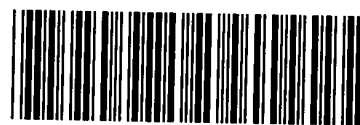


BUROHAPPOLD
ENGINEERING

BURO HAPPOLD LIMITED

**STRATEGIC REPORT, DIRECTORS' REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2016**

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COMPANIES HOUSE

REGISTERED NUMBER: 02049511

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

N K Billett
A J Harbinson
C J Hetherington
S Jolly
I D Maddocks
W Mangelsdorf
N P Nelson
R J Nickells
M Phillip
J Phillips
N R Squibbs
A D Travers

COMPANY SECRETARY

D Conway

COMPANY NUMBER

02049511

REGISTERED OFFICE

Camden Mill
Lower Bristol Road
Bath
BA2 3DQ

AUDITOR

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

BANKERS

HSBC Bank plc
60 Queen Victoria Street
London
EC4N 4TR

Royal Bank of Scotland plc
280 Bishopsgate
London
EC2M 4RB

STRATEGIC REPORT

YEAR ENDED 30 APRIL 2016

OPERATIONS

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

The company's operations are derived from activities performed within Europe, the United States, Asia, India and the Middle East. 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 PERFORMANCE INDICATORS

The company assesses performance via the following key performance indicators:

	2016	2015	Change
Turnover (£'000)	87,100	75,971	15%
Operating profit (£'000)*	964	2,503	(61%)
Operating profit margin (%)*	1%	3%	(2%)
EBITDA (£'000)*	2,188	3,438	(36%)
Cash (£'000)	19,100	10,319	85%

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

During 2015/16, the company has experienced a strong increase in demand for its services in all markets, leading to an increase in turnover of 15% to £87.1m (2015: £76.0m).

The company has significant overseas operations with 41% (2015: 42%) of turnover generated outside of the UK. Exchange rate fluctuations can unduly affect the company's results and during 2015/16 the depreciation of sterling over other currencies resulted in an exchange gain of £0.45m (2015: gain £1.5m).

Net cash has increased to £19.1m (2015: £10.3m) as a result of a drive on working capital and improved cash collections.

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

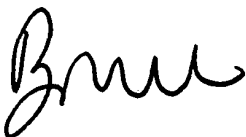
Competition – We exist in a competitive market with a high risk of commoditisation. Our continual investment in technology, thought leadership and our appetite for challenging projects allows the company to retain its competitive advantage. Our agility allows us to rapidly move work and people globally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

Management of projects – A key focus of the group is the management of our projects. Inadequate project management could lead to financial loss, contractual disputes and possible litigation. 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. Further investment into the systems used by the project teams to assist with managing their projects is planned for the 2016/17 financial year.

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

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

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



R J Nickells
Director

DIRECTORS' REPORT

YEAR ENDED 30 APRIL 2016

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

RESULT FOR THE YEAR

The profit for the year, after taxation, amounted to £0.6m (2015: £2.4m).

The directors do not recommend payment of a final dividend (2015: £nil).

DIRECTORS

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

A S Best (resigned 14 July 2016)	C W A Murdoch (resigned 14 July 2016)
N K Billett	N P Nelson
M J Birchall (resigned 14 July 2016)	R J Nickells
A P Comer (resigned 14 July 2016)	A B Palmer (resigned 14 July 2016)
Dr M J Cook (resigned 14 July 2016)	A D Parker (resigned 14 July 2016)
M G Cooper (resigned 31 August 2015)	M Phillip
A J Harbinson	J Phillips
C J Hetherington	J W E Pugh (resigned 30 April 2016)
S Jolly	A L Robertson (resigned 14 July 2016)
A S Keelin (resigned 14 July 2016)	P J Smallbone (resigned 14 July 2016)
P Kelly (resigned 14 July 2016)	N R Squibbs
D Liaghat (resigned 14 July 2016)	A D Travers
I D Maddocks	M Williamson (resigned 6 May 2016)
W Mangelsdorf	C J D Young (resigned 14 July 2016)
R L B Manson (resigned 14 July 2016)	

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Credit risk – The risk of clients being unable to pay for work performed by the company has the potential to impact the cash flow of the company however the risk is mitigated via appropriate credit checks being made on potential clients before work commences on projects, securing advance payments and the use of project insurance.

