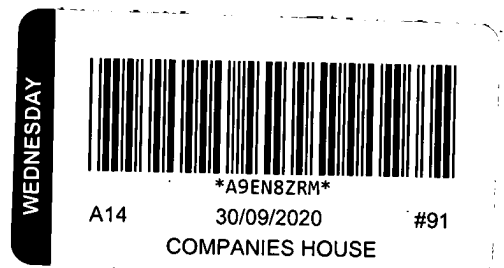


Swanke Hayden Connell International Limited

Annual report

For the year ended 30 September 2019



Registered number England & Wales 02222545

Swanke Hayden Connell International Limited

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Swanke Hayden Connell International Limited

Company information

Directors

AJ Barkwith
RS Fry
JNE Thompson

Registered office

10 Bonhill Street
London
EC2A 4PE

Registered number

England & Wales 02222545

Auditor

BDO LLP
55 Baker Street
London
W1U 7EU

Bankers

Coutts & Co
440 Strand
London
WC2R 0QS

Swanke Hayden Connell International Limited

Directors' report

Principal activity

The principal activity of the Company is the provision of architectural and interior design services. The Company consists of a parent Company operating in the UK, with a branch in Moscow that was liquidated in the year.

The directors expect all trading to materially cease within the next 12 months.

In preparing this directors' report advantage has been taken of the small companies' exemption.

Directors

The following directors held office during the year

AJ Barkwith (appointed 20 March 2019)
RS Fry
JNE Thompson
BA Wright (resigned 28 March 2019)

Going Concern

At year end, the Company had net assets of £682k. In light of the Global Covid-19 pandemic the Company has prepared and reviewed forecasts for 2019/20 and 2020/21 based on which the Directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The Directors have also obtained confirmation from the ultimate parent company, Aukett Swanke Group Plc, that they will continue to provide ongoing financial support to the Company and will not demand payment of the amount owed to group undertaking for a period of twelve months.

Measures undertaken, and forecasting performed by the Group in response to the Covid-19 pandemic are summarised in note 2.3.

Given the level of support available, the Directors have prepared the financial statements on the going concern basis.

Dividends

The directors do not recommend the payment of a dividend for the year ended 30 September 2019.

Statement as to disclosure of information to auditor

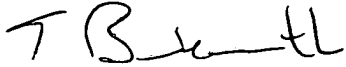
The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Swanke Hayden Connell International Limited

Independent auditors

The auditors, BDO LLP have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the annual general meeting.

The Directors' report was approved by the Board on 28 September 2020 and signed on its behalf by

A handwritten signature in black ink, appearing to read 'AJ Barkwith', written in a cursive style.

AJ Barkwith
Director

Swanke Hayden Connell International Limited

Directors' responsibilities in the preparation of financial statements

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 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed;
- 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.

Swanke Hayden Connell International Limited

Independent auditor's report to the members of Swanke Hayden Connell International Ltd

Opinion

We have audited the financial statements of Swanke Hayden Connell International Limited ("the Company") for the year ended 30 September 2019 which comprise the statement of profit and loss and other comprehensive income, the statement of financial position, the statement of changes in equity, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

Swanke Hayden Connell International Limited

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to take advantage of the small companies' exemptions in preparing the Directors report and from the requirement to prepare a Strategic report.

Responsibilities of directors

As explained more fully in the "Directors' responsibilities in the preparation of financial statements" paragraph, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Swanke Hayden Connell International Limited

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

Boo up /

Tim Neathercoat (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
Date:

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

Swanke Hayden Connell International Limited

Statement of profit and loss and other comprehensive income for the year ended 30 September 2019

Continuing operations	Note	2019 £'000	2018 £'000
Turnover	3	1	22
Staff costs	6	(2)	(6)
Depreciation		(1)	(2)
Other operating charges		60	(94)
Operating profit / (loss)		58	(80)
Profit / (loss) before taxation	4	58	(80)
Taxation	8	(7)	(9)
Profit / (loss) after taxation		51	(89)
Foreign currency exchange (loss) / gain on retranslation of reserves of overseas branches		(46)	67
Total comprehensive income/(deficit)		5	(22)

