

**BURO HAPPOLD CONSULTING ENGINEERS LIMITED**

**STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 APRIL 2018**



# **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**

BDO LLP  
55 Baker Street  
London  
W1U 7EU

### **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 2018**

#### **BUSINESS DESCRIPTION**

Buro Happold Consulting Engineers Limited is part of the Happold LLP group, known as "BuroHappold." BuroHappold is an international, integrated engineering consultancy operating in 21 locations worldwide with over 50 Partners and 1,700 employees. For over 40 years we've been building our reputation for delivering creative, value led building and city solutions for an ever changing world. Through one global community of driven, engineering professionals we deliver elegant solutions for buildings and cities.

We believe in harnessing the magic of the engineering mind, embracing the difficult, striving for progress, bridging science and society. The pursuit of simple honest truth.

The principal activity of the company continues to be that of consulting engineers providing professional design and advisory services to clients that include the property and construction sectors, city administrations and campus portfolio owners.

#### **STRATEGY**

From the day the business was created BuroHappold has understood that great design starts with identifying and responding to the needs of the people that will use a space, place or building. The process that we call 'Forward Integration' is simply the next logical step in this approach – moving beyond the present to anticipate future requirements, and design them into today's environments and structures.

Forward Integration is the umbrella term we have given to the journey we are on that will build deeper partnerships with clients who share our values. On this journey we take greater accountability for not only delivering but also defining the outcomes to which we, and the client aspire to.

#### **OPERATIONS**

The company's operations are derived from activities performed primarily within the Middle East with key operations based in Dubai, U.A.E. A strong local presence enables the company to work closely with our clients to deliver innovative, cutting edge solutions that take into consideration local factors such as culture, legislation, climate and materials.

Key projects contributing to the performance of the company during the year include the following:

##### **Museum of the Future, Dubai**

Occupying a prime urban location adjacent to the Emirates Towers, the Museum of the Future is conceived not as a repository for ancient artefacts, but as an incubator of new ideas, a catalyst for innovation and a global destination for investors and entrepreneurs. BuroHappold designed bespoke scripts to optimise the structure of the unique shape and every element was designed in a collaborative BIM environment. Working towards a LEED platinum certification the building is sustainable as well as striking.

##### **Sustainability Pavilion, Dubai**

Designed to create an immersive educational experience, the Sustainability Pavilion will promote ecology, sustainable technologies and design; celebrating human ingenuity. The Pavilion's core building features an 86,000 ft<sup>2</sup> exhibition space that includes an auditorium, courtyard and reservoir. The building will contain solar energy, water harvesting and innovative materials in a context that is unique to the region.

**STRATEGIC REPORT (continued)**  
**Year ended 30 April 2018**

**OPERATIONS (continued)**

**Louvre, Abu Dhabi**

Louvre Abu Dhabi is the jewel in the crown of Saadiyat Island, the city's new cultural district. Designed as a 'museum city', the new 58,000m<sup>2</sup> art exhibition centre boasts a myriad of gallery spaces clustered beneath a shallow domed canopy, creating an expansive yet intimate space in which visitors can meander and mingle at their leisure.

**KEY PERFORMANCE INDICATORS**

The company assesses performance via the following key performance indicators:

	<b>2018</b>	<b>2017</b>	<b>Change</b>
Turnover (£'000)	16,555	17,085	(3%)
Operating loss (£'000)*	(417)	(2,039)	80%
Operating loss margin (%)*	(3%)	(12%)	9%
EBITDA (£'000)*	(264)	(1,879)	86%
Cash (£'000)	3,163	3,630	(13%)
Average number of employees	88	107	(18%)
Turnover per employee (£'000)	188	160	18%

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

The company generated turnover of £16.6m (2017: £17.1m) predominately from projects located in the Middle East. The renewed focus on the utilisation of high value, specialist engineering services has led to a reduction in the operating loss to £0.4m (2017: £2.0m), with further improvements expected in 2018/19.

The company will always be subject to exchange rate fluctuations due to the global spread of our business. This has resulted in an exchange loss in the year of £0.1m (2017: gain £0.2m).

During the year the company received a dividend of £3.6m (2017: £nil) from a subsidiary undertaking contributing to the increase in profit after tax of £2.8m (2017: loss £1.8m).

The average number of employees fell from 107 to 88, with turnover per employee increasing 18% to £188,000 (2017: £160,000).

**FUTURE DEVELOPMENTS**

Looking ahead, our forward order book remains robust with healthy future opportunities. Future growth will be carefully managed to ensure the company continues to operate in appropriate markets and deliver exceptional results on world class projects.