Foreign exchange risk – The company reports its results in sterling; however a proportion of the company's revenue is generated overseas and denominated in other currencies. Significant movements in foreign exchange rates 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 techniques of currency risk management are used where appropriate. This risk is partially mitigated by the use of foreign currency forward contracts.

Management of working capital – The majority of the company's costs are paid before fees are settled by clients. There is an ongoing drive across the company to raise invoices quickly to speed up payment. In addition the company maintains close working relationships with clients and seeks advance payments on contracts where possible. The robust bank financing framework provides significant comfort.

POLITICAL AND CHARITABLE DONATIONS

During the year the company contributed £0.1m (2015: £0.1m) to the Happold Foundation, a UK charity. The Happold Foundation is a charity registered for the promotion of education, research and training in fields applicable to the construction industry, engineering, design, technology and architecture.

RESEARCH AND DEVELOPMENT ACTIVITIES

During the year the company invested £7.2m (2015: £7.1m) in research and development.

THIRD PARTY INDEMNITY FOR DIRECTORS

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

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.

DIRECTORS' REPORT

YEAR ENDED 30 APRIL 2016 (continued)

PROVISION OF INFORMATION TO THE AUDITOR

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

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing their report and to establish that the company's auditor is aware of that information.

AUDITOR

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

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



R J Nickells
Director

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

We have audited the financial statements on pages 13 to 38. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's member, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement, set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF BURO HAPPOLD 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.

RSM UK audit LLP

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

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

Date: 8 September 2016.

STATEMENT OF INCOME AND RETAINED EARNINGS

YEAR ENDED 30 APRIL 2016

	Note	2016 £'000	2015 £'000
TURNOVER	1, 3	87,100	75,971
Cost of sales		<u>(86,136)</u>	<u>(73,468)</u>
OPERATING PROFIT BEFORE OTHER OPERATING INCOME		964	2,503
Other operating income	4	<u>881</u>	<u>2,295</u>
OPERATING PROFIT ON ORDINARY ACTIVITIES		1,845	4,798
Fair value losses on foreign exchange contracts		(155)	(383)
Interest receivable	7	22	-
Interest receivable from group undertakings		132	98
Interest payable and similar charges	8	(326)	(187)
Interest payable to group undertakings		<u>(495)</u>	<u>(10)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	1,023	4,316
Tax on profit on ordinary activities	9	<u>(430)</u>	<u>(1,868)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>593</u>	<u>2,448</u>
Retained earnings at 1 May		22,353	19,905
RETAINED EARNINGS AT 30 APRIL		<u>22,946</u>	<u>22,353</u>

All amounts relate to continuing operations.

There are no recognised gains or losses for the current or prior financial year other than as stated in the statement of income and retained earnings. Accordingly, no statement of comprehensive income is presented.

The notes on pages 15 to 38 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AT 30 APRIL 2016

	Note	2016		2015	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Intangible assets	10		896		321
Tangible assets	11		2,090		2,306
Investments	12		-		2
			<u>2,986</u>		<u>2,629</u>
CURRENT ASSETS					
Debtors due within one year	13	42,746		41,252	
Debtors due after more than one year	14	169		-	
Cash at bank and in hand		19,100		10,319	
		<u>62,015</u>		<u>51,571</u>	
CREDITORS:					
Amounts falling due within one year	15	<u>(35,387)</u>		<u>(28,741)</u>	
NET CURRENT ASSETS					
			<u>26,628</u>		<u>22,830</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
			<u>29,614</u>		<u>25,459</u>
CREDITORS:					
Amounts falling due after more than one year	16		(272)		(753)
PROVISIONS FOR LIABILITIES					
Deferred tax	17		(30)		-
Other provisions	18		(6,365)		(2,352)
NET ASSETS					
			<u>22,947</u>		<u>22,354</u>
CAPITAL AND RESERVES					
Called up share capital	20		1		1
Profit and loss account	20		22,946		22,353
TOTAL EQUITY					
			<u>22,947</u>		<u>22,354</u>

