
Registered number: 02005673

BURO HAPPOLD CONSULTING ENGINEERS LIMITED

STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2016



BURO HAPPOLD CONSULTING ENGINEERS LIMITED

REPORT AND FINANCIAL STATEMENTS

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BURO HAPPOLD CONSULTING ENGINEERS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

P S Dalglish
P Kelly
A J Harbinson
R B Marshall
C J D Young
R J Nickells
O C P Plunkett

COMPANY SECRETARY

D Conway

COMPANY NUMBER

02005673

REGISTERED OFFICE

Camden Mill
Lower Bristol Road
Bath
BA2 3DQ

AUDITOR

RSM UK Audit LLP
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

BANKERS

HSBC Bank Middle East Ltd
PO Box 66
Dubai
U.A.E.

Saudi Hollandi Bank
PO Box 1467
Riyadh 11431
Kingdom of Saudi Arabia

BURO HAPPOLD CONSULTING ENGINEERS LIMITED

STRATEGIC REPORT

Year ended 30 April 2016

PRINCIPAL ACTIVITY

The principal activity of the company continues to be that of consulting engineers providing professional design and advisory services to the property and construction sectors.

OPERATIONS

The company's operations are derived from activities performed primarily within the Middle East with key operations based in Dubai, U.A.E.

KEY PERFORMANCE INDICATORS

The company assesses performance via the following key performance indicators:

	2016	2015	Change
Turnover (£'000)	19,934	18,884	6%
Operating profit (£'000)*	978	1,356	(28%)
Operating profit margin (%)*	5%	7%	(2%)
EBITDA (£'000)*	1,042	1,385	(25%)
Cash (£'000)	792	761	4%

*Operating profit, operating profit margin and EBITDA are all shown before other operating income as the directors believe this assists with understanding the underlying performance of the company.

Turnover has increased by 6% to £19.9m (2015: £18.9m) with operating profit decreasing by 28% to £1.0m (2015: £1.4m). Cash has remained at £0.8m (2015: £0.8m).

FUTURE DEVELOPMENTS

Indications so far in 2016/17 are that there continues to be high demand for the services the business offers, and therefore the directors are optimistic with respect to the potential results for the 2016/17.

PRINCIPAL RISKS AND UNCERTAINTIES AND MATTERS OF STRATEGIC IMPORTANCE

The principal risks and uncertainties and matters of strategic importance faced by the business include:

Key staff - Our ability to retain key staff remains critical to the company's success. This risk is mitigated through a fair pay structure, the commitment of the business to core policies including fairness, diversity and equality, a culture of effective performance management and reward, career planning, and a commitment to training and development programmes.

Competition - We exist in a competitive market with a high risk of commoditisation. Our continual investment in technology, thought leadership and our appetite for challenging projects allow the company to retain its competitive advantage. Our agility enables us to rapidly move work and people globally to support these ambitions.

BURO HAPPOLD CONSULTING ENGINEERS LIMITED

STRATEGIC REPORT (continued)
Year ended 30 April 2016

PRINCIPAL RISKS AND UNCERTAINTIES AND MATTERS OF STRATEGIC IMPORTANCE (continued)

Litigation – The risk of litigation arising from failure or negligence in the acceptance, contracting for or performance of client work is mitigated through established policies on contract acceptance, rigorous technical and commercial review, training and a suitable level of PI insurance.

Further details on the strategy and operations of the Group are disclosed in the Happold LLP consolidated financial statements for the year ended 30 April 2016.

This report was approved by the board on 26 July 2016 and signed on its behalf.



O C P Plunkett
Director

BURO HAPPOLD CONSULTING ENGINEERS LIMITED

DIRECTORS' REPORT **Year ended 30 April 2016**

The directors present their report and the financial statements for the year ended 30 April 2016.

