

Swanke Hayden Connell International Limited

Annual report

For the year ended 30 September 2020



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, and as a holding company for a 100% subsidiary in Turkey.

All trading to has materially ceased in the Company. Its subsidiary provides architectural and interior design services within Europe.

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
RS Fry
JNE Thompson

Going Concern

The impact of measures taken around the world to restrict the spread of the COVID-19 virus have had a significant impact to which the business has to date stood up well.

Actions taken in the Spring and Summer of 2020, resulted in new working practices to allow existing projects to continue and to for the Group to continue to bid for new work. The cost cutting actions taken also mitigated the financial impact of the above on the Group and the Group continues to operate within its banking limits, with an anticipated breach of the debt servicing covenant having been waived prior to this occurring for the year ended 30 September 2020.

More details of the actions taken, and the results of forecasting performed by the Group (upon which the going concern assessment of the Company is dependent) in response to the COVID-19 pandemic are summarised in the Going Concern section of note 2. The Group has provided a letter of support to the Company to confirm the ongoing availability of such financial support and liquidity as is required for 12 months from the date of signing off these financial statements to enable the Company to meet its obligations as they fall due. The letter of support also confirms that balances due from the Company to the Group will not be recalled until the Company is in a position to do so without compromising its liquidity.

In addressing any going concern issues the Directors are required to consider likely cashflows over at least a 12 month period following the date of the approval of the Financial Statements.

While the business is currently operating within its banking limits, should there be any material delays in projects under way or should the Group stop winning its share of new projects there may be a need for further action.

At year-end, the Company had net assets of approximately £663k.

Based on forecasts prepared and reviewed for the period to 30 September 2022 the Directors have a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future. However there remains a risk that in the current COVID-19 environment, the Group may find itself as the result of unexpected levels of delays on project work beyond its control or depending on the outcome of overdraft facility renewals scheduled for November 2021, requiring additional financing.

Swanke Hayden Connell International Limited

For this reason, the Board considers it appropriate to prepare the financial statements on a going concern basis however given the lack of certainty involved in preparing these cash flow forecasts, there is a material uncertainty which may cast significant doubt on the Group's (and consequently the Company's) ability to continue as a going concern.

The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Dividends

The directors do not recommend the payment of a dividend for the year ended 30 September 2020.

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.

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 26 July 2021 and signed on its behalf by



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 2020 which comprise the statement of profit and loss and other comprehensive income; statement of financial position; statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 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 2020 and of its loss 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.

Material uncertainty related to going concern

We draw attention to note 2 to the financial statements which indicates the Directors' assessment of going concern.

This assessment of going concern is based upon forecasts prepared by the Group headed up by Aukett Swanke Group Plc, the ultimate parent entity. A letter of support has been issued from the Group to the Company that confirms dependence of the Company on the Group as part of this going concern assessment. In the current COVID-19 environment, the Group may find itself as a result of unexpected levels of delays on project work beyond its control requiring additional financing. As stated in note 2, these events or conditions along with other matters as set out in note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's (and consequently, the Company's), ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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, 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

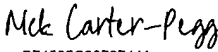
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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.

DocuSigned by:

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Nicholas Carter-Pegg (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
Date: 26 July 2021

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 2020

Continuing operations	Note	2020 £'000	2019 £'000
Turnover	3	-	1
Staff costs	6	-	(2)
Depreciation		-	(1)
Other operating charges		(4)	60
Operating (loss) / profit		(4)	58
(Loss) / profit before taxation	4	(4)	58
Taxation charge	8	(15)	(7)
(Loss) / profit after taxation		(19)	51
Foreign currency exchange loss on retranslation of reserves of overseas branches		-	(46)
Total comprehensive (deficit)/income		(19)	5

The notes on pages 12 to 25 form part of these financial statements.

Swanke Hayden Connell International Limited

Company registration number 02222545

Statement of financial position as at 30 September 2020

	Note	2020 £'000	2019 £'000
Non current assets			
Tangible assets	9	-	-
Investments	10	175	175
Deferred tax	13	28	43
Total non current assets		203	218
Current assets			
Trade and other receivables	11	506	2,756
Cash at bank and in hand		4	3
Total current assets		510	2,759
Trade and other payables	12	(50)	(2,295)
Net current assets		460	464
Total assets less current liabilities		663	682
Net assets		663	682
Capital and reserves			
Called up share capital	14	309	309
Capital redemption reserve	15	191	191
Profit and loss account		76	95
Foreign currency translation reserve	15	87	87
Equity shareholder's funds		663	682

The financial statements on pages 9 to 25 were approved by the Board of Directors and authorised for issue on 26 July 2021 and are signed on its behalf by



AJ Barkwith
Director

The notes on pages 12 to 25 form part of these financial statements.

Swanke Hayden Connell International Limited

Company registration number 02222545

Statement of changes in equity as at 30 September 2020

	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 2018	309	191	44	133	677
Total comprehensive income	-	-	51	(46)	5
At 30 September 2019	309	191	95	87	682
Total comprehensive loss	-	-	(19)	-	(19)
At 30 September 2020	309	191	76	87	663

The notes on pages 12 to 25 form part of these financial statements.