The financial statements on pages 13 to 38 were approved and authorised for issue by the board and were signed on its behalf on 26 July 2016.



R J Nickells
Director

The notes on pages 15 to 38 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 APRIL 2016



1 ACCOUNTING POLICIES

1.1 GENERAL INFORMATION

Buro Happold Limited is a limited company domiciled and incorporated in England. The address of the company's registered office is given on page 4. The company's principal activities and nature of operations are set out in the Strategic Report on page 6.

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, modified to include the revaluation of financial instruments at fair value.

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

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

Comparative figures have been restated to reflect the adjustments made, except to the extent that the directors have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'. Adjustments are recognised directly in retained earnings at the transition date. Details of these adjustments are included in note 25.

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

Consolidated financial statements

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

Reduced disclosures

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

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

Going concern

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

1.3 FUNCTIONAL AND PRESENTATIONAL CURRENCIES

The financial statements are presented in sterling, which is also the functional currency of the company.

1.4 TURNOVER

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

Sale of professional services

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

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

1.5 OTHER INCOME

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

ACCOUNTING POLICIES (continued)

1.6 LONG TERM CONTRACTS AND REVENUE RECOGNITION

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

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

1.7 RESEARCH AND DEVELOPMENT

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

1.8 INTANGIBLE ASSETS

Computer software is initially recognised at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Software is amortised to profit or loss over its estimated useful life, of between two and five years, on a straight line basis.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances. The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Assets in the course of construction are stated at cost. These assets are not amortised until they are available for use.

On disposal, the difference between the net disposal proceeds and the carrying amount of the intangible asset is recognised in profit or loss.

1.9 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 the 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.

1.10 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.

Finance leases

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Assets held under finance leases are capitalised and are depreciated over the shorter of the lease term and the useful lives of the assets. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the statement of income and retained earnings over the period of the lease to produce a periodic rate of interest on the remaining balance of the liability. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

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.

ACCOUNTING POLICIES (continued)

1.11 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.

1.12 ABOVE THE LINE TAX CREDITS

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

1.13 FOREIGN CURRENCIES

Transactions in currencies other than the functional currency (foreign currencies) are translated into sterling at the rate ruling on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the reporting date. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction.

Exchange gains and losses are recognised in the statement of income and retained earnings.

1.14 INVESTMENTS

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

1.15 FINANCIAL INSTRUMENTS

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

Financial assets

Trade debtors

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

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in the 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

Bank overdrafts

Bank overdrafts are presented within creditors: amounts falling due within one year.

Trade creditors

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

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to fair value, at each reporting date. Fair value gains and losses are recognised in profit or loss.

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.

1.16 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.

Provisions

Provisions are made for specific project related matters and dilapidations relating to offices the company is planning on exiting. The amounts provided are reviewed regularly in light of the most recent information available and, where appropriate, with the use of professional advice.

Useful economic lives of intangible and tangible assets

The annual amortisation and depreciation charges for intangible and tangible assets are 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.