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

Swanke Hayden Connell International Limited

Company registration number 02222545

Statement of financial position as at 30 September 2019

	Note	2019 £'000	2018 £'000
Fixed assets			
Tangible assets	9	-	1
Investments	10	175	175
Total fixed assets		175	176
Current assets			
Trade and other receivables	11	2,799	2,898
Cash at bank and in hand		3	8
Total current assets		2,802	2,906
Trade and other payables	12	(2,295)	(2,405)
Net current assets		507	501
Total assets less current liabilities		682	677
Net assets		682	677
Capital and reserves			
Called up share capital	14	309	309
Capital redemption reserve	15	191	191
Profit and loss account		95	44
Foreign currency translation reserve	15	87	133
Equity shareholder's funds		682	677

The financial statements on pages 9 to 26 were approved by the Board of Directors and authorised for issue on 28 September 2020 and are signed on its behalf by



AJ Barkwith
Director

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

Swanke Hayden Connell International Limited

Company registration number 02222545

Statement of changes in equity as at 30 September 2019

	Called up share capital £'000	Capital redemption reserve £'000	Profit and loss account £'000	Foreign currency translation reserve £'000	Equity shareholder's funds £'000
At 30 September 2017	309	191	133	66	699
Total comprehensive income	-	-	(89)	67	(22)
At 30 September 2018	309	191	44	133	677
Total comprehensive loss	-	-	51	(46)	5
At 30 September 2019	309	191	95	87	682

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

Swanke Hayden Connell International Limited

Notes to the financial statements for the year ended 30 September 2019

1 Authorisation of financial statements and statement of compliance with FRS101

The financial statements of Swanke Hayden Connell International Limited (the "Company") for the year ended 30 September 2019 were authorised for issue by the board of directors on 28 September 2020 and the balance sheet was signed on the board's behalf by A J Barkwith. Swanke Hayden Connell International Limited is incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

The principal accounting policies adopted by the Company are set out in note 2.

2 Accounting policies

2.1 New accounting standards, amendments and interpretations not yet applied

A review has been undertaken of new accounting standards, amendments and interpretations to existing standards which have been issued but have an effective date making them applicable to future financial statements. The following standards are effective for accounting periods beginning on or after 1 January 2019 and have not yet been adopted by the Company:

- (i) IFRS 16 'Leases' The standard will require almost all leases to be on the balance sheet of lessees and introduces a single income statement model which effectively brings the majority of leases onto the balance sheet.

This standard is effective for accounting periods beginning on or after 1 January 2019 and the Company expects to adopt this standard for its accounting period beginning on 1 October 2019.

Since no specific transition work has yet been performed on this new standard by the Company, it is not possible to presently identify the financial impact, but the Company will present this in the 30 September 2020 financial statements.

- (ii) IFRIC 23 'Uncertainty over income tax treatments' requires an entity to determine whether any of its tax treatments would be accepted, or not accepted, by the relevant tax authorities.

At present the Company has not analysed the impact of IFRIC 23 on the financial statements, but will provide an assessment of the impact in the 30 September 2020 financial statements.

There are no other IFRSs or International Financial Reporting Interpretations Committee interpretations that are not yet effective that would be expected to have a material impact on the Company.

2.2 Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Swanke Hayden Connell International Limited

Notes to the financial statements for the year ended 30 September 2019

The financial statements are presented in Sterling (£). The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share-based Payment;
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held for Sale and Discontinued Operations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group;
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

2.3 Going Concern

The Group has prepared and reviewed forecasts based on which the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

As the Covid-19 pandemic developed following the year end and into 2020 it affected all of the territories in which the Group operates to varying extents and other countries in which the Group has clients and projects. In March 2020 the Group moved to remote working without any significant disruption ensuring that staff could continue to work efficiently and service active projects.

With the economic uncertainty that the pandemic presents, the Groups' operational management took preventative steps including: implementing pay reductions in the UK and UAE operations, and the central administrative operation of varying percentages and durations; furloughing permanent staff; releasing temporary or freelance staff; and encouraging unpaid leave and part time working - all of which provides management with a range of tools that can be implemented at short notice and with immediate effect. The Group has also sought to remove non-essential or deferrable expenditure. Entities deferred operational cash flows where possible to later in 2020 and 2021 to provide short term support to the Groups' working capital and therefore avoid any new external borrowings and limited use of existing facilities.