DIRECTORS

The directors who served during the year, and up to the date of this report, were:

J E Pugh (resigned 30 April 2016)
P S Dalglish
P Kelly
A J Harbinson
R B Marshall
C J D Young
K T Mitchell (resigned 6 April 2016)
R J Nickells
O C P Plunkett

THIRD PARTY INDEMNITY PROVISION FOR DIRECTORS

Qualifying third party indemnity provision is in place for the benefit of all directors of the company.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £0.8m (2015: £1.3m). No dividend was paid and declared in the year (2015: £1.0m).

RESEARCH AND DEVELOPMENT ACTIVITIES

During the year the company invested £1.5m (2015: £1.5m) in research and development. These expenses are included in cost of sales.

EMPLOYMENT POLICY

The company is an inclusive employer and actively encourages participation from a wide range of skilled employees. It is the company's policy to ensure adequate provision for the diversity, equality, health, safety, welfare and training of its employees.

The company seeks to keep its employees informed on all aspects of the business through structured management meetings and in-house publications.

The company has continued its policy regarding employment of disabled persons. Full and fair consideration is given to applications for employment made by disabled persons having regard for their particular aptitudes and abilities.

BURO HAPPOLD CONSULTING ENGINEERS LIMITED

DIRECTORS' REPORT (continued)

Year ended 30 April 2016

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company is exposed to a number of financial risks including credit risk and foreign exchange risk.

Credit risk – The risk of clients being unable to pay for work performed by the company could impact the company's cash flow. The risk is mitigated via appropriate credit checks being made on potential clients before work commences on projects.

Cash flow risk – The majority of the company's costs, including payroll, are paid before fees are settled by clients. Insufficient working capital could lead to increased use of banking facilities and associated costs. The company maintains close working relationships with clients and seeks advance payments on contracts where possible.

Foreign exchange risk – The company reports its results in sterling, however the majority of the company's income is generated overseas and denominated in other currencies. Significant movements in foreign exchange will affect the sterling profits reported by the company and the value of assets and liabilities denominated in foreign currencies on the balance sheet. Exchange rate movements are kept under constant review and appropriate techniques of currency risk management are used where appropriate.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report and 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

BURO HAPPOLD CONSULTING ENGINEERS LIMITED

DIRECTORS' REPORT (continued) **Year ended 30 April 2016**

PROVISION OF INFORMATION TO THE AUDITOR

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's auditor is 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 information needed by the company's auditor in connection with preparing their report and to establish that the company's auditor is aware of that information.

AUDITOR

The auditor, RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP), will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 26 July 2016 and signed on its behalf.



O C P Plunkett
Director

BURO HAPPOLD CONSULTING ENGINEERS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF BURO HAPPOLD CONSULTING ENGINEERS LIMITED

We have audited the financial statements on pages 9 to 26. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's member, 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 member those matters we are required to state to them in an auditor's 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement, set out on page 5, 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 Auditing Practices Board's (APB'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 Financial Reporting Council's website at <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 company's affairs as at 30 April 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY COMPANIES ACT 2006

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

BURO HAPPOLD CONSULTING ENGINEERS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF BURO HAPPOLD CONSULTING ENGINEERS LIMITED (continued)

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RSM UK audit LLP

Heather Wheelhouse (Senior Statutory Auditor)

for and on behalf of

RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP), Statutory Auditor

Chartered Accountants

25 Farringdon Street

London

EC4A 4AB

Date: *8 September 2016*

BURO HAPPOLD CONSULTING ENGINEERS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
Year ended 30 April 2016

	Note	2016 £'000	2015 £'000
TURNOVER	1,3	19,934	18,884
Cost of sales		(18,956)	(17,528)
OPERATING PROFIT BEFORE OTHER OPERATING INCOME		978	1,356
Other operating income	4	133	46
OPERATING PROFIT ON ORDINARY ACTIVITIES	3,5	1,111	1,402
Interest receivable from group undertakings		292	-
Interest payable to group undertakings		(304)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,099	1,402
Tax on profit on ordinary activities	8	(271)	(138)
PROFIT FOR THE FINANCIAL YEAR		828	1,264
OTHER COMPREHENSIVE INCOME			
Foreign exchange movements		91	91
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		919	1,355

All amounts relate to continuing operations.

