,312</b></u></u>	<u><u><b>1,415,618</b></u></u>

The notes on pages 14 to 35 form part of these financial statements.

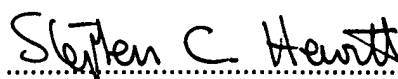
**STEER DAVIES & GLEAVE LIMITED**  
**REGISTERED NUMBER: 1883830**

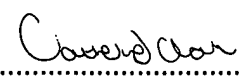
**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 MARCH 2015**

	Note	£	2015 £	£	2014 £
<b>FIXED ASSETS</b>					
Intangible assets	10		-		2,857
Tangible assets	11		1,313,429		790,660
Investments	12		4		4
			<u>1,313,433</u>		<u>793,521</u>
<b>CURRENT ASSETS</b>					
Debtors	13	14,006,991		13,725,316	
Cash at bank and in hand		6,341,258		7,395,892	
		<u>20,348,249</u>		<u>21,121,208</u>	
<b>CREDITORS:</b> amounts falling due within one year	14	(6,959,860)		(7,126,700)	
<b>NET CURRENT ASSETS</b>			<u>13,388,389</u>		<u>13,994,508</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>14,701,822</u>		<u>14,788,029</u>
<b>CREDITORS:</b> amounts falling due after more than one year	15		(170,086)		(1,041,924)
<b>PROVISIONS FOR LIABILITIES</b>					
Other provisions	17		(808,591)		(750,813)
<b>NET ASSETS</b>			<u>13,723,145</u>		<u>12,995,292</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	18		50,583		50,583
Share premium account	21		70,413		70,413
EBT share reserve	19		(6,113,978)		(5,719,665)
Capital redemption reserve	19		10,000		10,000
Option reserve	19		5,408		3,187
SIP share reserve	19		(537,126)		(472,837)
Profit and loss account	19		20,237,845		19,053,611
<b>SHAREHOLDERS' FUNDS</b>	22		<u>13,723,145</u>		<u>12,995,292</u>

The notes on pages 13 to 35 form part of these financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by 5 August 2015.

  
**S Hewitt**  
 Director

  
**C Clark**  
 Director


**STEER DAVIES & GLEAVE LIMITED**  
**REGISTERED NUMBER: 1883830**


**COMPANY BALANCE SHEET**  
**AS AT 31 MARCH 2015**

	Note	£	2015 £	£	2014 £
<b>FIXED ASSETS</b>					
Intangible assets	10		-		2,857
Tangible assets	11		1,085,877		506,664
Investments	12		532,804		734,054
			<u>1,618,681</u>		<u>1,243,575</u>
<b>CURRENT ASSETS</b>					
Debtors	13	12,431,957		11,646,879	
Cash at bank and in hand		5,329,297		6,298,480	
		<u>17,761,254</u>		<u>17,945,359</u>	
<b>CREDITORS:</b> amounts falling due within one year	14	(6,329,685)		(6,129,162)	
<b>NET CURRENT ASSETS</b>			<u>11,431,569</u>		<u>11,816,197</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>13,050,250</u>		<u>13,059,772</u>
<b>CREDITORS:</b> amounts falling due after more than one year	15		(170,086)		(1,041,924)
<b>PROVISIONS FOR LIABILITIES</b>					
Other provisions	17		(808,591)		(750,813)
<b>NET ASSETS</b>			<u>12,071,573</u>		<u>11,267,035</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	18		50,583		50,583
Share premium account	21		70,413		70,413
EBT share reserve	19		(6,113,978)		(5,719,665)
Capital redemption reserve	19		10,000		10,000
Option reserve	19		5,408		3,187
SIP share reserves	19		(537,126)		(472,837)
Profit and loss account	19		18,586,273		17,325,354
<b>SHAREHOLDERS' FUNDS</b>	22		<u>12,071,573</u>		<u>11,267,035</u>

The notes on pages 13 to 35 form part of these financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by 5 August 2015.