**STRATEGIC REPORT (continued)**  
**Year ended 30 April 2018**

**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 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.

**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.

**Management of projects** - A key focus of the company is the management of our projects. There are risks associated with all aspects of our project life cycle, from bidding and project management through to technical delivery and financial control. The physical, political and economic factors that occur in the environments in which we operate are also considered when assessing risks. Inadequate project management could lead to financial loss, contractual disputes and possible litigation. To mitigate this the BuroHappold group has invested in a simple to use, universal system for planning, managing and delivering projects. Extensive project management training is provided to ensure appropriately skilled staff are used on projects. Technical project reviews are undertaken regularly, augmented by a strong internal control environment.

**Cyber risk and or customer / personal data breach** - The risk of cyber-attacks or hacking has the potential to affect our ability to operate. The group is also exposed to the risk of financial penalties or reputational damage for failing to protect the data we hold on our stakeholders. To address these risks we have obtained the Cyber Essentials Plus Certification, a UK government backed scheme, certifying that we take our information security seriously. A review of our data protection methodologies and procedures has also been carried out in line with the General Data Protection Regulation.

This report was approved by the board on 24 September 2018 and signed on its behalf.



**A J Harbinson**  
Director

## **BURO HAPPOLD CONSULTING ENGINEERS LIMITED**

### **DIRECTORS' REPORT** **Year ended 30 April 2018**

The directors present their report and the financial statements for the year ended 30 April 2018.

#### **DIRECTORS**

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

P S Dalglish  
P Kelly  
A J Harbinson  
R B Marshall

C J D Young  
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 £2.8m (2017: loss £1.8m). No dividend was paid and declared in the year (2017: nil).

#### **RESEARCH AND DEVELOPMENT ACTIVITIES**

Research and development expenditure is incurred by the company on a number of innovative projects which seek to achieve an advance in science or technology. Research and development expenditure can vary year on year depending on the nature of projects undertaken by the company. During the year £1.3m (2017: £1.2m) of expenditure was deemed to be of a research and development nature.

#### **EMPLOYEE INFORMATION**

We are dependent on the skills and commitment of our people, and throughout the year we have been extremely proud to be able to attract and nurture exceptional talent at all levels. Through development, succession planning and strategic recruitment we aim to ensure our leadership capabilities are focussed where they are most needed, facilitating sustainable growth throughout the business.

We are a diverse and inclusive company, reflecting the varied cultures of the communities and clients we serve. We strive to not only create a sense of belonging but also a safe and inclusive workplace for all our employees to thrive and be accepted for who they are.

By looking at our business practices and activities through an inclusivity lens, we will continue to enhance our people practices, and in addressing bias and supporting the development and visibility of underrepresented employees, we aim to further promote the rich diversity of our employees' experiences, talent and ideas.

Finally, through our diverse teams, we provide innovative and relevant solutions for our clients and the communities we serve, while providing career development support through our culture of continuous learning.

## **BURO HAPPOLD CONSULTING ENGINEERS LIMITED**

### **DIRECTORS' REPORT (continued) Year ended 30 April 2018**

#### **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.

#### **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The company is exposed to a number of financial risks including credit risk, cash flow 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 receipts 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.



## **BURO HAPPOLD CONSULTING ENGINEERS LIMITED**

### **DIRECTORS' REPORT (continued)** **Year ended 30 April 2018**

#### **DIRECTORS' RESPONSIBILITIES STATEMENT (continued)**

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.

#### **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**

RSM UK Audit LLP resigned during the year. There were no circumstances connected with their resignation which it was considered should be brought to the attention of the member or creditors of the company. Following a competitive tender process BDO LLP were appointed auditors. BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 24 September 2018 and signed on its behalf.



**A J Harbinson**  
Director

## **BURO HAPPOLD CONSULTING ENGINEERS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BURO HAPPOLD CONSULTING ENGINEERS LIMITED**

#### **OPINION**

We have audited the financial statements of Buro Happold Consulting Engineers Limited ("the Company") for the year ended 30 April 2018 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 April 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **BASIS FOR OPINION**

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

#### **CONCLUSIONS RELATING TO GOING CONCERN**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **OTHER INFORMATION**

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

## **BURO HAPPOLD CONSULTING ENGINEERS LIMITED**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

### **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCPETION**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's report.

