

BT

Registered number: 02005893

BURO HAPPOLD ENGINEERS LIMITED

DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2012

MONDAY



A23 *A201V349* 14/01/2013 #90
COMPANIES HOUSE

BURO HAPPOLD ENGINEERS LIMITED

REPORT AND FINANCIAL STATEMENTS

CONTENTS

	Page
Directors and professional advisers	1
Directors' report	2
Independent auditor's report	5
Consolidated profit and loss account	7
Consolidated statement of total recognised gains and losses	8
Consolidated balance sheet	9
Company balance sheet	10
Consolidated cash flow statement	11
Notes to the financial statements	12

BURO HAPPOLD ENGINEERS LIMITED

DIRECTORS AND PROFESSIONAL ADVISERS

DIRECTORS

D G Thompson
P S Westbury
R S Robertson
C J Hetherington
M J Cook
P M Guthrie
M F Williamson
R B Marshall
D J Herd

COMPANY SECRETARY

P M R Penkman

COMPANY NUMBER

02005893

REGISTERED OFFICE

Camden Mill
Lower Bristol Road
Bath
BA2 3DQ

AUDITOR

Baker Tilly UK Audit LLP
Chartered Accountants
Hartwell House
55-61 Victoria Street
Bristol
BS1 6AD

BANKERS

Royal Bank of Scotland plc
280 Bishopsgate
London
EC2M 4RB

HSBC Bank plc
60 Queen Victoria Street
London
EC4N 4TR

BURO HAPPOLD ENGINEERS LIMITED

DIRECTORS' REPORT

Year ended 30 April 2012

The directors present their report and the financial statements for the year ended 30 April 2012

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

PRINCIPAL ACTIVITY

The principal activity of the group continues to be that of providing consulting engineering and management services to the property and construction sectors.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The group has not been immune from the reduction in global activity levels in the construction industry. There has been pressure on margins as fee competition becomes ever more intense. The group has also increased provisions in the year as a reflection of the payment difficulties being experienced by some clients.

The group is working continually to reduce its cost base to meet the challenges placed on it to compete in these most challenging economic circumstances. This was reflected in 2011/12 with a small increase in the operating profit despite reduced turnover.

Indications so far in 2012/13 are for a return to a more robust level of profitability in the year and beyond.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £278,000 (2011 - £732,000).

The directors do not recommend payment of a final dividend (2011 - £NIL).

BURO HAPPOLD ENGINEERS LIMITED

DIRECTORS' REPORT (continued) **Year ended 30 April 2012**

DIRECTORS

The directors who served during the year were

D G Thompson
P S Westbury
R S Robertson
C J Hetherington
M J Cook
P M Guthrie
M F Williamson (appointed 18 January 2012)
R B Marshall (appointed 15 September 2011)
D J Herd (appointed 15 September 2011)
P J Foster (appointed 1 May 2011, resigned 20 January 2012)
D H Wookey (resigned 22 June 2011, appointed 25 January 2012, resigned 30 January 2012)

KEY PERFORMANCE INDICATORS

The group's key performance indicator of its effectiveness is net operating margin. In the financial year 2012 the net margin was 0.7% (2011: 0.6%). Net margin has improved, despite the reduction in turnover arising from the difficult economy, as a result of the reduction in the cost base.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties faced by the business include

Key staff - Retention and employment of key staff remains critical to the group's success

Competition - Competition within the marketplace continues to be intense, the ability of the group to maintain its competitive advantage depends on maintaining and enhancing its ability to serve its clients

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The group is exposed to a number of financial risks including credit, interest rate and foreign exchange risk

Credit risk - appropriate credit checks are made on potential customers before work commences on projects

Interest rate risk - the group has borrowings on which interest is charged at the bank's variable rate

Foreign exchange risk - a proportion of the group's work is undertaken in currencies other than sterling. Exchange rate movements are kept under constant review and appropriate techniques of currency risk management are used where appropriate. This risk is partially mitigated by the use of foreign currency contracts.