The notes on pages 12 to 26 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
At 30 April 2016

	Note	2016		2015	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	9		435		69
Investments	10		65		65
			<u>500</u>		<u>134</u>
CURRENT ASSETS					
Debtors	11	9,717		9,989	
Cash at bank and in hand		792		761	
		<u>10,509</u>		<u>10,750</u>	
CREDITORS: Amounts falling due within one year	12	(7,817)		(8,833)	
NET CURRENT ASSETS			<u>2,692</u>		<u>1,917</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,192</u>		<u>2,051</u>
CREDITORS: Amounts falling due after more than one year	13		(956)		(734)
NET ASSETS			<u>2,236</u>		<u>1,317</u>
CAPITAL AND RESERVES					
Called up share capital	15		500		500
Profit and loss account	15		1,736		817
TOTAL EQUITY			<u>2,236</u>		<u>1,317</u>

The financial statements on pages 9 to 26 were approved and authorised for issue by the board and were signed on its behalf on 26 July 2016.



O C P Plunkett
Director

The notes on pages 12 to 26 form part of these financial statements.

BURO HAPPOLD CONSULTING ENGINEERS LIMITED

STATEMENT OF CHANGES IN EQUITY **For the year ended 30 April 2016**

	Share capital £'000	Profit and loss account £'000	Total £'000
BALANCE AT 1 MAY 2014	500	462	962
Profit for the year	-	1,264	1,264
Other comprehensive income for the year	-	91	91
Dividends	-	(1,000)	(1,000)
BALANCE AT 30 APRIL 2015	<u>500</u>	<u>817</u>	<u>1,317</u>
 BALANCE AT 1 MAY 2015	 500	 817	 1,317
Profit for the year	-	828	828
Other comprehensive income for the year	-	91	91
BALANCE AT 30 APRIL 2016	<u>500</u>	<u>1,736</u>	<u>2,236</u>

The notes on pages 12 to 26 form part of these financial statements.

BURO HAPPOLD CONSULTING ENGINEERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2016

1. ACCOUNTING POLICIES

1.1 General information

Buro Happold Consulting Engineers Limited is a limited company domiciled in Dubai and incorporated in England. The address of the company's registered office is given on page 1. The company's principal activities and nature of operations are set out in the Strategic Report on page 2.

1.2 Basis of preparation of financial statements

The financial statements have been prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention.

These are the first financial statements of Buro Happold Consulting Engineers Limited prepared in accordance with FRS 102. The financial statements of Buro Happold Consulting Engineers Limited for the year ended 30 April 2015 were prepared in accordance with previous UK GAAP.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently the directors have amended certain accounting policies to comply with FRS 102. The directors have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS.'

Comparative figures have been restated to reflect the adjustments made, except to the extent that the directors have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'. Adjustments are recognised directly in retained earnings at the transition date. Details of these adjustments are included in note 19.

Monetary amounts are rounded to the nearest whole £1,000, except where otherwise indicated.

Consolidated financial statements

The accounts present information about the company as an individual undertaking and not about its group, as the company has taken advantage of the exemption provided by section 400 of the Companies Act 2006 not to prepare consolidated financial statements as it is included by full consolidation in the consolidated financial statements of its ultimate parent, Happold LLP, a Limited Liability Partnership based in England. The consolidated financial statements of Happold LLP are available from its registered office, Camden Mill, Lower Bristol Road, Bath, BA2 3DQ.

Reduced disclosures

In accordance with FRS 102, the company has taken advantage of the exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts and net gains/losses for each category of financial instrument; and
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2016

1. ACCOUNTING POLICIES (continued)

1.2 Basis of preparation of financial statements (continued)

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.3 Functional and presentational currencies

The financial statements are presented in sterling, the functional currency of the company is United Arab Emirates Dirhams.