Swanke Hayden Connell International Limited

Notes to the financial statements for the year ended 30 September 2019

As summarised in note 16 the Company is included in a cross guarantee and offset agreement with other members of the Aukett Swanke group in respect of the loan and overdraft facilities from Coutts & Co. In our assessment of going concern we review the Groups' ability to operate within the covenants of these agreements.

The Groups' overdraft facility is maintained at £500k, renewable annually and currently remains in place until November 2020. The Group has a longstanding relationship with Coutts & Co as our principle banker, and have no reason not to expect that the overdraft facility would not be renewed again later this year.

Due to the uncertainty in forecasting profits due the Covid-19 pandemic Coutts & Co have agreed to waive the debt servicing covenant for the year ending 30 September 2020 and as such this covenant would next be due for assessment following the year ending 30 September 2021 (assessed on completion of the annual audit, anticipated in January 2022). Coutts & Co have also supportively agreed to extend the terms of repayment of the outstanding \$240k loan balance which was originally scheduled to be cleared in Nov-20, to monthly repayments commencing Aug-20 and finishing Jul-20.

The other covenants applicable relate to a measure of the Groups' gearing, and maintaining a level of UK eligible debtors. The Groups' Directors are confident that the structure of the Group ensures that the covenants will continue to be satisfied whilst the Group operates within the £500k overdraft limit.

The Groups' assessment of going concern is therefore focussed on the Groups' ability to operate within the £500k overdraft limit.

The Group forecasts on the basis of earnings and billings from i) secure contractual work, ii) known potential work which is deemed to have a greater than 50% chance of being undertaken and is predominantly follow on stages of currently instructed work, on which a factoring is applied; and iii) new work from known sources such as competitive tenders and submitted fee proposals, or new work to be achieved based on historical experience of market activity and timescales in which work can be converted from an enquiry to an active project which varies by territory and the service each office in the Group provides.

Aware that the risk of the Covid-19 pandemic could lead to recessions and delays in clients making financial investment decisions, the forecasts assessed by the Directors then apply sensitivities based on levels of earnings reductions sustained over the next 12 months, making controllable adjustments to the cost base through structural adjustments to staffing numbers and deferring and removing non-essential costs. We also assess overall cash levels across the Group and how those can be best deployed to ensure each of the entities in the Group has sufficient cash to operate.

The above cost planning exercise and focus on near term secure income and contract extensions has resulted in the Group reforecasting based on cash inflows from turnover less sub consultant costs reduced by approximately 22% against pre-covid budgets for both of the financial years to 30 September 2020 and 30 September 2021. This reforecasting ensures that where the business is sensitive to expected declines in cash inflows from work, management are able to plan ahead for this and manage cost outflows effectively.

In the event that the level of turnover falls by more than the 22% indicated above, management have identified further cash flow initiatives around the Group which could be utilised to generate additional free cash to allow the company to continue to trade. This could include options to sublet, Research & Development tax credits not currently forecasted, receipt of proceeds from our previous operation in Russia and freeing up liquidity in our German Joint Ventures.

Swanke Hayden Connell International Limited

Notes to the financial statements for the year ended 30 September 2019

However, the Directors note that the UK and other governments in the territories in which we operate, have been supportive in their efforts to enable construction and infrastructure projects to continue whilst lock-down measures have been imposed, and subsequently as they start to be relaxed. With the measures put in place by contractors and sites to date combined with lessons learnt from companies to enable continued operations through remote working, we see the industry better positioned to reduce the risks of impact from further Covid-19 spikes.

On the basis of the forecasts reviewed, the Directors' are of the opinion that there is no material uncertainty in the assessment of the going concern assumption being applied to these financial statements and that the company continues to be a going concern for at least 12 months from the date of these financial statements being signed off.

Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The Directors have also obtained confirmation from the ultimate parent company, Aukett Swanke Group Plc, that they will continue to provide ongoing financial support to the Company and will not demand payment of the amount owed to Group undertakings for a period of twelve months.