RESEARCH AND DEVELOPMENT ACTIVITIES

During the year the company spent £2,540,000 (2011: £2,738,000) on research and development

BURO HAPPOLD ENGINEERS LIMITED

DIRECTORS' REPORT (continued)

Year ended 30 April 2012

POLITICAL AND CHARITABLE DONATIONS

During the year the group contributed £61,000 (2011 £67,000) to the Happold Trust, a UK charity. The Happold Trust is a charity registered for the promotion of education, research and training in fields applicable to the construction industry, engineering, design, technology and architecture.

EMPLOYMENT POLICY

The group recognises that a skilled and motivated workforce is crucial to its success. It is the group's policy to ensure adequate provision for the health, safety, welfare and training of its employees.

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

The group 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. Where existing employees become disabled, every effort is made to find or create suitable positions for them and training is arranged to promote their career development within the organisation.

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, 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 12 November 2012 and signed on its behalf



P S Westbury
Director

BURO HAPPOLD ENGINEERS LIMITED

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

We have audited the group and parent company financial statements (the 'financial statements') of Buro Happold Engineers Limited for the year ended 30 April 2012, set out on pages 7 to 29. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's 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 2, 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 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 Auditing Practices Board's website at www.frc.org.uk/apb/scope/private.cfm.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the group and parent company's affairs as at 30 April 2012 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY COMPANIES ACT 2006

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

BURO HAPPOLD ENGINEERS LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF BURO HAPPOLD 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 by the parent company, 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

Baker Tilly UK audit LLP.

Heather Wheelhouse (Senior statutory auditor)
for and on behalf of
Baker Tilly UK Audit LLP, Statutory Auditor
Chartered Accountants
Hartwell House
55-61 Victoria Street
Bristol
BS1 6AD

Date *23 November 2012*

BURO HAPPOLD ENGINEERS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT **Year ended 30 April 2012**

	Note	2012 £'000	2011 Restated £'000
TURNOVER	2	102,110	106,854
Administrative expenses		(101,255)	(106,315)
OPERATING PROFIT	2,3	855	539
Interest receivable and similar income	7	189	287
Interest payable and similar charges	8	(345)	(235)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		699	591
Tax on profit on ordinary activities	9	(421)	141
PROFIT FOR THE FINANCIAL YEAR		278	732

All amounts relate to continuing operations

Details of the restatement are found in Note 1 to the financial statements

The notes on pages 12 to 29 form part of these financial statements

BURO HAPPOLD ENGINEERS LIMITED

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 30 April 2012

	2012 £'000	2011 £'000
PROFIT FOR THE FINANCIAL YEAR	278	732
Foreign exchange movements on net investments	(691)	(276)
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>(413)</u>	<u>456</u>

The notes on pages 12 to 29 form part of these financial statements

CONSOLIDATED BALANCE SHEET
At 30 April 2012

	Note	2012		2011 Restated	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	10		2,551		2,688
Investments	11		33		42
			<u>2,584</u>		<u>2,730</u>
CURRENT ASSETS					
Debtors	13	57,452		58,573	
Cash at bank		<u>4,410</u>		<u>1,589</u>	
		61,862		60,162	
CREDITORS: Amounts falling due within one year	14	<u>(41,803)</u>		<u>(42,424)</u>	
NET CURRENT ASSETS			20,059		17,738
TOTAL ASSETS LESS CURRENT LIABILITIES			22,643		20,469
CREDITORS: Amounts falling due after more than one year	15		(1,530)		(193)
PROVISIONS FOR LIABILITIES					
Provisions	17		<u>(2,078)</u>		<u>(827)</u>
NET ASSETS			<u>19,035</u>		<u>19,448</u>
CAPITAL AND RESERVES					
Called up share capital	18		1		1
Profit and loss account	19		<u>19,034</u>		<u>19,447</u>
SHAREHOLDER'S FUNDS	20		<u>19,035</u>		<u>19,448</u>