1.4 Turnover

Turnover represents the fair value of amounts received or receivable for the sale of goods and services to external customers in the ordinary nature of the business. Turnover is shown net of value added tax.

Sale of professional services

Turnover from contracts for the provision of professional design and advisory services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. There is no minimum stage of completion which must be reached before profit can be recognised. However, where the outcome cannot be estimated reliably, turnover is recognised only to the extent of the expenses recognised that are recoverable.

Turnover also includes appropriate amounts in respect of long-term work in progress as described in the long term contracts policy below, to the extent that the outcome of these contracts can be assessed with reasonable certainty.

1.5 Other income

Interest receivable from group undertakings is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

1.6 Long-term contracts and revenue recognition

Revenue is recognised in line with the completion of projects. The percentage completion is determined using the cost approach. Costs incurred to date are compared to total project cost to completion, with revenue recognised accordingly. Profit is only recognised to the extent that the total project is assessed to be profitable. Provision is made for any losses as soon as they are foreseen.

For contracts where turnover exceeds fees rendered, the excess is included as amounts recoverable on long term contracts, within debtors. For contracts where fees rendered exceeds turnover, the excess is included in payments on account, within creditors.

1.7 Research and development

Research and development expenditure is written off in the year in which it is incurred.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2016

1. ACCOUNTING POLICIES (continued)

1.8 Tangible fixed assets and depreciation

Tangible fixed assets are initially recognised at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price and costs directly attributable to bringing the asset to its working condition for its intended use. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold improvements – over the life of lease or useful economic life whichever is shorter

Fixtures, fittings and equipment – 10-33% straight line

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of the reporting period. The effect of any change is accounted for prospectively.

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the company estimates the recoverable amount of the asset. Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply.

Subsequent costs, including replacement parts and major inspections, are capitalised only when it is probable that such costs will generate future economic benefits. Any replaced parts or remaining carrying amounts of previous inspections are then derecognised. All other costs of repairs and maintenance are charged to profit or loss as they are incurred.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

1.9 Leases

At inception the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Operating leases

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

Benefits received and receivable as incentives to sign an operating lease are accounted for as a reduction to the expense and are recognised, on a straight line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2016

1. ACCOUNTING POLICIES (continued)

1.10 Taxation

The taxation expense represents the sum of the current tax expense and the deferred tax expense.

Current and deferred taxation assets or liabilities are not discounted.

Current taxation

Current tax is based on taxable profit for the year, with a current tax asset recognised when the tax paid exceeds the tax payable. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred taxation

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.

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.

1.11 Above the line tax credits

Above the line tax credits are credited to a deferral account and are released to the profit and loss account over the period in which they are expected to be recovered. Any current asset recognised in respect of the tax recoverable is recognised to the extent that it is considered probable that the asset will be recoverable in the future.

1.12 Foreign Currencies

The financial statements are presented in sterling, the functional currency of the company is United Arab Emirates Dirhams.

Assets and liabilities have been translated into sterling using the rate of exchange prevailing at the balance sheet date. The result for the year has been translated using average exchange rates.

In line with FRS 102, exchange gains and losses arising on the translation from AED to GBP are presented in the statement of comprehensive income.

Transactions settled in the year in foreign currencies are translated into the functional currency at the rate ruling on the date of the transaction. Exchange gains and losses on these transactions are recognised in the statement of comprehensive income.

1.13 Investments

Fixed asset investments are stated at cost and subsequently measured at cost less any accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2016

1. ACCOUNTING POLICIES (continued)

1.14 Financial instruments

Financial assets and liabilities are recognised when the company becomes a party to the contractual provisions of the instrument, and are offset only when the company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Trade debtors

Trade debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in the statement of comprehensive income for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in the statement of comprehensive income.

Financial liabilities

Trade creditors

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

1.15 Employee benefits

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and termination benefits.