Given the level of support available, the directors have prepared the financial statements on the going concern basis.

2.4 Critical accounting estimates and judgements

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Recognition of contractual revenue

Revenue from contracts is assessed on an individual basis with revenue earned being ascertained based on the stage of completion of the contract which is estimated using a combination of the milestones in the contract and the proportion of total time expected to be required to undertake the contract which had been performed.

Estimates of the total time expected to be required to undertake the contracts are made on a regular basis and subject to management review. These estimates may differ from the actual results due to a variety of factors such as efficiency of working, accuracy of assessment of progress to date and client decision making.

Swanke Hayden Connell International Limited

Notes to the financial statements for the year ended 30 September 2019

Recognition of fee claim revenue

The nature of the project work undertaken by the Company means sometimes the scale and scope of a project increases after work has commenced. Subsequent changes to the scale and scope of the work may require negotiation with the clients for variations.

Advance agreement of the quantum of variation fees is not always possible, in particular when the timescale for project completion is changing or where the cost of variations cannot be determined until the work has been undertaken.

The Company has limited numbers of situations where we are entitled to a fee claim, on which estimation of the amount we would be entitled to in such a claim is considered on a case by case basis, and only recognised when it is highly probable that there will not be a subsequent reversal of the estimated turnover of a probable outcome under the requirements of IFRS 15 for variable consideration.

In the current year and at the transitional date to IFRS 15, no material fee claim revenue has been recognised at 30 September 2019.

2.5 Significant accounting policies

Turnover

Turnover represents the value of services performed for customers under contract (excluding value added taxes). Revenue from contracts is assessed on an individual basis with turnover earned being ascertained based on the stage of completion of the contract which is estimated using each performance obligation within the contract and the proportion of total time expected to be required to undertake each performance obligation which had been or is being performed.

Step 1) Identification of the contract

Contracts with clients are mostly on a fixed basis with the consideration generally being stipulated based on a percentage of the build cost.

Contract variations are treated as variations to a specific performance obligation, with any additional fees associated with that variation, and the time and cost required to fulfil the variations, included within the overall assessment to time required to complete the overall performance obligation. This is on the basis that those variations are normally not distinct in themselves (modifications to existing elements of the obligations) and therefore are repriced as if they were part of the original contract.

Step 2) Identification of performance obligations

Whilst the nature of performance obligations may vary from project to project, they are generally split by identification of Royal Institute of British Architects ('RIBA') work stages (delivered as either an individual work stage or a group of work stages depending on the exact nature of the contract), which constitute individual and distinctive promises within the contract. These are capable of being delivered independently. Local equivalents of RIBA apply depending on the jurisdiction of the contract, and may be identified.

Step 3) Identify the consideration

Consideration is generally fixed and agreed within the contract for services between Swanke Hayden Connell International Limited and the client, subject to modifications as noted above in step 1.

Swanke Hayden Connell International Limited

Notes to the financial statements for the year ended 30 September 2019

Step 4) Allocate the transaction price

The performance obligations within the contract are billed on the basis of a fee allocated to each element of the project, however turnover is allocated to the performance obligations based on the total expected time cost and contract cost expected to be required to undertake each performance obligation within the contract. This leads to recognition of turnover being reallocated between work stages where Management assess that the billing milestones associated to specific stages as stated in the contract do not fairly reflect the total time and cost required to complete those tasks.

Estimates of the total time expected to be required to undertake the contracts are made on a regular basis and subject to management review. These estimates may differ from the actual results due to a variety of factors such as efficiency of working, accuracy of assessment of progress to date and client decision making.

Step 5) Recognition of revenue

For all contracts undertaken by Management, the measurement of turnover follows an "over time" pattern, and therefore is no different in nature to the previous recognition pattern under IAS 18.

The basis on which this is the case is that the work performed by the Company has no alternative use and the contracts contain provisions by which consideration can be recovered for part-performance of obligations in the event that a contract is terminated. The turnover recoverable in such an instance would approximate to compensating the Group for the selling price of the services rendered to date.