Details of the restatement are found in Note 1 to the financial statements

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12 November 2012



P S Westbury
Director

The notes on pages 12 to 29 form part of these financial statements

COMPANY BALANCE SHEET
At 30 April 2012

	Note	2012		2011	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	10		-		13
Investments	11		806		806
			<u>806</u>		<u>819</u>
CURRENT ASSETS					
Debtors	13	8,432		10,763	
CREDITORS: Amounts falling due within one year	14	<u>(11,824)</u>		<u>(11,033)</u>	
NET CURRENT LIABILITIES			<u>(3,392)</u>		<u>(270)</u>
NET (LIABILITIES)/ASSETS			<u>(2,586)</u>		<u>549</u>
CAPITAL AND RESERVES					
Called up share capital	18		1		1
Profit and loss accounts	19		<u>(2,587)</u>		<u>548</u>
SHAREHOLDER'S FUNDS	20		<u>(2,586)</u>		<u>549</u>

The financial statements were approved and authorised for issue by the directors and were signed on their behalf on *12 November 2012*



P S Westbury
Director

The notes on pages 12 to 29 form part of these financial statements

BURO HAPPOLD ENGINEERS LIMITED

CONSOLIDATED CASH FLOW STATEMENT
Year ended 30 April 2012

	Note	2012 £'000	2011 £'000
Net cash flow from operating activities	25	4,231	(6,737)
Returns on investments and servicing of finance	26	(156)	52
Taxation		(954)	(1,162)
Capital expenditure and financial investment	26	101	(1,138)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		3,222	(8,985)
Financing	26	(547)	(399)
INCREASE/(DECREASE) IN CASH IN THE YEAR		2,675	(9,384)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT
Year ended 30 April 2012

	Note	2012 £'000	2011 £'000
Increase/(decrease) in cash in the year	27	2,675	(9,384)
Cash (inflow)/outflow from increase/decrease in debt and lease financing	27	(976)	399
CHANGES IN NET DEBT RESULTING FROM CASH FLOWS		1,699	(8,985)
Net debt at 1 May 2011	27	(8,829)	156
NET DEBT AT 30 APRIL 2012	27	(7,130)	(8,829)

The notes on pages 12 to 29 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2012

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

Going concern

The parent company has net liabilities and made a loss in the current and prior financial years however, the directors have a reasonable expectation that the company and group have 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

Restatement of comparative balances

The group comparative balances have been restated to reclassify the bad debt provision of £4,178,000 which was shown in payments on account within creditors less than one year at 30 April 2011 to trade debtors. This presentation adopted in the year ended 30 April 2012 is a more appropriate reflection of the nature of the balance which is a provision against invoiced debt which is deemed doubtful of recovery. Therefore the comparative balances have been restated for consistency. The turnover for the year ended 30 April 2011 has increased by £4,178,000 as a result of the reclassification with a corresponding increase in the bad debt charge within administrative expenses. There is no overall impact on the net assets or profit for the year ended 30 April 2011 as a result of this restatement. There is no impact, and therefore no restatement of the company balances

1.2 Basis of consolidation

The financial statements consolidate the accounts of Buro Happold Engineers Limited and all of its subsidiary undertakings ('subsidiaries')

Turnover and profits arising on trading between group companies are excluded

The shareholding classified as an associate has not been consolidated as the group does not exercise control over the company

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and loss account

1.3 Turnover

The turnover represents fees earned in respect of work carried out in the year which falls within the group's ordinary activities, stated net of value added tax. Policy for revenue recognition is set out within the long term contract accounting policy below

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. 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 life of lease or useful economic life whichever is shorter

Motor vehicles – 25% straight line

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2012

1. ACCOUNTING POLICIES (continued)

1.5 Investments

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

1.6 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.7 Operating leases

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.8 Long-term contracts and revenue recognition

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover. Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 April 2012

1 ACCOUNTING POLICIES (continued)

1.9 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

Deferred tax assets and liabilities are not discounted

1.10 Foreign Currencies

Company

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling on the date of the transaction. All differences are taken to the profit and loss account

Group

The financial statements of overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date. The differences arising on the re-translation of opening net assets is taken directly to reserves

1.11 Research and development

All research and other development costs are written off as incurred

1.12 Pensions

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

2. GEOGRAPHICAL ANALYSIS

An analysis of turnover, operating profit and net assets by geographical area is as follows