Annual bonus

The company operates an annual bonus arrangement for employees. An expense is recognised in the statement of comprehensive income when the company has a legal or constructive obligation to make payments as a result of past events and a reliable estimate of the obligation can be made.

Short term benefits

Short-term employee benefits, including holiday pay are recognised as an expense in the period in which the service is received.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2016

1. ACCOUNTING POLICIES (continued)

1.15 Employee benefits (continued)

Termination benefits

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the company is demonstrably committed to terminate the employment or to provide termination benefits.

2. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

In producing the financial statements, the company has to make judgements and estimates that directly affect the reported amounts of turnover, expenses, assets and liabilities. These estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

These estimates and assumptions concern the future and will, by definition, seldom equal the related actual results. The estimates and judgements that have the most significant effect on the amounts recognised in the financial statements are discussed below:

Revenue recognition

The company believes that the most significant judgement is made in relation to revenue recognition. Revenue is recognised in line with the completion of projects, using the cost approach which involves estimating the total costs of projects. The company has established procedures to ensure that contracts and estimated costs to completion are reviewed regularly.

Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When making an assessment as to the impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of the debtor and historical experience.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives are reviewed and amended when necessary to reflect current estimates, based on technological advancement, economic utilisation and the physical condition of the assets.

BURO HAPPOLD CONSULTING ENGINEERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2016

3. TURNOVER

Turnover, operating profit and net assets all originate from the United Arab Emirates. An analysis of turnover, operating profit and net assets by destination is as follows:

Turnover	2016 £'000	2015 £'000
UK	720	733
Europe	430	1,826
Middle East	18,678	15,295
North America	11	-
Rest of the World	95	1,030
	<u>19,934</u>	<u>18,884</u>

Operating profit on ordinary activities	2016 £'000	2015 £'000
UK	40	54
Europe	24	135
Middle East	1,041	1,136
North America	1	-
Rest of the World	5	77
	<u>1,111</u>	<u>1,402</u>

Net assets	2016 £'000	2015 £'000
UK	81	51
Europe	48	127
Middle East	2,095	1,067
North America	1	-
Rest of the World	11	72
	<u>2,236</u>	<u>1,317</u>

4. OTHER OPERATING INCOME

	2016 £'000	2015 £'000
Foreign exchange loss	(17)	(211)
Research and development tax credit	150	257
	<u>133</u>	<u>46</u>

BURO HAPPOLD CONSULTING ENGINEERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2016

5. OPERATING PROFIT ON ORDINARY ACTIVITIES

The operating profit on ordinary activities is stated after charging:

	2016	2015
	£'000	£'000
Depreciation of tangible fixed assets:		
- owned by the company	64	29
Operating lease rentals:		
- land and buildings	409	435
Foreign exchange loss	17	211
Research and development expenditure written off	1,471	1,512
Impairment (gain)/loss on trade receivables	(533)	711
	<u> </u>	<u> </u>

Fees payable to RSM UK Audit LLP and its associates in respect of audit services are as follows:

	2016	2015
	£'000	£'000
Audit services – statutory audit of the company	15	14
	<u> </u>	<u> </u>

6. STAFF COSTS

Staff costs were as follows:

	2016	2015
	£'000	£'000
Wages and salaries	9,004	8,361
	<u> </u>	<u> </u>

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

	2016	2015
Technical staff	92	100
Administration staff	29	24
	<u> </u>	<u> </u>
	121	124
	<u> </u>	<u> </u>

BURO HAPPOLD CONSULTING ENGINEERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2016

7. DIRECTORS' REMUNERATION	2016 £'000	2015 £'000
Emoluments	1,227	1,050

The amounts shown above represent amounts paid to directors by Buro Happold Consulting Engineers Limited. The directors were also entitled to profit shares from Happold LLP, the ultimate parent undertaking and directors' emoluments of £nil (2015: £9,000) were paid by Buro Happold International Limited.

Highest paid director	2016 £'000	2015 £'000
Aggregate emoluments	374	294

No pension contributions were paid on behalf of the directors during 2016 (2015: £nil).