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

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

### **RESPONSIBILITIES OF DIRECTORS**

As explained more fully in the 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, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## **BURO HAPPOLD CONSULTING ENGINEERS LIMITED**

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

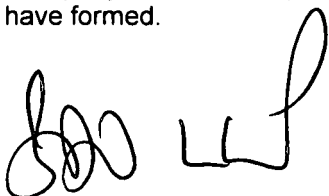
#### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **USE OF OUR REPORT**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in 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 members as a body, for our audit work, for this report, or for the opinions we have formed.



Matthew White (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
55 Baker Street  
London  
W1U 7EU

Date

5 October 2018

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

**BURO HAPPOLD CONSULTING ENGINEERS LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**  
**Year ended 30 April 2018**

	<b>Note</b>	<b>2018 £'000</b>	<b>2017 £'000</b>
<b>TURNOVER</b>	<b>3</b>	<b>16,555</b>	<b>17,085</b>
Cost of sales		(16,972)	(19,124)
<b>OPERATING LOSS BEFORE OTHER OPERATING INCOME</b>		<b>(417)</b>	<b>(2,039)</b>
Income from shares in subsidiary undertakings		3,575	-
Other operating income	<b>4</b>	189	302
<b>OPERATING PROFIT/(LOSS)</b>	<b>5</b>	<b>3,347</b>	<b>(1,737)</b>
Interest receivable from group undertakings		132	240
Interest payable to group undertakings		(181)	(410)
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		<b>3,298</b>	<b>(1,907)</b>
Tax on profit/(loss)	<b>8</b>	(461)	102
<b>PROFIT/(LOSS) AFTER TAXATION</b>		<b>2,837</b>	<b>(1,805)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Foreign exchange movements		(65)	244
<b>TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR</b>		<b>2,772</b>	<b>(1,561)</b>

All amounts relate to continuing operations.

The notes on pages 14 to 26 form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION**  
**At 30 April 2018**

	Note	2018 £'000	2017 £'000
<b>FIXED ASSETS</b>			
Tangible assets	9	244	405
Investments	10	65	65
		<u>309</u>	<u>470</u>
<b>CURRENT ASSETS</b>			
Debtors	11	7,251	7,411
Cash at bank and in hand		3,163	3,630
		<u>10,414</u>	<u>11,041</u>
<b>CREDITORS:</b> Amounts falling due within one year	12	(6,031)	(9,671)
<b>NET CURRENT ASSETS</b>		<u>4,383</u>	<u>1,370</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>4,692</u>	<u>1,840</u>
<b>CREDITORS:</b> Amounts falling due after more than one year	13	(1,109)	(1,165)
<b>PROVISIONS FOR LIABILITIES</b>			
Provisions	15	(136)	-
<b>NET ASSETS</b>		<u>3,447</u>	<u>675</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	500	500
Profit and loss account	16	2,947	175
<b>TOTAL EQUITY</b>		<u>3,447</u>	<u>675</u>

The financial statements on pages 11 to 26 were approved and authorised for issue by the board and were signed on its behalf on 24 September 2018.



**A J Harbinson**  
Director

The notes on pages 14 to 26 form part of these financial statements.

**BURO HAPPOLD CONSULTING ENGINEERS LIMITED**

**STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 30 April 2018**

	<b>Share capital £'000</b>	<b>Profit and loss account £'000</b>	<b>Total £'000</b>
<b>BALANCE AT 1 MAY 2016</b>	500	1,736	2,236
Loss for the year	-	(1,805)	(1,805)
Other comprehensive income for the year	-	244	244
<b>BALANCE AT 30 APRIL 2017</b>	<u>500</u>	<u>175</u>	<u>675</u>
 <b>BALANCE AT 1 MAY 2017</b>	 500	 175	 675
Profit for the year	-	2,837	2,837
Other comprehensive income for the year	-	(65)	(65)
<b>BALANCE AT 30 APRIL 2018</b>	<u>500</u>	<u>2,947</u>	<u>3,447</u>

The notes on pages 14 to 26 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 30 April 2018**

**1. ACCOUNTING POLICIES**

**1.1 General information**

Buro Happold Consulting Engineers Limited is a private company limited by shares domiciled in Dubai and incorporated in England and Wales. 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.

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 and Wales. 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 for financial instruments measured at amortised cost or cost less impairment, interest income/expense and net gains/losses for financial instruments measured at amortised cost; and
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

*Going concern*

The company ensures it meets its day to day working capital needs from its cash balances.

The company has prepared forecasts for the next 12 months that show that it will be able to operate within its available facilities throughout the forecast period. The directors have reviewed the forecasts and are satisfied that they are achievable and, consequently, provide an appropriate basis for their assessment of going concern.

As a result, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and, consequently, continue to adopt the going concern basis of accounting in preparing the annual financial statements.