	2012	2011
	£'000	Restated £'000
UK	52,713	52,164
Europe	9,427	7,974
Rest of the World	39,970	46,716
	<u>102,110</u>	<u>106,854</u>

BURO HAPPOLD ENGINEERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **Year ended 30 April 2012**

2. GEOGRAPHICAL ANALYSIS (continued)

Operating profit

	2012	2011
	£'000	£'000
UK	441	263
Europe	79	40
Rest of the World	335	236
	<u>855</u>	<u>539</u>

Net assets

	2012	2011
	£'000	£'000
UK	9,826	9,111
Europe	1,757	1,519
Rest of the World	7,452	8,818
	<u>19,035</u>	<u>19,448</u>

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	2012	2011
	£'000	£'000
Depreciation of tangible fixed assets		
- owned by the company	739	741
- held under finance leases	744	596
Operating lease rentals		
- other operating leases	4,217	4,391
Foreign exchange (gain)/loss	(853)	77
Research and development expenditure written off	<u>2,540</u>	<u>2,738</u>

4. AUDITORS' REMUNERATION

	2012	2011
	£'000	£'000
Fees payable to the company's auditor and its associates in respect of		
The auditing of accounts of associates of the company pursuant to legislation	166	135
Other services supplied pursuant to such legislation		
Taxation	34	-
Preparation of statutory accounts	<u>-</u>	<u>30</u>

BURO HAPPOLD ENGINEERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 April 2012

5. DIRECTORS REMUNERATION	2012	2011
	£'000	£'000
Emoluments	128,400	60,000

No pension contributions were paid on behalf of the directors during 2012 (2011 £nil)

6. STAFF COSTS

Staff costs were as follows

	2012	2011
	£'000	£'000
Wages and salaries	42,834	40,213
Social security costs	3,498	4,071
Other pension costs	3,051	3,034
	<u>49,383</u>	<u>47,318</u>

The average monthly number of persons (excluding members of the parent LLP) employed during the year was as follows

	2012	2011
	No.	No.
Technical staff	865	893
Support staff	303	299
	<u>1,168</u>	<u>1,192</u>

7. INTEREST RECEIVABLE	2012	2011
	£'000	£'000
Other interest receivable	189	287

8. INTEREST PAYABLE	2012	2011
	£'000	£'000
On bank loans and overdrafts	244	135
On finance leases and hire purchase contracts	93	100
Other interest payable	8	-
	<u>345</u>	<u>235</u>

BURO HAPPOLD ENGINEERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2012

9. TAX ON PROFIT ON ORDINARY ACTIVITIES	2012 £'000	2011 £'000
Analysis of tax charge/(credit) in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	157	408
Adjustment in respect of prior year UK corporation tax	136	(3)
Overseas taxation	674	(119)
Total current tax	967	286
Deferred tax (see note 16)		
Credit for the year	(546)	(427)
TAX ON PROFIT ON ORDINARY ACTIVITIES	421	(141)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher (2011 – lower) than the standard rate of corporation tax in the UK of 26% (2011 – 28%) The differences are explained below

	2012 £'000	2011 £'000
Profit on ordinary activities before tax	699	591
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25.8% (2011 – 27.8%)	180	165
Effects of:		
Expenses not deductible for tax purposes, other than goodwill, amortisation and impairment	70	30
Capital allowances for year in excess of depreciation and cash basis timing differences	(22)	32
Other timing differences	15	-
Pension scheme payment	-	70
Unrelieved tax losses carried forward	907	374
Foreign tax borne/(credit received) in the UK	158	(121)
Foreign taxes at different rates	(281)	(32)
Foreign tax on cash basis	-	-
Research and development tax credit	(196)	(229)
Foreign tax due/paid	-	-
Adjustments in respect of prior periods	136	(3)
CURRENT TAX CHARGE FOR THE YEAR (see note above)	967	286

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2012

9. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2011) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively.

This will reduce the company's future current tax charge accordingly and further reduce the deferred tax asset and liability at 30 April (which has been calculated based on the rate of 24% substantively enacted at the balance sheet date) by £11,000 in relation to the asset.