  
.....  
**S Hewitt**  
Director

  
.....  
**C Clark**  
Director

**STEER DAVIES & GLEAVE LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2015**

	Note	2015 £	2014 £
Net cash inflow from operating activities	23	1,135,237	1,193,969
Returns on investments and servicing of finance	24	(1,543)	(8,002)
Taxation		(425,182)	(606,822)
Capital expenditure and financial investment	24	(914,330)	(466,623)
<b>CASH (OUTFLOW)/INFLOW BEFORE FINANCING</b>		<b>(205,818)</b>	<b>112,522</b>
Financing	24	(848,816)	(435,487)
<b>DECREASE IN CASH IN THE YEAR</b>		<b>(1,054,634)</b>	<b>(322,965)</b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS  
FOR THE YEAR ENDED 31 MARCH 2015**

	2015 £	2014 £
(Decrease) in cash in the year	(1,054,634)	(322,965)
Cash outflow from decrease in debt financing	375,101	375,083
<b>MOVEMENT IN NET FUNDS IN THE YEAR</b>	<b>(679,533)</b>	<b>52,118</b>
Net funds at 1 April 2014 and 1 April 2013	6,457,901	6,405,783
<b>NET FUNDS AT 31 MARCH 2015 AND 31 MARCH 2014</b>	<b>5,778,368</b>	<b>6,457,901</b>

The notes on pages 13 to 35 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**

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**1. ACCOUNTING POLICIES**

**1.1 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 for the year ending 31 March 2015. 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 £1,257,836 (2014 - profit of £1,427,888).

The Company has taken advantage of the exemption from preparing a cashflow statement under the provision of FRS 1 as the results of the Company are included within the consolidated Group for which a cashflow is prepared.

**1.2 Turnover**

Turnover comprises revenue recognised by the Group in respect of services supplied during the year, exclusive of 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.

**1.3 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

**1.4 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 - 20% - 50% per annum on cost  
Furniture and fittings - 10% - 33% per annum on cost  
Short-term leasehold property - Higher of 10% per annum or over lease term



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**

**1. ACCOUNTING POLICIES (continued)**

**1.5 Investments**

- (i) **Subsidiary undertakings**  
Investments in subsidiaries are valued at cost less provision for impairment.
- (ii) **Other investments**  
Investments held as fixed assets are shown at cost less provision for impairment.

**1.6 Impairments**

Provisions for impairment are made where there is evidence that the value of the investment will not ultimately be recovered.

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

**1.7 Operating leases**

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

Incentives received to enter into operating lease agreements are released to the profit and loss account over the period to the date on which the rent is first expected to be adjusted to the prevailing market rate.

Rentals receivable under operating leases are credited to the profit and loss account on a straight - line basis over the terms of the lease.

**1.8 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.

**1.9 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 FRS 20 '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.

Where the transaction is treated as equity settled the credit entry is taken to the share option reserve. Where the transaction is treated as cash settled, the Company recognises the services received, and a liability to pay for those services, as the employees render service. Until the liability is settled, the Company remeasures the fair value of the liability at each reporting date and at the date of settlement, with any changes in fair value charged or credited to the profit and loss account for the year.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**

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**1. ACCOUNTING POLICIES (continued)**

**1.10 Taxation**

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the reporting date. The charge for taxation is based on the profit or loss for the period and takes into account deferred tax.

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

**1.11 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

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.

**1.12 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 the subsidiaries or trade and asset purchases is included in intangible assets and amortised over the directors' estimate of its useful economic life.

**1.13 Liquid resources**

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015

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**1. ACCOUNTING POLICIES (continued)**

**1.14 Long-term contracts**

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

**1.15 Onerous contracts**

Where the unavoidable costs of a contract exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the contract.

**1.16 Pensions**

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year.

Contributions to the Company's defined contribution pension scheme 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.

**1.17 Employee benefit trust**

The Company is deemed to have control of the assets, liabilities, income and costs of its Employee Benefit Trust (EBT). The cost of the Company's shares purchased for cash and held by the EBT is deducted from shareholders' funds in the Company's balance sheet.

**1.18 Share incentive plan**

The Company is deemed to have control of the assets, liabilities, income and costs of its Share Incentive Plan (SIP). The cost of the Company's shares held by the SIP is deducted from shareholders' funds in the Company'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.

**1.19 Share cancellation**

When ordinary shares are cancelled the nominal value is taken to the capital redemption reserve account.

**1.20 Financial assets/ liabilities**

Cashflows arising on derivative instruments used to hedge the Group's exposure to transactions in foreign currencies are recognised in the profit and loss account when the hedged transaction takes place. Cashflows arising on interest rate swaps used to manage the Groups exposure to cashflow and fair value interest rate risks are accounted for as an adjustment to the interest payments on the hedged borrowing.