**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 30 April 2018**

**1. ACCOUNTING POLICIES (continued)**

**1.3 Turnover**

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

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 sub contract costs, 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.

**1.4 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 future 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.

**1.5 Research and development**

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

**1.6 Income from shares in group undertakings**

Dividend income is recognised when the company's right to receive payment is established.

**1.7 Above the line tax credits**

Above the line tax credits are claimed based on a proportion of research and development expenditure incurred. 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.

**1.8 Foreign currencies**

The financial statements are presented in sterling, the presentational currency of the company. 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.

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 30 April 2018**

**1. ACCOUNTING POLICIES (continued)**

**1.8 Foreign currencies (continued)**

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.

**1.9 Interest receivable**

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

**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 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 2018**

**1. ACCOUNTING POLICIES (continued)**

**1.12 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.

**1.13 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 2018**

**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, group and other debtors*

Trade, group and other 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 profit or loss 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 profit or loss.

**Financial liabilities**

Financial instruments are classified as liabilities according to the substance of the contractual arrangements entered into.

*Trade, group and other creditors*

Trade, group and other creditors (including accruals) 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.

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 30 April 2018**

**1. ACCOUNTING POLICIES (continued)**

**1.15 Employee benefits (continued)**

*Short term benefits*

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

*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.

**1.16 Provisions**

Provisions are recognised when the company has a present legal or constructive obligation as a result of a past event, and it is probable that the company will be required to settle that obligation. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date.

**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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 30 April 2018**

**3. TURNOVER**

Turnover originates from the United Arab Emirates. An analysis of turnover by destination is as follows:

<b>Turnover</b>	<b>2018 £'000</b>	<b>2017 £'000</b>
UK	-	6
Europe	8	142
Middle East	16,222	16,592
United States	131	-
Rest of the World	194	345
	<u>16,555</u>	<u>17,085</u>

**4. OTHER OPERATING INCOME**

	<b>2018 £'000</b>	<b>2017 £'000</b>
Foreign exchange (loss)/gain	(131)	206
Research and development tax credit	320	96
	<u>189</u>	<u>302</u>

**5. OPERATING PROFIT/(LOSS)**

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

	<b>2018 £'000</b>	<b>2017 £'000</b>
Depreciation of tangible fixed assets:		
- owned by the company	153	160
Operating lease rentals:		
- land and buildings	1,131	253
Foreign exchange loss/(gain)	131	(206)
Research and development expenditure written off	1,282	1,172
Impairment loss on trade receivables	176	14
	<u></u>	<u></u>

Fees payable to the company's auditor its associates in respect of audit services are as follows:

	<b>2018 £'000</b>	<b>2017 £'000</b>
Audit services – statutory audit of the company	<u>19</u>	<u>16</u>

In accordance with SI 2008/489 the company has not disclosed the fees payable to the company's auditor for 'other services' as this information is included in the consolidated financial statements of Happold LLP.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 30 April 2018**

**6. STAFF COSTS**

Staff costs were as follows:

	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
Wages and salaries	7,685	9,541

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

	<b>2018</b>	<b>2017</b>
Technical staff	66	79
Administration staff	22	28
	<u>88</u>	<u>107</u>

**7. DIRECTORS' REMUNERATION**

	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
Emoluments	1,497	1,273

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.

<b>Highest paid director</b>	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
Aggregate emoluments	<u>604</u>	<u>467</u>

No pension contributions were paid on behalf of the directors during 2018 (2017: £nil).

**NOTES TO THE FINANCIAL STATEMENTS**  
Year ended 30 April 2018

8. TAX ON PROFIT/(LOSS)	2018 £'000	2017 £'000
<b>Analysis of tax charge/(credit) in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax on the profit/(loss) for the year	5	48
Foreign taxation	218	33
Adjustments in respect of prior years	238	(167)
Double tax relief	-	(33)
<b>Total current tax</b>	<u>461</u>	<u>(119)</u>
<b>Deferred tax</b> (see note 14)		
Origination and reversal of timing differences	-	14
Effect of tax rate change on opening balance	-	1
Adjustments in respect of prior years	-	2
<b>Total deferred tax</b>	<u>-</u>	<u>17</u>
<b>Tax charge/(credit) on profit/(loss)</b>	<u>461</u>	<u>(102)</u>

**Factors affecting tax charge/(credit) for the year**

The tax assessed for the year is lower (2017 – higher) than the standard rate of corporation tax in the UK of 19% (2017 – 20%). The differences are explained below:

	2018 £'000	2017 £'000
Profit/(loss) before tax	3,298	(1,907)
Profit/(loss) multiplied by standard rate of corporation tax in the UK of 19% (2017 – 20%)	627	(399)