It has not yet been possible to quantify the full anticipated effect of the announced further 1% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax asset and liability accordingly.

CONTINGENT LIABILITY

The company has claimed group relief in 2009 and 2010 against its corporation tax liability for losses incurred in a group company in Ireland prior to its liquidation. The directors consider that the company has a strong case to justify the group relief, but this has not yet been agreed with HMRC in respect of 2009 although 2010 has now been agreed. The amounts of corporation tax involved are approximately £700,000 for 2009 and £200,000 for 2010.

BURO HAPPOLD ENGINEERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 April 2012

10. TANGIBLE FIXED ASSETS

	Leasehold improvements £'000	Motor vehicles £'000	Fixtures, fittings and equipment £'000	Total £'000
Group Cost				
At 1 May 2011	3,530	28	5,497	9,055
Additions	22	23	1,868	1,913
Disposals	(2)	(18)	(809)	(829)
Effect of exchange rate movement	(30)	(4)	(899)	(933)
At 30 April 2012	3,520	29	5,657	9,206
Depreciation				
At 1 May 2011	2,236	12	4,119	6,367
Charge for year	607	4	872	1,483
On disposals	(2)	(5)	(338)	(345)
Effect of exchange rate movement	336	-	(1,186)	(850)
At 30 April 2012	3,177	11	3,467	6,655
Net book value				
At 30 April 2012	343	18	2,190	2,551
At 30 April 2011	1,294	16	1,378	2,688

The net book value of assets held under finance leases or hire purchase contracts, included in the above, are as follows

	2012 £'000	2011 £'000
Leasehold improvements	92	448
Other fixed assets	1,601	8
	<u>1,693</u>	<u>456</u>

The depreciation charge in the year on these leased assets was £744,000 (2011 - £596,000)

BURO HAPPOLD ENGINEERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 April 2012

10. TANGIBLE FIXED ASSETS (continued)

	Leasehold improvements £'000	Fixtures, fittings and equipment £'000	Total £'000
Company			
Cost			
At 1 May 2011 and 30 April 2012	1,518	849	2,367
Depreciation			
At 1 May 2011	1,505	849	2,354
Charge for year	13	-	13
	<hr/>	<hr/>	<hr/>
At 30 April 2012	1,518	849	2,367
Net book value			
At 30 April 2012	-	-	-
	<hr/>	<hr/>	<hr/>
At 30 April 2011	13	-	13
	<hr/>	<hr/>	<hr/>

11. FIXED ASSET INVESTMENTS

	Unlisted investments £'000
Group	
Cost or valuation	
At 1 May 2011	42
Disposals	(9)
	<hr/>
At 30 April 2012	33
	<hr/>
Net book value	
At 30 April 2011	42
Disposals	(9)
	<hr/>
At 30 April 2012	33
	<hr/>

	Shares in group undertakings £'000	Unlisted investments £'000	Total £'000
Company			
Cost or valuation			
At 1 May 2011 and 30 April 2012	773	33	806
	<hr/>	<hr/>	<hr/>

Details of the principal subsidiaries and associates can be found under note number 12

BURO HAPPOLD ENGINEERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **Year ended 30 April 2012**