# STEER DAVIES & GLEAVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

### 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. OTHER OPERATING INCOME

	2015 £	2014 £
Rent receivable	68,125	171,216

### 4. OPERATING PROFIT

The operating profit is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets:		
- owned by the group	391,421	301,027
Operating lease rentals:		
- plant and machinery	10,762	11,595
- other operating leases	1,103,695	1,122,728
Foreign currency losses	996	495,182
Amortisation	2,857	23,333
Loss on sale of tangible fixed assets	140	67,366
Provision for foreseeable losses (see Note 17)	63,202	78,133
LTIP charges (see Note 20)	428,946	273,957
Share scheme charges	59,495	49,299

### 5. AUDITORS' REMUNERATION

	2015 £	2014 £
Fees payable to the Company's auditor for the audit of the Group's and parent Company's annual accounts	59,500	57,500
Fees payable to the Company's auditor in respect of:		
Corporation taxation services	5,380	5,275
Other taxation advisory services not included above	37,985	33,330
Valuations	11,000	10,000
All other non-audit services not included above	750	3,000

**STEER DAVIES & GLEAVE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**

**6. STAFF COSTS**

Staff costs, including directors' remuneration, were as follows:

	2015 £	2014 £
Wages and salaries	19,799,848	19,013,349
Social security costs	1,912,760	1,687,081
Other pension costs	975,225	817,124
	<u>22,687,833</u>	<u>21,517,554</u>

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

	2015 No.	2014 No.
Employees	<u>370</u>	<u>338</u>

The value included within wages and salaries in respect of the LTIP and share scheme charges is £428,078 and £37,821 respectively (2014 - £273,957 and £27,415 respectively).

**7. DIRECTORS' REMUNERATION**

	2015 £	2014 £
Remuneration	<u>1,105,581</u>	<u>981,337</u>
Company pension contributions to defined contribution pension schemes	<u>73,323</u>	<u>75,830</u>

During the year retirement benefits were accruing to 4 directors (2014 - 5) in respect of defined contribution pension schemes.

In addition to the above, charges to the profit and loss account in respect of the LTIP and Share scheme charges for directors were £108,617 and £6,281 respectively (2014 - £64,136 and £1,051 respectively).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**

**DIRECTORS' REMUNERATION**

The highest paid director received remuneration of £281,825 (2014 - £255,496) and Group pension contributions of £24,034 (2014 - £21,889) were made to a money purchase scheme on their behalf.

The amounts included within the above figure in relation to bonuses relates to the amount paid in the year, awarded in relation to the performance in the financial year ended March 2014.

**Long term incentive schemes**

The number of directors who exercised share options during the year was 2 (2014 - 1) and the gain made on exercise was £31,302 (2014 - £8,451). The amount credited to the profit and loss account during the year in respect of options exercised and sold by the directors was £10,746 (2014 - charge of £4,473).

At 31 March 2015, 2 directors (2014 - 2) held options. Further details are disclosed in Note 20.

The Company operates a long term incentive plan (LTIP) for senior staff including the directors, which operated via the allocation of restricted stock units. The allocation of restricted stock units is dependant on performance criteria for each of the schemes participants being achieved. These restricted stock units are ultimately linked to the Company's share price. The LTIP is accounted for as a cash settled scheme in accordance with the Group's accounting policies, valued using the Black Scholes Pricing Model.

During the financial year March 2013, a scheme was introduced (2012 plan) which will vest in 2015. The articles were updated in August 2014 to allow for the creation of a new class of shares to satisfy the LTIP share awards.

During the financial year ended March 2015, a second LTIP Plan was introduced (2014 plan) under the same terms as the previous plan, which will vest in 2017.

**8. INTEREST PAYABLE**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Bank interest payable	<b>27,814</b>	<b>40,904</b>
Other interest payable	<b>197</b>	<b>388</b>
	<b>28,011</b>	<b>41,292</b>

**STEER DAVIES & GLEAVE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**

**9. TAXATION**

	2015 £	2014 £
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on profit for the year	406,059	599,504
Adjustments in respect of prior periods	(73,692)	25,909
	<u>332,367</u>	<u>625,413</u>
Double taxation relief	(74,754)	(102,894)
	<u>257,613</u>	<u>522,519</u>
Foreign tax on income for the year	264,361	205,094
Foreign tax adjustments in respect of prior periods	17,604	(27,774)
	<u>539,578</u>	<u>699,839</u>
<b>Total current tax</b>		
<b>Deferred tax</b> (see note 16)		
Reversal and origination of timing differences	238,352	11,431
	<u>777,930</u>	<u>711,270</u>
<b>Total tax on profit on ordinary activities</b>		

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2014 - *higher than*) the standard rate of corporation tax in the UK of 21% (2014 - 23%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	<u>1,968,153</u>	<u>2,435,679</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (2014 - 23%)	413,312	560,206
<b>Effects of:</b>		
Expenses not deductible for tax purposes	4,288	7,773
Depreciation for year (in excess of) / less than capital allowances	(69,790)	11,007
Rate adjustments relating to overseas profits	256,608	128,321
Adjustments to tax charge in respect of prior periods	(56,088)	(1,865)
Other timing differences	75,246	101,448
Double taxation relief	(74,754)	(102,894)
Adjustments in relation to share based payments	(9,244)	(4,157)
	<u>539,578</u>	<u>699,839</u>
<b>Current tax charge for the year</b> (see note above)		