**Effects of:**

Ineligible fixed asset expenditure	1	21
Income not taxable for tax purposes	(679)	-
Foreign tax	218	-
Group relief surrendered	115	421
Research and development tax adjustment	(34)	7
Prior year adjustment	238	(165)
Adjust closing deferred tax to average rate	2	1
Other timing difference	(42)	-
Deferred tax not recognised	15	12
<b>Tax charge/(credit) for the year</b> (see note above)	<u>461</u>	<u>(102)</u>



**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 30 April 2018**

**8. TAX ON PROFIT/(LOSS) (continued)**

**Factors that may affect future tax charges**

The corporation tax rate will remain 19% for the year commencing on 1 April 2019 and reduce to 17% 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.

**9. TANGIBLE FIXED ASSETS**

	<b>Leasehold improvements £'000</b>	<b>Fixtures, fittings and equipment £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At 1 May 2017	387	273	660
Additions	-	13	13
Foreign exchange	(23)	(16)	(39)
At 30 April 2018	<u>364</u>	<u>270</u>	<u>634</u>
<b>Depreciation</b>			
At 1 May 2017	120	135	255
Charge for year	93	60	153
Foreign exchange	(9)	(9)	(18)
At 30 April 2018	<u>204</u>	<u>186</u>	<u>390</u>
<b>Net book value</b>			
At 30 April 2018	<u>160</u>	<u>84</u>	<u>244</u>
At 30 April 2017	<u>267</u>	<u>138</u>	<u>405</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 30 April 2018**

**10. FIXED ASSET INVESTMENTS**

**Other fixed  
asset  
investments  
£'000**

**Cost or valuation**

At 1 May 2017 and 30 April 2018

65

**Net book value**

At 1 May 2017 and 30 April 2018

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 & Partner Consulting Engineers Company's registered address is Office 515, Al Akariyah 2, Olaya Street.

**11. DEBTORS**

	<b>2018 £'000</b>	<b>2017 £'000</b>
Trade debtors	4,843	4,328
Amounts owed by group undertakings	596	841
Other debtors	615	319
Prepayments and accrued income	212	127
Amounts recoverable on long term contracts	880	1,353
Corporation tax	105	443
	<b>7,251</b>	<b>7,411</b>

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2018 £'000</b>	<b>2017 £'000</b>
Payments on account	741	993
Trade creditors	930	746
Amounts owed to group undertakings	3,796	7,023
Accruals and deferred income	428	909
Social security and other taxes	130	-
Other creditors	6	-
	<b>6,031</b>	<b>9,671</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 30 April 2018**

<b>13. CREDITORS: Amounts falling due after more than one year</b>	<b>2018 £'000</b>	<b>2017 £'000</b>
Other creditors	1,109	1,165
	<hr/>	<hr/>
<b>14. DEFERRED TAXATION</b>	<b>2018 £'000</b>	<b>2017 £'000</b>
At beginning of year	-	17
Charge for year	-	(17)
	<hr/>	<hr/>
At end of year	-	-
	<hr/>	<hr/>
<b>15. PROVISIONS</b>	<b>2018 £'000</b>	<b>2017 £'000</b>
At 1 May 2017	-	-
Additions	139	-
Foreign exchange	(3)	-
	<hr/>	<hr/>
At 30 April 2018	136	-
	<hr/>	<hr/>
The provision reflects management's estimate of anticipated future losses on contracts.		
<b>16. SHARE CAPITAL</b>	<b>2018 £'000</b>	<b>2017 £'000</b>
<b>Allotted, called up and fully paid</b>		
500,000 – Ordinary shares of £1 each	500	500
	<hr/>	<hr/>

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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 30 April 2018**

**17. OPERATING LEASE COMMITMENTS**

At 30 April 2018 the company had total future minimum lease payments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>	
	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Expiry date:</b>		
Within 1 year	1,048	272
Between 1 and 5 years	1,496	544
	<hr/>	<hr/>
	2,544	816
	<hr/>	<hr/>

**18. 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:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Sales of services	618	643
Purchases of services	243	408
Loans received during the year	-	212
Amounts owed by related parties at year end	-	30
Amounts owed to related parties at year end	1,951	6,217

Provision of services to and purchases of services from related parties were made at the rates charged to external customers. The amounts outstanding are unsecured 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 (2017: £nil) charged to profit and loss.

**19. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The directors consider the ultimate parent undertaking to be Happold LLP, a Limited Liability Partnership registered in the England and Wales. 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.