12. PRINCIPAL SUBSIDIARIES AND ASSOCIATES

a. PRINCIPAL SUBSIDIARIES

Company name	Country	Activity	Share held class	Percentage shareholding
Buro Happold Consulting Engineers Limited	England	(a)	Ordinary	100%
Buro Happold Limited	England	(a)	Ordinary	100%
Happold Ingenieurburo GmbH	Germany	(a)	Ordinary	100%
BH Geoenvironmental Limited	England	(a)	Ordinary	100%
Buro Happold Polska sp z o o	Poland	(a)	Ordinary	100%
Happold Consulting Limited	England	(b)	Ordinary	100%
Buro Happold Canada Inc	Canada	(a)	Ordinary	100%
Buro Happold California Inc	USA	(d)	Ordinary	80%
Buro Happold International (Hong Kong) Limited	Hong Kong	(a)	Ordinary	100%
Happold Safe & Secure Limited	England	(a)	Ordinary	100%
Buro Happold ApS	Denmark	(a)	Ordinary	100%
Buro Happold Engineers India Private Limited	India	(a)	Ordinary	100%
Buro Happold Philippines Inc	Philippines	(c)	Ordinary	100%
Happold Media Limited	England	(e)	Ordinary	100%
Buro Happold Singapore Pte Limited	Singapore	(c)	Ordinary	100%
ITool Limited	England	(c)	Ordinary	100%
Happold Spatial Limited	England	(c)	Ordinary	100%
IProcesses Limited	England	(c)	Ordinary	100%
Happold Land Limited	England	(c)	Ordinary	100%

b. BURO HAPPOLD CONSULTING ENGINEERS LIMITED SUBSIDIARY

Company name	Country	Activity	Share held class	Percentage shareholding
Buro Happold and Partner Engineering Consultancy Company	Saudi Arabia	(a)	Ordinary	75%

c. BURO HAPPOLD INTERNATIONAL (HONG KONG) LIMITED SUBSIDIARY

Company name	Country	Activity	Share held class	Percentage shareholding
Buro Happold Consulting Engineers (Beijing) Limited	China	(a)	Ordinary	100%

BURO HAPPOLD ENGINEERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2012

12. PRINCIPAL SUBSIDIARIES AND ASSOCIATES (continued)

d. BURO HAPPOLD LIMITED SUBSIDIARIES

Company name	Country	Activity	Share held class	Percentage shareholding
FEDRA Limited	England	(c)	Ordinary	100%
Buro Happold Facade Engineering Limited	England	(c)	Ordinary	100%
Buro Happold Inc	USA	(d)	Ordinary	100%

e. PRINCIPAL ASSOCIATES

Company name	Country	Activity	Share held class	Percentage shareholding
Vulcan Solutions Limited	England	(a)	Ordinary	42%

The nature of the activities of the individual companies is as follows

- (a) Consulting engineers
- (b) Consultancy services
- (c) Dormant company
- (d) Management services company
- (e) Corporate films and animations

Buro Happold Consulting Engineers Limited owns a 75% shareholding in Buro Happold and Partner Engineering Consultancy Company and Buro Happold Engineers Limited owns an 80% shareholding in Buro Happold California Inc. There are no minority interests associated with these investments as the group operates full control of the companies and hence they are fully consolidated.

The group or the company holds, or held during the year 20% or more of the nominal value of the share capital of the following unlisted investments

Vulcan Solutions Limited is a company incorporated in the UK. The proportion of shares held at the year-end was 42%. The company's activity is that of fire safety analysis software providers. This shareholding is classified as an unlisted investment and has not been consolidated, as the Buro Happold Group do not exercise control over the company. The aggregate share capital and reserves of Vulcan Solutions Limited as at 31 July 2011 was £33,540 (2010: £34,000) and the loss for the year was £645 (2011: Profit £10,220).

Since the year end, the investment in Vulcan Solutions Limited has been disposed of. There is no impairment of the investment held at 30 April 2012 as a result of the sale.

The company also has an investment of £20,000 in Fenland Green Co-operative. The proportion of the investment is less than 1% and the company's activity is that of wind turbines.

BURO HAPPOLD ENGINEERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **Year ended 30 April 2012**

13. DEBTORS

	Group		Company	
	2012	2011	2012	2011
		Restated		
	£'000	£'000	£'000	£'000
Trade debtors	29,027	31,165	-	-
Amounts owed by group undertakings	8,064	9,887	6,521	9,152
Other debtors	1,629	2,686	81	60
Prepayments and accrued income	3,276	2,735	1,164	1,089
Amounts recoverable on long term contracts	14,402	11,644	-	-
Deferred tax asset (see note 16)	1,054	456	666	462
	57,452	58,573	8,432	10,763

The directors believe that sufficient profits will be made in future years to fully recover the deferred tax asset