**STEER DAVIES & GLEAVE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**

**9. TAXATION (continued)**

**Factors that may affect future tax charges**

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

**10. INTANGIBLE FIXED ASSETS**

	Software Licences £	Goodwill £	Total £
<b>Group</b>			
<b>Cost</b>			
At 1 April 2014 and 31 March 2015	317,222	270,628	587,850
<b>Amortisation</b>			
At 1 April 2014	314,365	270,628	584,993
Charge for the year	2,857	-	2,857
At 31 March 2015	317,222	270,628	587,850
<b>Net book value</b>			
At 31 March 2015	-	-	-
<i>At 31 March 2014</i>	2,857	-	2,857
			<b>Software Licences £</b>
<b>Company</b>			
<b>Cost</b>			
At 1 April 2014 and 31 March 2015			317,222
<b>Amortisation</b>			
At 1 April 2014			314,365
Charge for the year			2,857
At 31 March 2015			317,222
<b>Net book value</b>			
At 31 March 2015			-
<i>At 31 March 2014</i>			2,857



**STEER DAVIES & GLEAVE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**

**11. TANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Short-term leasehold property £</b>	<b>Furniture and fittings £</b>	<b>Computer equipment £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 April 2014	238,650	1,044,809	1,652,079	2,935,538
Additions	348,189	245,204	320,937	914,330
Disposals	-	(205,145)	(109,194)	(314,339)
At 31 March 2015	586,839	1,084,868	1,863,822	3,535,529
<b>Depreciation</b>				
At 1 April 2014	148,187	755,135	1,241,556	2,144,878
Charge for the year	23,484	85,744	282,193	391,421
On disposals	-	(204,941)	(109,258)	(314,199)
At 31 March 2015	171,671	635,938	1,414,491	2,222,100
<b>Net book value</b>				
At 31 March 2015	415,168	448,930	449,331	1,313,429
At 31 March 2014	90,463	289,674	410,523	790,660

<b>Company</b>	<b>Short-term leasehold property £</b>	<b>Furniture and fittings £</b>	<b>Computer equipment £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 April 2014	238,650	666,727	1,448,875	2,354,252
Additions	348,189	234,533	293,552	876,274
Disposals	-	(203,202)	(98,795)	(301,997)
At 31 March 2015	586,839	698,058	1,643,632	2,928,529
<b>Depreciation</b>				
At 1 April 2014	148,187	618,302	1,081,099	1,847,588
Charge for the year	23,484	27,869	245,568	296,921
On disposals	-	(203,202)	(98,655)	(301,857)
At 31 March 2015	171,671	442,969	1,228,012	1,842,652
<b>Net book value</b>				
At 31 March 2015	415,168	255,089	415,620	1,085,877
At 31 March 2014	90,463	48,425	367,776	506,664

# STEER DAVIES & GLEAVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

### 12. FIXED ASSET INVESTMENTS

	Unlisted investments £
<b>Group</b>	
<b>Cost and net book value</b>	
At 1 April 2014 and 31 March 2015	<b>4</b>

The unlisted investment relates to the Group's holding in Multi-Modal Transport Solutions PTY.

	Investments in subsidiary companies £	Unlisted investments £	Total £
<b>Company</b>			
<b>Cost and net book value</b>			
At 1 April 2014	734,050	4	734,054
Repayment	(201,250)	-	(201,250)
At 31 March 2015	<b>532,800</b>	<b>4</b>	<b>532,804</b>

In the year 2013, the Company divested £733,950 in Steer Davies & Gleave Mexico Ltda to support the long term growth of the business. During the current year, Steer Davies & Gleave Mexico Ltda paid back £201,250 to the Company. The current value of the investment is £532,800.

