

**BUROHAPPOLD
ENGINEERING**

BURO HAPPOLD ENGINEERS LIMITED

**STRATEGIC REPORT, DIRECTORS' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2014**

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COMPANIES HOUSE

REGISTERED NUMBER 02005893

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DIRECTORS AND PROFESSIONAL ADVISERS

DIRECTORS

C J Hetherington
M J Cook
P M Guthrie
M F Williamson
E Berry
J N Nicholls
R J Nickells

COMPANY SECRETARY

D Conway

COMPANY NUMBER

02005893

REGISTERED OFFICE

Camden Mill
Lower Bristol Road
Bath
BA2 3DQ

AUDITOR

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

BANKERS

HSBC Bank plc
60 Queen Victoria Street
London
EC4N 4TR

Royal Bank of Scotland plc
280 Bishopsgate
London
EC2M 4RB

STRATEGIC REPORT YEAR ENDED 30 APRIL 2014

PRINCIPAL ACTIVITY

The principal activity of the company continues to be that of providing employee services to the Buro Happold Group

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

This financial year operating profit has decreased to £908,000 (2013 £1,074,000). This is principally due to a reduction in the foreign currency gain associated with intercompany loans to £6,000 (2013 £96,000), linked to the strengthening of sterling compared to overseas currencies.

Indications in 2014/15 so far are that the company will continue to deliver employee services to the Buro Happold Group. These services are expected to increase in line with the anticipated growth of the Buro Happold Group.

KEY PERFORMANCE INDICATORS

The company's key performance indicator is the effectiveness of operating margin. The operating margin has decreased to 2.6% (2013 3.1%) due to the reduction in foreign currency gains of £6,000 (2013 £96,000).

PRINCIPAL RISKS AND UNCERTAINTIES AND MATTERS OF STRATEGIC IMPORTANCE

The principal risk and uncertainty faced by the business includes:

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

This report was approved by the board on 31 October 2014 and signed on its behalf



M F Williamson

Director

DIRECTORS' REPORT YEAR ENDED 30 APRIL 2014

The directors present their report and the financial statements for the year ended 30 April 2014

DIRECTORS' RESPONSIBILITIES STATEMENT

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

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

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

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

FUTURE DEVELOPMENTS

Indications so far in 2014/15 are that the company will continue to deliver management services to the Buro Happold group. These services are expected to increase in line with the anticipated growth of the Buro Happold group.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £713,000 (2013: £1,029,000).

The directors do not recommend payment of a final dividend (2013: £ Nil).

DIRECTORS

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

C J Hetherington

M J Cook

P M Guthrie

M F Williamson

C M Schwittter (resigned 1 May 2014)

E Berry (appointed 1 December 2013)

J N Nicholls (appointed 1 April 2014)

R J Nickells (appointed 25 June 2014)

R S Robertson (resigned 1 March 2014)

R B Marshall (resigned 1 May 2014)

D G Thompson (resigned 1 May 2014)

P S Westbury (resigned 25 June 2014)

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company is exposed to the financial risk of foreign exchange

Foreign exchange risk – the company has intercompany loans denominated in currencies other than sterling. Exchange rate movements are kept under constant review and appropriate techniques of currency risk management are used where appropriate.

DIRECTORS' REPORT (continued) YEAR ENDED 30 APRIL 2014

EMPLOYMENT POLICY

The company recognises that a skilled and motivated workforce is crucial to its success. 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. 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 31 October 2014 and signed on its behalf



M F Williamson

Director

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

We have audited the financial statements of Buro Happold Engineers Limited for the year ended 30 April 2014, set out on pages 11 to 27. 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 6, 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 Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 April 2014 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.