The amount by which revenue exceeds progress billings is classified as amounts due from customers for contract work and included in contract assets. To the extent progress billings exceed relevant revenue, the excess is classified as advances received from customers for contract work and included in contract liabilities.

Foreign currency translation

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Gains and losses arising on retranslation are included in the statement of profit and loss and other comprehensive income for the year.

On consolidation, the assets and liabilities of the Company's overseas branch are translated from their functional currency at exchange rates prevailing at the balance sheet date. Profit and loss items are translated from their functional currency at the average rates for the year. Exchange differences arising on the retranslation of reserves are recognised in the foreign currency translation reserve through other comprehensive income.

Swanke Hayden Connell International Limited

Notes to the financial statements for the year ended 30 September 2019

Leases and asset finance arrangements

Where asset finance arrangements result in substantially all the risks and rewards of ownership resting with the company, the arrangement is treated as a finance lease with the assets included in the statement of financial position.

Such assets are initially measured at the present value of the minimum asset finance payments and the present value of future payments is shown as a liability. The interest element of these arrangements is charged to the statement of profit and loss and other comprehensive income over the period of the arrangement in proportion to the balance of capital payments outstanding.

All other lease arrangements are treated as operating leases and the annual rentals are charged to the statement of profit and loss and other comprehensive income on a straight line basis over the lease term.

Where a rent free period is received in respect of a property lease the incentive is considered an integral part of the agreement, and the cost of the lease net of the incentive is charged to the statement of profit and loss and other comprehensive income on a straight line basis over the lease term.

Employee benefit obligations

Costs in respect of defined contribution pension arrangements are charged to the statement of profit and loss and other comprehensive income on an accruals basis in line with the amounts payable in respect of the accounting period. The Company has no defined benefit pension arrangements.

Provisions

Provisions are recognised when a present legal obligation has arisen as a result of a past event which it is probable will result in an outflow of economic benefits that can be reliably estimated.

Where the effect of the time value of money is material, the provision is based on the present value of future outflows, discounted at the pre tax discount rate that reflects the risks specific to the liability.

Tangible fixed assets

All tangible fixed assets are stated at historical cost of acquisition less depreciation and any impairment provisions. Historical cost of acquisition includes expenditure that is directly attributable to the acquisition of the items.

Depreciation of tangible fixed assets is calculated to write off the cost of acquisition over the expected useful economic lives using the straight line method and over the following number of years:

Short leasehold improvements – unexpired term of lease
Furniture and equipment – 4 to 5 years

Investments

Investments in subsidiary undertakings are stated at cost plus incidental costs of acquisition, less any provision for diminution in value.

Swanke Hayden Connell International Limited

Notes to the financial statements for the year ended 30 September 2019

Financial instruments

The company only has financial assets under IFRS 9 meeting the criteria to be held at amortised cost (i.e. being held for collection and passing the solely payments of principal and interest test). These financial assets include trade receivables, amounts owed by group undertakings, other receivables and cash at bank and in hand.

Impairment provisions against trade receivables are assessed on the basis of two stages – firstly, historical loss data (stratified by invoice age and payment data) is used to derive historically experienced loss rates and this is then applied to the year-end gross trade receivables balance to calculate an impairment provision based on this data. Secondly and as required under IFRS 9, a forward looking element of provisioning is added to the provision. Since the company trades with a diverse range of clients, establishment of a forward looking portfolio approach is not considered to be relevant and instead receivables are assessed on a case by case basis for evidence of further deterioration in credit risk and hence the requirement for additional provisions to be booked.

Similarly the company also assesses the recoverability of amounts owed by group undertakings and other receivables at the year-end for evidence of further impairment by reference to the financial position of those entities.

All of the company's financial liabilities under IFRS 9 are recognised at amortised cost, and these include trade payables, amounts owed to group undertakings, accruals and other payables.

The company has no financial liabilities which are designated at fair value through profit and loss (either mandatorily, for instance derivative financial instruments, or designated optionally) and thus all financial liabilities of the company are designated at amortised cost.

Trade payables and accruals represent obligations to pay for services and goods that have been acquired in the ordinary course of business from suppliers, classified as current liabilities as these are generally due on presentation of an invoice from those suppliers. These are recognised initially at their transaction price and subsequently accounted for at amortised cost.