#### Group and Company

The Group and Company holds less than 20% of the share capital of the following Company:

	Country of incorporation	Principal activity	Class	%
<b>Other undertakings</b>				
Multi-Modal Transport Solutions PTY	Australia	Transport Consultancy	Ordinary Shares	10

#### Company

The Company holds an effective 20% or more of the share capital of the following Companies:

	Country of incorporation	Principal activity	Class	%
<b>Subsidiary investments</b>				
Steer Davies & Gleave Holdings Limited	England	Holding Company	Ordinary Shares	100

# STEER DAVIES & GLEAVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

Subsidiary Investments	Country of incorporation	Principal activity	Class	%
Steer Davies Gleave North America Incorporated	Canada	Transport Consultancy	Ordinary Shares	100
Steer Davies & Gleave Incorporated	United States	Transport Consultancy	Ordinary Shares	100
Steer Davies & Gleave do Brasil - Consultoria em Engenharia de Transportes Ltda	Brazil	Transport Consultancy	Ordinary Shares	100
Steer Davies & Gleave Chile Ltda	Chile	Transport Consultancy	Ordinary Shares	100
Steer Davies & Gleave Mexico Ltda	Mexico	Transport Consultancy	Ordinary Shares	100

### 13. DEBTORS

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Trade debtors	7,807,816	7,197,104	5,914,235	4,827,198
Amounts owed by group undertakings	-	-	1,849,674	1,965,039
Corporation Tax	168,902	224,809	70,796	150
Other debtors	366,983	384,408	193,356	211,873
Prepayments and accrued income	568,792	521,850	524,318	473,617
Amounts recoverable on long term contracts	5,033,254	5,097,549	3,818,334	3,869,406
Deferred tax asset (see note 16)	61,244	299,596	61,244	299,596
	<b>14,006,991</b>	<b>13,725,316</b>	<b>12,431,957</b>	<b>11,646,879</b>

All amounts within debtors fall due for payment within one year except for a deferred tax asset in relation to the long term incentive plan, which would be exercised in more than one year.

**STEER DAVIES & GLEAVE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**

**14. CREDITORS:  
Amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loan (Note 15)	562,891	375,024	562,891	375,024
Payments received on account	1,156,200	1,616,177	952,170	1,142,766
Trade creditors	986,315	617,313	871,464	593,649
Amounts owed to group undertakings	-	-	185,350	83,562
Corporation tax	58,489	-	15,367	-
Other taxation and social security	1,167,370	1,495,759	1,022,770	1,282,139
Other creditors	450,278	516,864	398,284	404,301
Long term incentive plan liability	737,817	-	737,817	-
Accruals and deferred income	1,840,500	2,505,563	1,583,572	2,247,721
	<b>6,959,860</b>	<b>7,126,700</b>	<b>6,329,685</b>	<b>6,129,162</b>

**15. CREDITORS:  
Amounts falling due after more than one year**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loan	-	562,967	-	562,967
Long term incentive plan liability	170,086	478,957	170,086	478,957
	<b>170,086</b>	<b>1,041,924</b>	<b>170,086</b>	<b>1,041,924</b>

During the financial year ended March 2015, a long term incentive plan (LTIP) (see Note 20) was introduced for senior staff including the directors, which operated via the allocation of restricted stock units. These will vest in 2017 and the LTIP is valued using the Black Scholes model with inputs as disclosed in Note 20.

The LTIP scheme from 2012 will vest in July 2015.

Included within the above are amounts falling due as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Between one and two years</b>				
Bank loan	-	562,967	-	562,967

The bank loan is secured by a fixed and floating charge over the assets of the Group. Interest on the bank loan is charged at 2.5% p.a. over LIBOR.

**STEER DAVIES & GLEAVE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**

**16. DEFERRED TAX ASSET**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
As at 1 April 2014 and 2013	<b>299,596</b>	<b>311,027</b>	<b>299,596</b>	<b>286,263</b>
Debited to Profit & Loss account	<b>(238,352)</b>	<b>(11,431)</b>	<b>(238,352)</b>	<b>13,333</b>
As at 31 March 2015 and 2014	<b>61,244</b>	<b>299,596</b>	<b>61,244</b>	<b>299,596</b>

The deferred tax asset is made up as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Capital allowances	<b>29,584</b>	<b>149,857</b>	<b>29,584</b>	<b>149,857</b>
Overseas tax losses	<b>-</b>	<b>28,821</b>	<b>-</b>	<b>28,821</b>
Sundry timing differences	<b>(2,358)</b>	<b>15,672</b>	<b>(2,358)</b>	<b>15,672</b>
Long term incentive plan timing differences	<b>34,018</b>	<b>105,246</b>	<b>34,018</b>	<b>105,246</b>
	<b>61,244</b>	<b>299,596</b>	<b>61,244</b>	<b>299,596</b>

Deferred tax is provided at 20% (2014 - 21%).