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2012	2011	2012	2011
		Restated		
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	9,807	9,661	9,807	9,661
Payments received on account	15,186	16,328	-	-
Net obligations under finance leases and hire purchase contracts	512	564	-	-
Trade creditors	5,564	6,877	-	-
Amounts owed to group undertakings	3,394	3,781	263	10
Corporation tax	463	398	-	(1)
Other taxation and social security costs	2,575	2,552	777	951
Other creditors	335	599	235	278
Accruals and deferred income	3,967	1,664	742	134
	41,803	42,424	11,824	11,033

Security given for the bank overdraft held consists of a debenture including fixed and floating charges over the company assets and a cross composite guarantee given by Buro Happold Limited, Buro Happold Engineers Limited, Buro Happold Consulting Engineers Limited, Happold LLP, Happold Consulting Limited, Happold Safe & Secure Limited, Happold Media Limited and BH Geoenvironmental Limited to secure the liabilities of each other

Bank loans of £4,750,000 are repayable on demand Interest on these loans is charged at 3.25% over the base rate

Hire purchase and finance lease creditors are secured on the assets concerned

BURO HAPPOLD ENGINEERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2012

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	
	2012	2011
	£'000	£'000
Net obligations under finance leases and hire purchase contracts	1,221	193
Other creditors	309	-
	<u>1,530</u>	<u>193</u>

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

	Group	
	2012	2011
	£'000	£'000
Between one and two years	447	193
Between two and five years	774	-
	<u>1,221</u>	<u>193</u>

16. DEFERRED TAXATION

	Group		Company	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
At beginning of year	456	29	462	24
Charge for year	546	427	204	438
Exchange movement	52	-	-	-
At end of year	<u>1,054</u>	<u>456</u>	<u>666</u>	<u>462</u>

The asset for deferred taxation is made up as follows

	Group		Company	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Accelerated capital allowances	(20)	49	16	24
Tax losses brought forward	1,017	337	593	368
Accruals and other amounts deductible for tax purposes only when paid	57	70	57	70
	<u>1,054</u>	<u>456</u>	<u>666</u>	<u>462</u>

BURO HAPPOLD ENGINEERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 April 2012

17. PROVISIONS

Group	Total £'000
At 1 May 2011	827
Additions	1,330
Utilised in the period	(79)
At 30 April 2012	<u>2,078</u>

Provisions include the directors' assessment of amounts required on specific project related matters
Where amounts payable are covered by insurance the provision recorded is the excess payable

18. SHARE CAPITAL

	2012 £'000	2011 £'000
Allotted, called up and fully paid		
1,000 – Ordinary shares of £1 each	<u>1</u>	<u>1</u>

19. RESERVES

Group	Profit and loss account £'000
At 1 May 2011	19,447
Profit for the year	278
Foreign currency differences on net investments	(691)
At 30 April 2012	<u>19,034</u>

Company	Profit and loss account £'000
At 1 May 2011	548
Loss for the year	(3,135)
At 30 April 2012	<u>(2,587)</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 April 2012

20	RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS	2012 £'000	2011 £'000
	Group		
	Opening shareholder's funds	19,448	18,992
	Profit for the year	278	732
	Foreign currency differences on net investments	(691)	(276)
	Closing shareholder's funds	<u>19,035</u>	<u>19,448</u>
		2012 £'000	2011 £'000
	Company		
	Opening shareholder's funds	549	1,301
	Profit for the year	(3,135)	(752)
	Closing shareholder's funds	<u>(2,586)</u>	<u>549</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit and loss account

The loss for the year dealt with in the accounts of the company was £3,135,000 (2011 £752,000 loss)

21. PENSION COMMITMENTS

The group contributes to a number of pension plans throughout the world. The major plan is in the UK and is a defined contribution scheme. The scheme and its assets are held by independent managers. The amount charged to the profit and loss account in relation to pension contributions was £3,051,000 (2011 £3,034,000). At the year-end £236,000 (2011 £278,000) was included in other creditors.