3 GEOGRAPHICAL ANALYSIS

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

Turnover	2016	2015
	£'000	£'000
UK	51,789	44,393
Europe	4,735	2,304
Middle East	26,302	24,530
United States	955	754
Rest of the World	3,319	3,990
	<u>87,100</u>	<u>75,971</u>

4 OTHER OPERATING INCOME

	2016	2015
	£'000	£'000
Foreign exchange gain	445	1,523
Research and development tax credit	796	772
Onerous lease costs	(360)	-
	<u>881</u>	<u>2,295</u>

5 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation is stated after charging/(crediting):

	2016	2015
	£'000	£'000
Fair value loss on foreign exchange contracts	155	383
Depreciation of tangible fixed assets:		
– owned by the company	736	492
– held under finance leases	201	280
Loss on disposal of tangible fixed assets	7	-
Research and development expenditure written off	7,232	7,081
Amortisation of intangible fixed assets	287	163
Foreign exchange gain	(445)	(1,523)
Operating lease rentals:		
– land and buildings	52	67
– other	81	95
Impairment loss on trade receivables	1,192	924

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

	2016	2015
	£'000	£'000
Audit services – statutory audit of the company	22	20

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.

6 EMPLOYEES

The company has no employees other than the directors. The directors are remunerated by Happold LLP.

7 INTEREST RECEIVABLE

	2016	2015
	£'000	£'000
Interest receivable and similar income	22	-

8 INTEREST PAYABLE

	2016	2015
	£'000	£'000
On finance leases and hire purchase contracts	76	60
Other interest payable	250	127
	326	187

9 TAX ON PROFIT ON ORDINARY ACTIVITIES

ANALYSIS OF TAX CHARGE IN THE YEAR

	2016	2015
	£'000	£'000
Current tax (see note below)		
UK corporation tax charge on profit for the year	184	888
Adjustments in respect of prior periods	(17)	839
Double taxation relief	(101)	(232)
Foreign taxation	327	333
Total current tax	393	1,828
Deferred tax (see note 17)		
Origination and reversal of timing differences	7	32
Effect of tax rate change on opening balance	(2)	-
Adjustments in respect of prior years	32	8
Tax on profit on ordinary activities	430	1,868

Factors affecting tax charge for the year

The tax assessed for the year is higher (2015 – higher) than the standard rate of corporation tax in the UK of 20% (2015 – 20.9%).

The differences are explained below:

	2016	2015
	£'000	£'000
Profit on ordinary activities before tax	1,023	4,316
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 – 20.9%)	205	902
Effects of:		
Expenses not deductible for tax purposes, other than goodwill, amortisation and impairment	19	44
Expenses not deductible – fixed assets	-	10
Depreciation for the year in excess of capital allowances	11	-
Research and development tax credit	-	(13)
Non-taxable income	(44)	(21)
Adjustments in respect of prior periods	15	847
Adjust closing deferred tax to average rate	(3)	(2)
Foreign tax credits	227	101
Tax on profit on ordinary activities (see note above)	430	1,868

TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

Factors that may affect future tax charges

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

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

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

10 INTANGIBLE FIXED ASSETS

	Computer software
	£'000
Cost	
At 1 May 2015	562
Additions	862
Disposals	(36)
At 30 April 2016	1,388
Amortisation	
At 1 May 2015	241
Charge for year	287
Disposals	(36)
At 30 April 2016	492
Carrying amount	
At 30 April 2016	896
At 30 April 2015	321

The amortisation charge for the year is recognised within cost of sales.

11 TANGIBLE FIXED ASSETS

	Leasehold improvements	Fixtures, fittings and equipment	Total
	£'000	£'000	£'000
Cost			
At 1 May 2015	1,031	3,284	4,315
Additions	100	629	729
Disposals	(18)	(133)	(151)
At 30 April 2016	1,113	3,780	4,893
Depreciation			
At 1 May 2015	155	1,854	2,009
Charge for year	256	681	937
Disposals	(10)	(133)	(143)
At 30 April 2016	401	2,402	2,803
Carrying amount			
At 30 April 2016	712	1,378	2,090
At 30 April 2015	876	1,430	2,306

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

	2016	2015
	£'000	£'000
Fixtures, fittings and equipment	101	302

The depreciation charge in the year on these assets is £201,000 (2015: £280,000)

12 FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £'000
Cost	
At 1 May 2015	2
Disposals	(2)
At 30 April 2016	-

Holdings of 20% or more

The company previously held investments in FEDRA Limited and Buro Happold Façade Engineering Limited. Both of these companies were dissolved during the year.