**17. PROVISIONS**

<b>Group and Company</b>	<b>Dilapidation provision</b>	<b>Onerous contracts</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 April 2014	<b>190,812</b>	<b>560,001</b>	<b>750,813</b>
Additions	<b>-</b>	<b>149,700</b>	<b>149,700</b>
Provisions released	<b>-</b>	<b>(91,922)</b>	<b>(91,922)</b>
At 31 March 2015	<b>190,812</b>	<b>617,779</b>	<b>808,591</b>

**Dilapidation provision**

The lease for the Group's London office was renewed in June 2010. The lease is for the period to November 2021. The Group has made a provision for the cost expected to be incurred in restoring the property to the same condition as at the inception date.

**Onerous contracts**

The provision for onerous contracts relates to specific contracts where future losses have been recognised in accordance with the Group's accounting policy for onerous contracts.

**STEER DAVIES & GLEAVE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**

**18. SHARE CAPITAL**

	2015 £	2014 £
4,408,274 (2014 - 5,058,274) Ordinary shares of 1p each	44,083	50,583
650,000,000 B Shares shares of 0.001p each	6,500	-
	<u>50,583</u>	<u>50,583</u>

All ordinary shares have been allocated, called up and fully paid.

The 650,000,000 B shares of 0.001p were created by converting 650,000 ordinary shares of 1p each which were held by the EBT. The B Shares have been created in order to satisfy the LTIP share awards. Under the terms of the Company's articles the ordinary shares of 1p each and the B shares of 0.001p rank pari passu. No B shares have been allotted, called up and fully paid at year end.

**19. Reserves**

Group	Capital redemption reserve	Share premium account	Option reserve	SIP share reserve	EBT share reserve	Profit and loss reserve	Total
	£	£	£	£	£	£	£
Balance at 1 April 2014	10,000	70,413	3,187	(472,837)	(5,719,665)	19,053,611	12,944,709
Movement (See below)	-	-	2,221	(64,289)	(394,313)	(5,989)	(462,370)
Profit for the year	-	-	-	-	-	1,190,223	1,190,223
Balance at 31 March 2015	<u>10,000</u>	<u>70,413</u>	<u>5,408</u>	<u>(537,126)</u>	<u>(6,113,978)</u>	<u>20,237,845</u>	<u>13,672,562</u>

	Capital redemption reserve	Option reserve	SIP share reserve	EBT share reserve	Profit and loss reserve	Total
	£	£	£	£	£	£
Share scheme charges	-	-	-	-	23,840	23,840
Exchange adjustments on translation of foreign operations	-	-	-	-	(82,911)	(82,911)
Net disposal of shares	-	-	(282,638)	(492,042)	-	(774,680)
Proceeds from disposal of shares	-	-	62,428	103,068	-	165,496
Loss on disposal of shares	-	-	20,449	(5,339)	(15,110)	-
Purchase of shares	-	-	135,472	-	56,432	191,904
Share based payments	-	13,981	-	-	-	13,981
Options exercised	-	(11,760)	-	-	11,760	-
	<u>-</u>	<u>2,221</u>	<u>(64,289)</u>	<u>(394,313)</u>	<u>(5,989)</u>	<u>(462,370)</u>

# STEER DAVIES & GLEAVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

Company	Capital redemption reserve £	Share premium account £	Option reserve £	SIP share reserve £	EBT share reserve £	Profit and loss reserve £	Total £
Balance at 1 April 2014	10,000	70,413	3,187	(472,837)	(5,719,665)	17,325,354	11,216,452
Movement (See below)	-	-	2,221	(64,289)	(394,313)	3,083	(453,298)
Profit for the year	-	-	-	-	-	1,257,836	1,257,836
Balance at 31 March 2015	<u>10,000</u>	<u>70,413</u>	<u>5,408</u>	<u>(537,126)</u>	<u>(6,113,978)</u>	<u>18,586,273</u>	<u>12,020,990</u>

	Capital redemption reserve £	Option reserve £	SIP share reserve £	EBT share reserve £	Profit and loss reserve £	Total £
Share scheme charges	-	-	-	-	23,840	23,840
Exchange adjustments on translation of foreign operations	-	-	-	-	(73,839)	(73,839)
Net disposal of shares	-	-	(282,638)	(492,042)	-	(774,680)
Proceeds from disposal of shares	-	-	62,428	103,068	-	165,496
Profit/ loss on disposal of shares	-	-	20,449	(5,339)	(15,110)	-
Purchase of shares	-	-	135,472	-	56,432	191,904
Share based payments	-	13,981	-	-	-	13,981
Options exercised	-	(11,760)	-	-	11,760	-
	<u>-</u>	<u>2,221</u>	<u>(64,289)</u>	<u>(394,313)</u>	<u>3,083</u>	<u>(453,298)</u>

At 31 March 2015, the Employee Benefit Trust (EBT) held 3,587,005 shares (2014 - 3,416,417), of which 21,733 (2014 - 22,871) were under option to employees.