Swanke Hayden Connell International Limited

Notes to the financial statements for the year ended 30 September 2020

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 2020 were authorised for issue by the board of directors on 26 July 2021 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 applied

IFRS 16 *Leases* became effective for the Company beginning 1 October 2019. No adjustments are made to the Company's financial statements in respect of this new standard as it has no lease arrangements.

IFRIC 23 *Uncertainty over income tax treatments* has had no impact on the Company on adoption beginning 1 October 2019.

2.2 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 2020 and have not yet been adopted by the Company:

- (i) IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (Amendment – Definition of Material)
- (ii) IFRS 3 *Business Combinations* (Amendment – Definition of Business)
- (iii) Revised Conceptual Framework for Financial Reporting

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

At present the Company has not analysed the impact of these new accounting standards and amendments.

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Notes to the financial statements for the year ended 30 September 2020

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.

2.3 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.

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 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 Property, Plant and Equipment and Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A-38D, 40A-40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements, concerning the Company's objectives, policies and processes for managing capital;
- 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, to present remuneration of key management personnel;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group.

2.4 Going Concern

The Directors' assessment of going concern is based upon the going concern status of the Group headed up by Aukett Swanke Group Plc. The nature of the Group's treasury, finance and lending functions mean that going concern is managed on a centralised basis and therefore all assessments below are made in the context of the Group as a whole.

The Group has provided a letter of support to the Company to confirm the ongoing availability of such financial support and liquidity as is required for 12 months from the date of signing off these financial statements to enable the Company to meet its obligations as they fall due. The letter of support also confirms that balances due from the Company to the Group will not be recalled until the Company is in a position to do so without compromising its liquidity.

The Group currently meets its day to day working capital requirements through its cash balances. It maintains an overdraft facility of £500k for additional financial flexibility and foreign currency hedging purposes. This overdraft facility is renewed annually and was renewed for a further 12 months in November 2020, with a review in May 2021.

The processes the directors have undertaken, and the reasons for the conclusions they have reached, regarding the applicability of a going concern basis are explained below. In undertaking their assessment the directors have followed the guidance issued in March 2020 by the Financial Reporting Council, "FRC guidance for companies and auditors during the COVID-19 crisis".

Swanke Hayden Connell International Limited

Notes to the financial statements for the year ended 30 September 2020

Forecasts for the Group have been prepared on a monthly basis which comprise detailed income statements, statements of financial position and cash flow statements for each of the Group's operations, as well as an assessment of covenant tests.

As the COVID-19 pandemic developed through 2020 and into 2021 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 provided 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 provide short term support to the Groups' working capital and therefore avoid any new external borrowings and limited use of existing facilities. However, those deferrals unwind in 2021, and haven't as yet been replaced with similar assistance.

The Groups' principal banker is Coutts & Co with whom the Group has an excellent long-term relationship extending through previous business cycles. Coutts & Co has again renewed the Group's overdraft facility as described above, and we have no reason not to expect that the overdraft facility would not be renewed again in November 2021.

Due to the uncertainty in forecasting profits during the COVID-19 pandemic Coutts & Co have agreed to waive the debt servicing covenant for the year ended 30 September 2020 and to remove the debt servicing covenant from the facility agreement for the year ending 30 September 2021 and as such if this covenant is reintroduced in the November 2021 renewal this covenant would next be due for assessment following the year ending 30 September 2022 (assessed on completion of the annual audit, anticipated in January 2023).

During the year Coutts & Co supportively agreed to extend the terms of repayment of the outstanding US Dollar loan. This loan was originally scheduled to be cleared in November 2020, but was extended to July 2021. As at 30 April 2021 the balance on this loan was USD 120k.

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 so long as the Group operates within the £500k overdraft limit.

Certain Governments have brought in support packages for businesses during the pandemic such as the UK government backed Coronavirus Business Interruption Loan Scheme (CBILS), followed from April 2021 by the Recovery Loan Scheme.

The Group has managed cash flow within its existing facilities to date. In March 2021 the Group applied for a CBILS loan of £500k through Coutts & Co, and drew down this loan in May 2021.

Our forecast assumes that no additional external financing is received when measuring the Groups ability to continue to operate.

Swanke Hayden Connell International Limited

Notes to the financial statements for the year ended 30 September 2020

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 an average of 10% against management accounts over the next 12 months. 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 10% 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, administrative staff and discretionary overhead cost savings and freeing up liquidity in our German associate and joint venture.

In the shorter term management reviewed a number of scenarios, including a scenario modelling a pause on short term expected work amounting to 21.4% of income for 3 months, then followed by the same reductions in workload from the 12 month model (averaging out to over 14% across 12 months). The short-term impact would necessitate the Group moving a level of cash from the investments in joint ventures and associates into the Group, and an improved debtor collection rate than we normally forecast to remain within the limits of our facilities.