13 DEBTORS DUE WITHIN ONE YEAR

	2016 £'000	2015 £'000
Trade debtors	20,132	16,675
Amounts owed by group undertakings	14,325	15,308
Other debtors	16	271
Prepayments and accrued income	2,538	2,336
Amounts recoverable on long term contracts	5,735	6,655
Deferred tax asset (see note 17)	-	7
	<u>42,746</u>	<u>41,252</u>

14 DEBTORS DUE AFTER MORE THAN ONE YEAR

	2016 £'000	2015 £'000
Other debtors	<u>169</u>	<u>-</u>

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£'000	£'000
Bank loans and overdrafts	-	2
Net obligations under finance leases and hire purchase contracts	479	583
Payments on account	19,425	16,479
Trade creditors	6,032	4,381
Amounts owed to group undertakings	6,285	4,765
Social security and other taxes	1,520	779
Corporation tax	150	707
Foreign exchange forward contracts	223	68
Other creditors	42	66
Accruals and deferred income	1,231	911
	<u>35,387</u>	<u>28,741</u>

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

16 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2016	2015
	£'000	£'000
Net obligations under finance leases and hire purchase contracts	<u>272</u>	<u>753</u>

The total future minimum lease payments are payable as follows:

	2016	2015
	£'000	£'000
Less than one year	515	661
Between one and five years	<u>279</u>	<u>792</u>

17 DEFERRED TAX (LIABILITY)/ASSET

	2016	2015
	£'000	£'000
At beginning of year	7	47
Charge for year	(37)	(40)
	<u>(30)</u>	<u>7</u>

Deferred taxation is made up as follows:

	2016	2015
	£'000	£'000
Accelerated capital allowances	(35)	1
Liabilities measured at fair value	<u>5</u>	<u>6</u>

18 PROVISIONS

	Professional indemnity insurance	Loss making contracts	Dilapidation/ onerous lease	Total
	£'000	£'000	£'000	£'000
At 1 May 2015	1,750	493	109	2,352
Additions	890	4,234	468	5,592
Utilised in the year	(140)	(1,439)	-	(1,579)
At 30 April 2016	<u>2,500</u>	<u>3,288</u>	<u>577</u>	<u>6,365</u>

Professional indemnity insurance

The provision reflects management's estimate of the likely cost of claims including professional indemnity insurance excesses. The provision will be carried forward until the claims to which they relate are agreed and amounts utilised or released as appropriate.

Loss making contracts

The provision reflects management's estimate of anticipated future losses on contracts.

Dilapidation/onerous lease

The dilapidation provision represents dilapidations payable in relation to exiting offices. The onerous lease provision relates to rentals and incidental costs due on a leased property which is no longer occupied by the company and where there is no reasonable prospect of sub-letting the space.

19 FINANCIAL INSTRUMENTS

Foreign exchange forward contracts

The company has significant overseas operations with a significant proportion of turnover relating to transactions conducted in US Dollars. As a consequence the company uses foreign currency forward contracts to manage the foreign exchange risk of future transactions and cash flows.

The contracts are valued based on available market data. The company does not adopt hedge accounting for forward contracts, as such fair value gains and losses are recognised in the statement of income and retained earnings.

At the year end, the total carrying amount of outstanding foreign exchange forward contracts that the company has committed to are as follows:

	2016	2015
	\$'000	\$'000
US Dollars	17,500	27,000

20 SHARE CAPITAL

	2016	2015
	£'000	£'000
Allotted, called up and fully paid		
865 – Ordinary shares of £1 each	1	1

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.

21 CAPITAL COMMITMENTS

The company had capital commitments relating to the acquisition of intangible assets of £420,000 (2015: £Nil).