At 31 March 2015, the Share Incentive Plan (SIP) held 956,922 shares (2014 - 1,056,922), of which 645,285 (2014 - 707,894) 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 311,637 shares (2014 - 349,028), 14,515 (2014 - 15,095) are matching shares held on behalf of employees which are due to vest in October 2015 and 297,122 (2014 - 333,933) are unallocated. Until such time as the matching 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 2015 was 238p per share based on the external independent valuation, overseen by the share price committee as at 11 November 2014 (2014 - 190p).

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**

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**20. 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 beneficial interests to employees.

The Company has created, through the establishment of its Mission & Principles and the Voting Trust arrangements, an exceptional standard of behaviours, transparency and scrutiny in the Company. The purpose of this is to enhance the Company's performance, its ability to provide outstanding service to clients across the globe and to be a desirable place to work. The Voting Trust is governed by its trustees, whose duties include monitoring and reporting on the compliance of the Company and the Board of Directors with the Mission & Principles.

Employees can purchase beneficial interests 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 beneficial interests in that the individual remains an employee of the Group over the savings period. The purchase price for beneficial interests from both schemes is the market price of the beneficial interests at the date of the grant which is set at the latest AGM.

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

Employees have previously received shares as part of an annual discretionary Group bonus. Shares acquired by employees as part of this bonus vested one year after the declaration of the bonus. Shares acquired by this method could not be sold for three years from their award unless the recipient left the Group.

During the financial year March 2013, a long term incentive plan (LTIP) was introduced for senior staff including the directors, which operated via the allocation of restricted stock units. The allocation of restricted stock units is dependant on performance criteria for each of the scheme participants being achieved. These vested in 2015. A new LTIP scheme was introduced in 2015 which will vest in 2017. For both of these schemes, the charge is matched to the vesting period and allocated over a three year period. As the Company introduces a new scheme every two years, there will be a double LTIP charge in every second year.

FRS 20 'Share-based payments' requires that the fair value of such transactions is calculated and systematically charged to the profit and loss account over the vesting period. Details of outstanding shares options are set out below. Also set out below is information regarding the calculation of the share option charge and the valuation of the liability for the long term incentive scheme:

**Share options**

At 31 March 2015, 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
2014	20,000	20,000	September 2014 to March 2020	190p
2015	1,733	-	March 2015 to June 2018	238p
	<u>21,733</u>	<u>20,000</u>		



# STEER DAVIES & GLEAVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

Movements in share options during the period were as follows:

Year of grant	Exercise price	Outstanding options at 01 April 2014	Granted	Exercised	Lapsed	Outstanding options at 31 March 2015
		-	-	-	-	-
2013	142p	19,355	-	(19,355)	-	-
2014	190p	3,516	-	(3,516)	-	-
2015	190p	-	50,000	(30,000)	-	20,000
2015	238p	-	1,733	-	-	1,733
		<u>22,871</u>	<u>51,733</u>	<u>(52,871)</u>	<u>-</u>	<u>21,733</u>

The exercise price of options outstanding at the end of the year ranged between 190p and 238p (2014 - 142p and 190p) and had a weighted average of 194p (2014 - 149p). The weighted average contractual life of options outstanding at the end of the year was 5.3 years (2014 - 3.5 years).

Of the total number of options outstanding at the end of the year, 20,000 (2014 - 19,355) 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 165p (2014 - 190p). The weighted average fair value of each option granted during the year was 27p (2014 - 16p).

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. The same information is used to determine the fair value of the cash settled long term incentive scheme:

Equity or cash settled	2015	2014
Option pricing model used	Black Scholes	Black Scholes
Weighted average share price at grant date (pence)	193	149
Exercise price (pence)	165	190
Weighted average contractual life (days)	1,925	1,814
Expected volatility (percentage)	10.73	10.73
Expected dividend growth rate (percentage)	-	-
Risk-free interest rate (percentage)	0.50	0.50
Fair value of option (pence)	27	16

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 twelve years.