22. OPERATING LEASE COMMITMENTS

At 30 April 2012 the Group had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Group				
EXPIRY DATE:				
Within 1 year	1,171	583	222	34
Between 2 and 5 years	1,503	1,110	60	278
After more than 5 years	<u>796</u>	<u>1,619</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2012

22. OPERATING LEASE COMMITMENTS (continued)

	Land and buildings	
	2012	2011
	£'000	£'000
Company		
EXPIRY DATE:		
Within 1 year	679	76
Between 2 and 5 years	822	750
After more than 5 years	796	1,619

23. DERIVATIVE FINANCIAL INSTRUMENTS

The group had forward foreign exchange contracts to buy US\$ outstanding at 30 April 2012 of US\$16,349,000 (2011 US\$17,125,000) These contracts were entered into in the ordinary course of the business to mitigate against currency risk The fair value of the US\$ contracts at 30 April 2012 was £228,000 (2011 £540,000)

24. RELATED PARTY TRANSACTIONS

Advantage has been taken of the exemption from disclosing transactions and balances with other group undertakings as permitted by Financial reporting Standard No 8 This exemption allows the company not to disclose details of transactions with other group companies or investees of the group qualifying as related parties, as the consolidated accounts of Happold LLP, in which the group is included, are available to the public These can be obtained from the Registered office of the LLP at Camden Mill, Lower Bristol Road, Bath BA2 3DQ

During the year the group contributed £61,000 (2011 £67,000) to the Happold Trust, a UK charity Certain directors are trustees of the charity

25. NET CASH FLOW FROM OPERATING ACTIVITIES

	2012	2011
	£'000	£'000
Operating profit	855	539
Depreciation of tangible fixed assets	1,483	1,337
Decrease/(increase) in debtors	5,575	(1,515)
Decrease in creditors	(4,933)	(7,175)
Increase in provisions	1,251	77
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	4,231	(6,737)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 April 2012

26. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASHFLOW STATEMENT

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	2012 £'000	2011 £'000
Interest received	189	287
Interest paid	(244)	(135)
Hire purchase interest paid	(93)	(100)
Other interest paid	(8)	-
NET CASH (OUTFLOW)/INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(156)	52
 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	 2012 £'000	 2011 £'000
Purchase of tangible fixed assets	(390)	(1,138)
Sale of tangible fixed assets	491	-
NET CASH INFLOW/(OUTFLOW) FROM CAPITAL EXPENDITURE	101	(1,138)
 FINANCING	 2012 £'000	 2011 £'000
Repayment of finance leases	(547)	(399)
NET CASH OUTFLOW FROM FINANCING	(547)	(399)

27. ANALYSIS OF CHANGES IN NET DEBT

	1 May 2011 £'000	Cash flow £'000	Other non-cash changes £'000	30 April 2012 £'000
Cash at bank and in hand	1,589	2,821	-	4,410
Bank overdraft	(9,661)	(146)	-	(9,807)
	(8,072)	2,675	-	(5,397)
DEBT:				
Debts due within one year	(564)	(976)	1,028	(512)
Debts falling due after more than one year	(193)	-	(1,028)	(1,221)
NET DEBT	(8,829)	1,699	-	(7,130)

BURO HAPPOLD ENGINEERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2012

28. CONTROLLING PARTY

The ultimate controlling party at the balance sheet date was Happold LLP, a Limited Liability Partnership based in England

29. TRANSACTIONS WITH DIRECTORS

The following members of the parent entity, Happold LLP, are landlords of the Camden Mill leased property, and as such are beneficiaries of the Camden Mill lease in equal portions

J E Pugh
P Kelly
P J Moseley
M J Cook
D F C Hull
N K Billett
S M Brown
A P Comer
R L B Manson
N R Squibbs
D G Thompson
P S Westbury
D H Wookey
C J D Young
N P Nelson

During the year total lease payments of £164,000 (2011 £186,000) were made by Buro Happold Engineers Limited to the members listed above

Of these, P Kelly, D G Thompson, P S Westbury, A P Comer, M J Cook, S M Brown and D H Wookey have also been directors of Buro Happold Engineers Limited during the year

During the year the group contributed £61,000 (2011 £67,000) to the Happold Trust, a UK charity
Certain directors are trustees of the charity