8. TAX ON PROFIT ON ORDINARY ACTIVITIES	2016 £'000	2015 £'000
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax on the profit for the year	211	159
Foreign taxation	81	-
Adjustments in respect of prior years	23	(141)
Double tax relief	(60)	-
Total current tax	255	18
Deferred tax (see note 14)		
Origination and reversal of timing differences	(13)	117
Adjustments in respect of prior years	29	3
Tax charge on profit on ordinary activities	271	138

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2016

8. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher (2015 – lower) than the standard rate of corporation tax in the UK of 20% (2015 – 20.9%). The differences are explained below:

	2016	2015
	£'000	£'000
Profit on ordinary activities before tax	1,099	1,402
Profit on ordinary activities multiplied by standard rate of Corporation tax in the UK of 20% (2015 – 20.9%)	220	293
Effects of:		
Depreciation for the year in excess of capital allowances	6	(1)
Income not taxable for tax purposes	(15)	-
Foreign tax credits	21	-
Research and development tax credit	3	(20)
Prior year adjustment	52	(138)
Adjust closing deferred tax to average rate	2	(5)
Other timing difference	(18)	9
Tax charge for the year (see note above)	<u>271</u>	<u>138</u>

Factors that may affect future tax charges

Up until 31 March 2015 there were two rates of corporation tax and one effective marginal rate. From 1 April 2015 the main rate and the small profits rate have been unified and are set at 20%.

The corporation tax rate will reduce to 19% for the years commencing on 1 April 2017, 2018 and 2019 and to 18% for the year commencing on 1 April 2020.

The directors are not aware of any other factors that could materially affect the future tax charge.

BURO HAPPOLD CONSULTING ENGINEERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **Year ended 30 April 2016**

9. TANGIBLE FIXED ASSETS

	Leasehold improvements £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost			
At 1 May 2015	64	255	319
Additions	315	100	415
Disposals	(65)	(171)	(236)
Foreign exchange	11	11	22
At 30 April 2016	325	195	520
Depreciation			
At 1 May 2015	64	186	250
Charge for year	22	42	64
On disposals	(65)	(172)	(237)
Foreign exchange	2	6	8
At 30 April 2016	23	62	85
Net book value			
At 30 April 2016	302	133	435
At 30 April 2015	-	69	69

10. FIXED ASSET INVESTMENTS

	Other fixed asset investments £'000
Cost or valuation	
At 1 May 2015 and 30 April 2016	65
Net book value	
At 1 May 2015 and 30 April 2016	65

Subsidiary undertakings

The following was a subsidiary undertaking of the company:

	Country of registration or incorporation	Nature of business	Share held class	Proportion of shares held
Buro Happold & Partner Consulting Engineers Company	Saudi Arabia	Consulting engineers	Ordinary	75%

BURO HAPPOLD CONSULTING ENGINEERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 April 2016

11. DEBTORS

	2016	2015
	£'000	£'000
Trade debtors	4,265	5,256
Amounts owed by group undertakings	2,242	3,988
Other debtors	696	113
Prepayments and accrued income	134	116
Amounts recoverable on long term contracts	2,259	272
Corporation tax	104	211
Deferred tax asset (see note 14)	17	33
	<u>9,717</u>	<u>9,989</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£'000	£'000
Payments on account	798	2,082
Trade creditors	1,209	396
Amounts owed to group undertakings	5,158	5,389
Other creditors	-	15
Accruals and deferred income	652	951
	<u>7,817</u>	<u>8,833</u>

13. CREDITORS: Amounts falling due after more than one year

	2016	2015
	£'000	£'000
Other creditors	<u>956</u>	<u>734</u>

14. DEFERRED TAXATION

	2016	2015
	£'000	£'000
At beginning of year	33	153
Charge for year	(16)	(120)
At end of year	<u>17</u>	<u>33</u>

The provision for deferred taxation is made up as follows:

	2016	2015
	£'000	£'000
Accelerated capital allowances	17	16
Other timing differences	<u>-</u>	<u>17</u>

BURO HAPPOLD CONSULTING ENGINEERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 April 2016

15. SHARE CAPITAL	2016 £'000	2015 £'000
Allotted, called up and fully paid 500,000 – Ordinary shares of £1 each	500	500

The company has one class of ordinary shares which carry no right to fixed income.