22 OPERATING LEASE COMMITMENTS

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

	Land and buildings		Other	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Payments due:				
Within 1 year	91	44	14	100
Between 1 and 5 years	128	64	-	69

23 RELATED PARTY TRANSACTIONS

During the year the company donated £100,000 (2015: £100,000) to the Happold Foundation, a UK charity. A director is a trustee of the charity.

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

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

	2016	2015
	£'000	£'000
Sales of good and services	2,532	3,563
Purchases of goods and services	552	445
Loans given during the year	-	466
Loans received during the year	151	-
Amounts owed by related parties at year end	8,598	8,297
Amounts owed to related parties at year end	3,933	3,782

RELATED PARTY TRANSACTIONS (continued)

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

24 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The directors consider the ultimate parent undertaking to be Happold LLP, a Limited Liability Partnership registered in the United Kingdom. Happold LLP is the smallest and largest Limited Liability Partnership for which consolidated accounts including Buro Happold 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.

25 FIRST TIME ADOPTION OF FRS 102

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

Reconciliation of equity	Note	1 May 2014 £'000	30 April 2015 £'000
Equity as previously reported under previous UK GAAP		19,897	22,378
Foreign exchange forward contracts	A	315	(68)
Foreign exchange			
– Cash at bank and in hand	B	(69)	-
– Trade debtors	B	(235)	38
Deferred taxation	C	(2)	6
Equity reported under FRS 102		<u>19,906</u>	<u>22,354</u>

Reconciliation of profit	Note	Year ended 30 April 2015 £'000
Profit as previously reported under previous UK GAAP		2,481
Fair value loss on foreign exchange forward contracts	A	(383)
Foreign exchange gain	B	342
Deferred taxation	C	8
Profit reported under FRS 102		<u>2,448</u>

A – Foreign exchange forward contracts

Under previous UK GAAP fair value gains and losses on foreign exchange forward contracts were disclosed, but not recognised in the financial statements. Under FRS 102, these instruments are recognised as assets or liabilities, with a total asset of £315,000 being recognised at 1 May 2014 and a corresponding adjustment to reserves. Fair value losses of £383,000 on foreign exchange forward contracts were recognised in the profit and loss under FRS 102 for the year ended 30 April 2015.

B – Foreign exchange

Under previous UK GAAP foreign currency monetary items were initially recorded at the transaction date using the spot rate. These items were then either translated at the closing rate or, if transactions were covered by a forward contract, the exchange rate specified in the contract was used. The resulting exchange difference was taken to the profit and loss as an unrealised foreign exchange gain or loss.

Under FRS 102 foreign currency monetary items are only translated at the closing rate. The difference in policy has resulted in a reduction in cash at bank and in hand at 1 May 2014 of £69,000 and a reduction in trade debtors of £235,000. A foreign exchange gain of £342,000 was recognised in the profit and loss for the year ended 30 April 2015.

FIRST TIME ADOPTION OF FRS 102 (continued)

C – Deferred taxation

On transition at 1 May 2014 deferred taxation of £2,000 has been recognised representing 20% of the forward contract asset and foreign exchange adjustments to cash and trade debtors. In the year ended 30 April 2015 the company has recognised a deferred tax credit of £8,000 in the profit and loss account in respect of the net expense arising from the reduction in value of forward contracts and foreign exchange adjustment to trade debtors.

Other adjustments arising on transition to FRS 102

In addition to the transition adjustments identified above which affect profit for the financial year a further adjustment has arisen which has no effect on net equity or the profit and loss account, but which has affected the presentation within the statement of financial position.

Computer software, with a carrying value of £276,000 at 1 May 2014, has been reclassified from tangible to intangible assets as required under FRS 102. This has no effect on the company's net assets or on the profit for the year, except that the previous depreciation charge is now described as amortisation. The amortisation charge for the year ended 30 April 2015 was £163,000 and additions were £208,000, taking the carrying value of computer software at 30 April 2015 to £321,000.