**STEER DAVIES & GLEAVE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**

**21. RESERVES**

	Share premium account £
<b>Group</b>	
At 1 April 2014 and 31 March 2015	<u>70,413</u>
<b>Company</b>	
At 1 April 2014 and 31 March 2015	<u>70,413</u>

**22. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2015 £	2014 £
<b>Group</b>		
Opening shareholders' funds	12,995,292	11,612,666
Profit for the financial year	1,190,223	1,724,409
Exchange adjustments on translation of net assets	(82,911)	(308,791)
EBT share movement	(394,314)	(2,527)
SIP share movement	(64,289)	(34,269)
Option reserve movement	2,221	(44,644)
P&L reserve movement	76,923	48,448
Closing shareholders' funds	<u>13,723,145</u>	<u>12,995,292</u>
<b>Company</b>		
Opening shareholders' funds	11,267,035	9,925,909
Profit for the financial year	1,257,836	1,427,886
EBT share movement	(394,313)	(2,527)
Exchange adjustments on translation of net assets	(73,840)	(53,768)
SIP share movement	(64,289)	(34,269)
Option reserve movement	2,221	(44,644)
P&L reserve movement	76,923	48,448
Closing shareholders' funds	<u>12,071,573</u>	<u>11,267,035</u>

**STEER DAVIES & GLEAVE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**

**23. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2015 £	2014 £
Operating profit	1,969,696	2,443,681
Amortisation of intangible fixed assets	2,857	23,333
Depreciation of tangible fixed assets	391,421	301,027
Loss on disposal of tangible fixed assets	140	67,366
Increase in debtors	(615,487)	(2,852,330)
(Decrease)/increase in creditors	(708,989)	1,105,344
Increase in provisions	57,778	78,133
SIP share scheme charges	23,840	21,261
Option charges	13,981	6,154
<b>Net cash inflow from operating activities</b>	<b>1,135,237</b>	<b>1,193,969</b>

**24. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2015 £	2014 £
<b>Returns on investments and servicing of finance</b>		
Interest received	26,468	33,290
Interest paid	(28,011)	(41,292)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(1,543)</b>	<b>(8,002)</b>
	2015 £	2014 £
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(914,330)	(466,623)
	2015 £	2014 £
<b>Financing</b>		
Repayment of bank loans	(375,101)	(375,083)
Purchase of own shares	(774,682)	(160,615)
Sale of own shares	300,967	100,211
<b>Net cash outflow from financing</b>	<b>(848,816)</b>	<b>(435,487)</b>

**STEER DAVIES & GLEAVE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**

**25. ANALYSIS OF CHANGES IN NET FUNDS**

	<b>1 April 2014 £</b>	<b>Cash flow £</b>	<b>Other non-cash changes £</b>	<b>31 March 2015 £</b>
Cash at bank and in hand	7,395,892	(1,054,634)	-	6,341,258
<b>Debt:</b>				
Debts due within one year	(375,024)	375,101	(562,967)	(562,890)
Debts falling due after more than one year	(562,967)	-	562,967	-
<b>Net funds</b>	<b>6,457,901</b>	<b>(679,533)</b>	<b>-</b>	<b>5,778,368</b>

**STEER DAVIES & GLEAVE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**26. PENSION COMMITMENTS**

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 £975,225 (2014 - £931,280).

**27. OPERATING LEASE COMMITMENTS**

At 31 March 2015, the Group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		2015	Other
	2015	2014		
Group	£	£	£	£
<b>Expiry date:</b>				
Within 1 year	34,515	54,775	-	-
Between 2 and 5 years	393,444	285,832	4,010	4,010
After more than 5 years	638,500	701,500	-	-
	<u>638,500</u>	<u>701,500</u>	<u>-</u>	<u>-</u>

At 31 March 2015 the Company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		2015	Other
	2015	2014		
Company	£	£	£	£
<b>Expiry date:</b>				
Within 1 year	6,917	13,208	-	-
Between 2 and 5 years	197,335	129,853	4,010	4,010
After more than 5 years	638,500	701,500	-	-
	<u>638,500</u>	<u>701,500</u>	<u>-</u>	<u>-</u>

**28. OPERATING LESSOR**

As at 31 March 2015, the Company acted as a lessor under non-cancellable operating leases as follows:

	Land and buildings	
	2015	2014
	£	£
Within 1 year	-	171,216
Between 2 and 5 years	-	-
After more than 5 years	-	-
	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**

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**29. RELATED PARTY TRANSACTIONS**

During the year, the Group provided consultancy services at commercial rates to Greengauge 21, a Company of which J.K. Steer, one of the directors, is a member of the board. Services provided amounted to £54,365 (2014 - £7,140) and £nil was outstanding at the year end (2014- £nil).

The Company has taken advantage of the exemption under Financial Reporting Standard 8, Related Party Disclosures, not to disclose transactions with Group companies on the basis that it is 100% controlled within the Group and prepares consolidated financial statements.

**30. POST BALANCE SHEET EVENTS**

There were no post balance sheet events.

**31. CONTROLLING PARTY**

Due to its shareholding currently the ultimate controlling party is the trustee of the employee benefit trust.