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

OPINION ON OTHER MATTER PRESCRIBED BY COMPANIES ACT 2006

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Baker Tilly UK audit LLP

Heather Wheelhouse (Senior Statutory Auditor)
for and on behalf of

Baker Tilly UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

Date *31 October 2014*

PROFIT AND LOSS ACCOUNT YEAR ENDED 30 APRIL 2014

	Note	2014 £'000	2013 £'000
TURNOVER	2	34,572	34,424
Cost of sales		<u>(33,664)</u>	<u>(33,350)</u>
OPERATING PROFIT	2,3	908	1,074
Interest receivable and similar income	6	124	71
Interest payable and similar charges	7	<u>(25)</u>	<u>(354)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,007	791
Tax on profit on ordinary activities	8	<u>(294)</u>	<u>238</u>
PROFIT FOR THE FINANCIAL YEAR		<u>713</u>	<u>1,029</u>

All amounts relate to continuing operations

The notes on pages 14 to 27 form part of these financial statements

BALANCE SHEET AT 30 APRIL 2014

	Note	2014		2013	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Investments	9		793		793
CURRENT ASSETS					
Debtors	11	8,327		8,535	
Cash at bank		90		-	
		<u>8,417</u>		<u>8,535</u>	
CREDITORS					
Amounts falling due within one year	12	<u>(10,054)</u>		<u>(10,885)</u>	
NET CURRENT LIABILITIES			<u>(1,637)</u>		<u>(2,350)</u>
NET LIABILITIES			<u>(844)</u>		<u>(1,557)</u>
CAPITAL AND RESERVES					
Called up share capital	14		1		1
Profit and loss accounts	15		<u>(845)</u>		<u>(1,558)</u>
SHAREHOLDER'S FUNDS	16		<u>(844)</u>		<u>(1,557)</u>

The financial statements were approved and authorised for issue by the directors and were signed on their behalf on 31 October 2014



M F Williamson
Director

The notes on pages 14 to 27 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 APRIL 2014

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

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 and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, Happold LLP, a Limited Liability Partnership based in England

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Other group companies are in a position to support the company in the future and are willing to provide such support should they be required to do so. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.2 CASH FLOW

The company, being a subsidiary undertaking where 100% of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.3 TURNOVER

Turnover represents fees earned in respect of work carried out in the year which falls within the company's ordinary activities, stated net of value added tax.

1.4 INVESTMENTS

Fixed asset investments are stated at cost less provision for diminution in value.

1 5 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 6 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 7 FOREIGN CURRENCIES

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

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

Exchange gains and losses are recognised in the profit and loss account

1 8 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

The turnover, operating profit and net assets of the company have been wholly derived from its principal activity wholly undertaken in the UK

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	2014	2013
	£'000	£'000
Operating lease rentals		
- land and buildings	2,012	2,333
Foreign exchange gain	(6)	(96)
	<u> </u>	<u> </u>

The audit fee is paid by Buro Happold Limited

4. DIRECTORS REMUNERATION

	2014	2013
	£'000	£'000
Emoluments	65	65
	<u> </u>	<u> </u>

No pension contributions were paid on behalf of the directors during 2014 (2013 £nil)

5. STAFF COSTS

Staff costs were as follows

	2014	2013
	£'000	£'000
Wages and salaries	24,638	25,465
Social security costs	2,725	2,615
Other pension costs	2,646	2,468
	<u>30,009</u>	<u>30,548</u>

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

	2014	2013
	No	No.
Technical staff	495	502
Support staff	235	231
	<u>730</u>	<u>733</u>

6. INTEREST RECEIVABLE

	2014	2013
	£'000	£'000
Other interest receivable	<u>124</u>	<u>71</u>

7. INTEREST PAYABLE

	2014	2013
	£'000	£'000
On bank loans and overdrafts	-	314
Other interest payable	25	40
	<u>25</u>	<u>354</u>

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2014	2013
	£'000	£'000
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	-	-
Total current tax	-	-
Deferred tax (see note 13)		
Origination and reversal of timing differences	176	165
Effect of tax rate change on opening balance	118	46
Adjustments in respect of prior years	-	(449)
Tax on profit on ordinary activities	294	(238)

Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 23% (2013 – 24%) The differences are explained below

	2014	2013
	£'000	£'000
Profit on ordinary activities before tax	1,007	791
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 22.8% (2013 – 23.9%)	230	189
Effects of.		
Capital allowances for year in excess of depreciation and cash basis timing differences	(2)	(3)
Other timing differences	15	(4)
Non-taxable income	-	(1)
Unrelieved tax losses carried forward	(215)	(164)
Group relief claimed	(28)	(17)
	<hr/>	<hr/>
Current tax charge for the year (see note above)	-	-
	<hr/>	<hr/>

Factors that may affect future tax charges

In the autumn statement on 5 December 2013 the UK Government announced that legislation would be introduced in the Finance Bill 2013 to further reduce the main rate of corporation tax from 22% to 21%. On 17 July 2013 a resolution approving the rate change to 21% was passed and therefore 21% has been used to calculate the position on deferred tax at 30 April 2014 (2013: 23%).