Amounts due to group undertakings are payable on demand and so are classified as being due within one year and are accounted for initially at transaction price before subsequently being accounted for at amortised cost.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date. However, deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred taxation is measured on a non-discounted basis at the average tax rates that would apply when the timing differences are expected to reverse, based on tax rates and laws enacted by the balance sheet date.

Dividends

Dividend payments are recognised as liabilities once they are no longer at the discretion of the Company.

Swanke Hayden Connell International Limited

Notes to the financial statements for the year ended 30 September 2019

3 Revenue

The Company's revenue was all derived from its principal activity and the geographical split of turnover based on the location of project sites was:

	2019 £'000	2018 £'000
United Kingdom	1	22
Continental Europe including Russia	-	-
Total	1	22

4 Profit before taxation

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

	2019 £'000	2018 £'000
Depreciation of tangible fixed assets	1	2
Foreign currency exchange (gains) / losses	(46)	68

5 Auditor's remuneration

During the period the Company incurred the following costs in relation to the Company's auditor and its associates:

	2019 £'000	2018 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	5	16

Swanke Hayden Connell International Limited

Notes to the financial statements for the year ended 30 September 2019

6 Employee information and staff costs

The average monthly number of persons (including directors) employed by the Company during the period was:

	2019 Number	2018 Number
Professional	-	-
Administrative	2	2
Total	2	2

Staff costs for above persons were:

	2019 £'000	2018 £'000
Wages and salaries	2	2
Social security costs	-	-
Pension contributions	-	4
Total	2	6

During the year ended 30 September 2016, most staff employed by the Company were transferred to other members of the Aukett Swanke Group. From this date, the Company was charged a management fee for the use of staff to service its existing contracts. For the period ending 30 September 2019 the 2 people employed were located in the company's overseas branch.

7 Directors' emoluments

	2019 £'000	2018 £'000
Aggregate emoluments	-	-
Amounts paid to money purchase pension schemes	-	-
Total	-	-

During the years ended 30 September 2019, all directors were remunerated by other members of the Aukett Swanke Group and no specific allocation of their remuneration has been made to this Company.

The highest paid director received emoluments of £nil (2018: £nil) and pension contributions of £nil in the period (2018: £nil).

Swanke Hayden Connell International Limited

Notes to the financial statements for the year ended 30 September 2019

8 Taxation

The taxation charge for the period was as follows:

	2019 £'000	2018 £'000
Current tax:		
UK corporation tax on profits of the period	-	-
Adjustments in respect of previous periods	-	-
Overseas corporation tax	-	-
Total current tax charge	-	-
Deferred taxation:		
Origination and reversal of timing differences	7	9
Total deferred tax charge (note 14)	7	9
Total taxation	7	9

The standard rate of corporation tax in the United Kingdom is 19% (2018: 19%).

The tax assessed for the period differs from the United Kingdom standard rate as explained below:

	2019 £'000	2018 £'000
Profit / (loss) before taxation	58	(80)
Profit / (loss) before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2018: 19%)	11	(15)
Effects of:		
Expenses not deductible for tax purposes	1	4
Impact on deferred tax of change in UK tax rate	-	-
Utilisation of historic losses	(5)	-
Deferred tax assets de-recognised	-	20
Total taxation	7	9

Swanke Hayden Connell International Limited

Notes to the financial statements for the year ended 30 September 2019

9 Tangible fixed assets

	Furniture and equipment £'000	Total £'000
Cost		
At 1 October 2018 and 30 September 2019	1,316	1,316
Depreciation		
At 1 October 2018	1,315	1,315
Charge for the period	1	1
At 30 September 2019	1,316	1,316
Net book value		
At 30 September 2019	-	-
At 30 September 2018	1	1

10 Investments

	£'000
Cost or valuation	
At 1 October 2018 and 30 September 2019	218
Amounts provided	
At 1 October 2018	(43)
Impairment	-
At 30 September 2019	(43)
Net book value	
At 30 September 2019	175
At 30 September 2018	175

The Company has beneficial ownership of 100% of the ordinary share capital of Swanke Hayden Connell Mimarlik A.S., a company incorporated in Turkey whose registered office is Kore Sehitleri 34, Deniz Is Hani, 34394 Zincirlikuyu, Istanbul, Turkey. The principal activity of the company is the provision of architectural and interior design services.