Reserves

The company's only reserve is retained earnings which represents the cumulative profit and loss, net of distributions.

16. OPERATING LEASE COMMITMENTS

At 30 April 2016 the company had total future minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings 2016 £'000	2015 £'000
Expiry date:		
Within 1 year	174	116
Between 1 and 5 years	598	-

17. RELATED PARTY TRANSACTIONS

Advantage has been taken of the exemption from disclosing transactions and balances with other wholly owned group undertakings as permitted by Section 33 'Related Party Disclosures' of FRS 102.

Transactions between the company and fellow group undertakings which are not wholly owned are disclosed below:

	2016 £'000	2015 £'000
Sales of good and services	684	544
Purchases of goods and services	330	298
Loans given during the year	1,300	-
Loans received during the year	684	5,793
Amounts owed by related parties at year end	177	-
Amounts owed to related parties at year end	5,158	5,438

Provision of goods and services to and purchases of goods and services from related parties were made at the rates charged to external customers. The amounts outstanding are unsecured, non-interest bearing and will be settled in cash. No guarantees have been given or received. No provision has been made for doubtful debts in respect of amounts owed by related parties and £nil (2015: £nil) charged to profit and loss.

BURO HAPPOLD CONSULTING ENGINEERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2016

18. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The directors consider the ultimate parent undertaking to be Happold LLP, a Limited Liability Partnership registered in the United Kingdom. Happold LLP is the smallest and largest Limited Liability Partnership for which consolidated accounts including Buro Happold Consulting Engineers Limited are prepared. The consolidated accounts of Happold LLP are available from its registered office, Camden Mill, Lower Bristol Road, Bath, BA2 3DQ.

The company's immediate parent undertaking at the balance sheet date was Buro Happold Engineers Limited, a company registered in England and Wales.

19. FIRST TIME ADOPTION OF FRS 102

Reconciliations and descriptions of the effect of the transition to FRS 102 on; (i) equity at the date of transition to FRS 102; (ii) equity at the end of the comparative period; and (iii) profit or loss for the comparative period reported under previous UK GAAP are given below.

RECONCILIATION OF EQUITY	Notes	1 May 2014 £'000	30 April 2015 £'000
Equity as previously reported under previous UK GAAP		1,030	1,388
Holiday pay accrual	A	(85)	(88)
Deferred taxation	B	17	17
Equity reported under FRS 102		<u>962</u>	<u>1,317</u>

RECONCILIATION OF PROFIT	Notes	Year ended 30 April 2015 £'000
Profit as previously reported under previous UK GAAP		1,267
Holiday pay accrual	A	(3)
Deferred taxation	B	-
Profit reported under FRS 102		<u>1,264</u>

A – Holiday pay accrual

FRS 102 requires short term employee benefits to be charged to the profit and loss account as the employee service is received. This has resulted in the company recognising a liability for holiday pay of £85,000 on transition to FRS 102. Previously holiday pay accruals were not recognised and were charged to the profit and loss account as they were paid. In the year to 30 April 2015 an additional charge of £3,000 was recognised in the profit and loss account, increasing the liability at 30 April 2015 to £88,000.

BURO HAPPOLD CONSULTING ENGINEERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2016

19. FIRST TIME ADOPTION OF FRS 102 (continued)

B – Deferred taxation

Deferred taxation of £17,000 has been recognised representing 20% of the holiday pay accrual recognised on transition at 1 May 2014. In the year ended 30 April 2015 no further deferred tax was recognised in the profit and loss account in respect of the increase in the holiday pay accrual.