The main rate of corporation tax will reduce to 20% from 1 April 2015.

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

9. FIXED ASSET INVESTMENTS

	Shares in group undertakings £'000	Unlisted investments £'000	Total £'000
Cost or valuation			
At 1 May 2013 and 30 April 2014	773	20	793

Details of the principal subsidiaries can be found under note number 10

10. PRINCIPAL SUBSIDIARIES DIRECTLY HELD 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	(c)	Ordinary	100%
Happold Holdings (NA) Inc	USA	(d)	Ordinary	100%
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	(c)	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%

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

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.

11. DEBTORS

	2014	2013
	£'000	£'000
Amounts owed by group undertakings	5,563	6,463
Other debtors	67	63
Prepayments and accrued income	1,079	1,105
Deferred tax asset (see note 13)	610	904
Corporation tax	1,008	-
	<hr/>	<hr/>
	8,327	8,535
	<hr/>	<hr/>

The directors believe that sufficient profits will be made in future years to fully recover the deferred tax asset. Whilst a portion of the deferred tax and corporation tax balances may be recoverable in more than one year, an accurate assessment cannot be made of the amount.

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014	2013
	£'000	£'000
Bank loans and overdrafts	-	8,950
Amounts owed to group undertakings	8,643	666
Other taxation and social security costs	744	716
Other creditors	278	218
Accruals	389	335
	<hr/>	<hr/>
	10,054	10,885
	<hr/>	<hr/>

In July 2013 the group agreed new banking facilities with HSBC. These replace the two separate facilities with HSBC and RBS, previously held by the company to provide a three year revolving credit facility of £11,000,000, UK overdraft facility of £4,000,000, US overdraft facility of \$3,000,000 and bonding facility of £5,000,000.

Security given for the new bank facility consists of a debenture including fixed and floating charges over Buro Happold Limited assets and guarantees given by the company, Buro Happold Consulting Engineers Limited, Happold Consulting Limited, Happold LLP, Buro Happold Consulting Engineers PC and Buro Happold Consulting Engineers Inc

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

13. DEFERRED TAXATION

	2014	2013
	£'000	£'000
At beginning of year	904	666
(Charge)/credit for year	(294)	238
	<hr/>	<hr/>
At end of year	610	904
	<hr/>	<hr/>

The asset for deferred taxation is made up as follows

	2014	2013
	£'000	£'000
Accelerated capital allowances	10	13
Tax losses brought forward	543	841
Other timing difference	57	50
	<hr/>	<hr/>
	610	904
	<hr/>	<hr/>

14. SHARE CAPITAL

	2014	2013
	£'000	£'000
Allotted, called up and fully paid 1,000 Ordinary shares of £1 each	<u>1</u>	<u>1</u>

15. RESERVES

	Profit and loss account
	£'000
At 1 May 2013	(1,558)
Profit for the year	<u>713</u>
At 30 April 2014	<u>(845)</u>

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

	2014	2013
	£'000	£'000
Opening shareholder's funds	(1,557)	(2,586)
Profit for the year	<u>713</u>	<u>1,029</u>
Closing shareholder's funds	<u>(844)</u>	<u>(1,557)</u>

17. PENSION COMMITMENTS

The company contributes into a defined contribution scheme in the UK. 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 £2,646,000 (2013: £2,468,000). At the year-end £246,000 (2013: £218,000) was included in other creditors.

18. OPERATING LEASE COMMITMENTS

At 30 April 2014 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2014	2013
	£'000	£'000
EXPIRY DATE:		
Within 1 year	12	12
Between 2 and 5 years	1,961	822
After more than 5 years	159	814
	<hr/>	<hr/>

19. RELATED PARTY TRANSACTIONS

Advantage has been taken of the exemption from disclosing transactions and balances with other wholly owned group undertakings as permitted by Financial Reporting Standard No 8.

M J Cook is one of the landlords of the Camden Mill leased property. Further detail in relation to the amounts paid by the company to the trust operating on behalf of the landlords is included in the parent company financial statements.

20. CONTROLLING PARTY

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