Swanke Hayden Connell International Limited

Notes to the financial statements for the year ended 30 September 2019

11 Trade and other receivables

	2019 £'000	2018 £'000
Amounts falling due after more than one year		
Deferred tax (note 14)	43	50
	43	50
Amounts falling due within one year		
Trade receivables	1	4
Amounts owed by other group undertakings	2,754	2,752
Prepayments	1	92
	2,756	2,848
Total	2,799	2,898

Amounts owed by other group undertakings are non-interest bearing and repayable on demand.

12 Trade and other payables

	2019 £'000	2018 £'000
Payments on account	-	3
Trade payables	13	120
Amounts owed to group undertakings	2,253	2,262
Other taxation and social security	18	-
Other payables	-	-
Corporation tax	-	-
Accruals	11	20
Total	2,295	2,405

Amounts owed to group undertakings are non interest bearing and repayable on demand.

Swanke Hayden Connell International Limited

Notes to the financial statements for the year ended 30 September 2019

13 Deferred tax asset

A deferred tax asset of £43,000 has been recognised at 30 September 2019 (2018: £50,000).

	2019 £'000	2018 £'000
Tax depreciation on fixed assets	43	50
Tax losses	-	-
Other timing differences	-	-
Total	43	50

	£'000
At 30 September 2018	50
Profit and loss account (note 9)	(7)
At 30 September 2019	43

14 Called up share capital

	2019 £'000	2018 £'000
Authorised, allotted, called up and fully paid 309,150 (2018: 309,150) ordinary shares of £1 each.	309	309

The Company's issued ordinary share capital comprised a single class of ordinary share. Each share carries the right to one vote at general meetings of the Company.

15 Reserves

Called up share capital:

The balance classified as equity share capital includes the total net proceeds (both nominal value and share premium) on issue of the Company's equity share capital, comprising £1 ordinary shares.

Capital redemption reserve:

The balance of £191,000 (2018: £191,000) relates to the Company's purchase of own shares in prior periods.

Foreign currency translation reserve:

The balance relates to cumulative exchange differences arising on the translation of the net assets of the Company's Moscow branch.

Swanke Hayden Connell International Limited

Notes to the financial statements for the year ended 30 September 2019

16 Guarantees, contingent liabilities and other commitments

A cross guarantee and offset agreement is in place between the Company and other UK members of the Aukett Swanke group in respect of the loan and overdraft facilities from Coutts & Co. At 30 September 2019 the loans and overdrafts of related undertakings guaranteed by the Company totalled £400,000 (2018: £553,000).

In common with other firms providing professional services, the Company is subject to the risk of claims of professional negligence from clients. The Company maintains professional indemnity insurance in respect of these risks but is exposed to the cost of excess deductibles on any successful claims. The Directors assess each claim and make accruals for excess deductibles where, on the basis of professional advice received, it is considered that a liability is probable.

17 Related party transactions

The Company trades with Aukett & Heese Frankfurt GmbH, a joint venture incorporated in Germany which is 50% owned by Aukett Swanke Group Plc. During the period, the Company received services of £nil (2018: £nil) and owed £nil (2018: £nil) at the balance sheet date.

18 Events after the reporting period

With the recent and rapid development of the Covid-19 outbreak, the world economy entered a period of unprecedented health care crisis that has already caused considerable global disruption in business activities and everyday life. Many countries have adopted extraordinary and economically expensive containment measures.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the outbreak develops and the high level of uncertainties arising from the inability to reliably predict the outcome.

The event is considered as a non-adjusting event and is therefore not reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 30 September 2019.

19 Ultimate parent company

The ultimate parent company and controlling party is Aukett Swanke Group Plc, which is the parent company of the smallest and largest group to consolidate these financial statements. Copies of the consolidated financial statements of Aukett Swanke Group Plc may be obtained from the company's registered office at 10 Bonhill Street, London, EC2A 4PE or from its website at www.aukettswanke.com.