The Directors note that the UK and other governments in the territories in which the Group operates, have been supportive in their efforts to enable construction and infrastructure projects to continue throughout the pandemic so far including whilst lock-down measures have been imposed. 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 now better positioned to reduce the risks of impact from further COVID-19 spikes.

The Board, after applying the processes and making the enquiries described above, has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. However there remains a risk that in the current COVID-19 environment, the Group may find itself as the result of unexpected levels of delays on project work beyond its control requiring additional financing.

For this reason, the Board considers it appropriate to prepare the financial statements on a going concern basis, however given the lack of certainty involved in preparing these cash flow forecasts, there is a material uncertainty which may cast significant doubt on the Group's and the Company's ability to continue as a going concern and therefore their ability to realise their assets and discharge their liabilities in the normal course of business.

Swanke Hayden Connell International Limited

Notes to the financial statements for the year ended 30 September 2020

The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

2.5 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.

2.6 Significant accounting policies

Turnover

The Company no longer actively trades and therefore does not have any turnover.

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.

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

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Notes to the financial statements for the year ended 30 September 2020

Investments

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

Management regularly review for indicators of impairment in the investments and on identifying such indicators, estimate the recoverable amount of the investment through calculating the higher of its value in use and fair value less costs to sell, and comparing to the net book value of the investment being held. Any impairment in investments is taken as a charge to the statement of profit or loss and other comprehensive income.

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.

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Notes to the financial statements for the year ended 30 September 2020

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 2020

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:

	2020 £'000	2019 £'000
United Kingdom	-	1
Continental Europe including Russia	-	-
Total	-	1

4 Profit before taxation

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

	2020 £'000	2019 £'000
Depreciation of tangible fixed assets	-	1
Foreign currency exchange (gains) / losses	-	(46)

5 Auditor's remuneration

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

	2020 £'000	2019 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	5	5

Swanke Hayden Connell International Limited

Notes to the financial statements for the year ended 30 September 2020

6 Employee information and staff costs

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

	2020 Number	2019 Number
Professional	-	-
Administrative	-	2
Total	-	2

Staff costs for above persons were:

	2020 £'000	2019 £'000
Wages and salaries	-	2
Social security costs	-	-
Pension contributions	-	-
Total	-	2

7 Directors' emoluments

All of the directors were employed by other members of the Aukett Swanke Group and no specific allocation of their remuneration has been made to this Company.

Swanke Hayden Connell International Limited

Notes to the financial statements for the year ended 30 September 2020

8 Taxation

The taxation charge for the period was as follows:

	2020 £'000	2019 £'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	15	7
Total deferred tax charge (note 13)	15	7
Total taxation	15	7

The standard rate of corporation tax in the United Kingdom is 19% (2019: 19%).

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

	2020 £'000	2019 £'000
(Loss) / profit before taxation	(4)	58
(Loss) / profit before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	(1)	11
Effects of:		
Expenses not deductible for tax purposes	-	1
Impact on deferred tax of change in UK tax rate	1	-
Utilisation of historic losses	-	(5)
Deferred tax assets de-recognised	15	-
Total taxation	15	7

Swanke Hayden Connell International Limited

Notes to the financial statements for the year ended 30 September 2020

9 Tangible fixed assets

	Furniture and equipment £'000	Total £'000
Cost		
At 1 October 2019 and 30 September 2020	1,316	1,316
Depreciation		
At 1 October 2019	1,316	1,316
Charge for the period	-	-
At 30 September 2020	1,316	1,316
Net book value		
At 30 September 2020	-	-
At 30 September 2019	-	-

10 Investments

	£'000
Cost or valuation	
At 1 October 2019 and 30 September 2020	218
Amounts provided	
At 1 October 2019	(43)
Impairment	-
At 30 September 2020	(43)
Net book value	
At 30 September 2020	175
At 30 September 2019	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 Sehitteri 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 2020

11 Trade and other receivables

	2020 £'000	2019 £'000
Amounts falling due after more than one year		
Deferred tax (note 13)	28	43
	28	43
Amounts falling due within one year		
Trade receivables	-	1
Amounts owed by other group undertakings	505	2,754
Prepayments	1	1
	506	2,756
Total	534	2,799

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

12 Trade and other payables

	2020 £'000	2019 £'000
Trade payables	3	13
Amounts owed to group undertakings	17	2,253
Other taxation and social security	18	18
Other payables	1	-
Accruals	11	11
Total	50	2,295

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 2020

13 Deferred tax asset

A deferred tax asset of £28,000 has been recognised at 30 September 2020 (2019: £43,000).

	2020 £'000	2019 £'000
Tax depreciation on fixed assets	28	43
Tax losses	-	-
Other timing differences	-	-
Total	28	43

	£'000
At 30 September 2019	43
Profit and loss account (note 9)	(15)
At 30 September 2020	28

14 Called up share capital

	2020 £'000	2019 £'000
Authorised, allotted, called up and fully paid 309,150 (2019: 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 (2019: £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 2020

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 2020 the loans and overdrafts of related undertakings guaranteed by the Company totalled £155,000 (2019: £400,000).

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 (2019: £nil) and owed £nil (2019: £nil) at the balance sheet date.

18 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.