

SCOTT BROWNRIGG GROUP LIMITED
GROUP REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 JULY 2018

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COMPANIES HOUSE

SCOTT BROWNRIGG GROUP LIMITED

COMPANY INFORMATION

DIRECTORS

DE Comber
NL MacOmish
RJ McCarthy
AM Olliff

COMPANY NUMBER

04877539

REGISTERED OFFICE

77 Endell Street
London
WC2H 9DZ

AUDITOR

RSM UK Audit LLP
Chartered Accountants
Third Floor
One London Square
Cross Lanes
Guildford
Surrey
GU1 1UN

The directors submit the strategic report and the group financial statements for the year ended 31 July 2018.

Business performance

The results for the year are shown in the consolidated statement of comprehensive income on page 9.

This year has seen Scott Brownrigg maintaining the strategy of building and investing in a more internationally diverse business and projects have been secured as far afield as New Zealand, India, Niger, Saudi Arabia, Russia and Jordan working with many international brands. The Singapore team has relocated to new and larger premises following a series of project wins and an office has been established in Amsterdam to focus on the data, science and technology sector. The collaboration with Crown Architecture and Consulting in New York is concentrating on residential and commercial developments and as a result the office has relocated to larger premises in Manhattan under the unified brand of Scott Brownrigg + Crown.

This year Scott Brownrigg became an AJ100 Top 10 Architectural Practice and retained its position within the World's top 100 Architectural practices. For the second year running the practice has been recognized in the fifth edition of the London Stock Exchange Group's '1000 Companies to Inspire Britain' report which identifies Scott Brownrigg as one of the top 1000 Companies to Inspire Europe and Britain in 2018. In addition the practice has been identified in the FT Future 100 UK ranking which recognizes businesses that are shaping the future of their sector and making a positive impact on business and society. This has further led to an invitation to join the 'Mischon Leap programme' which operates in partnership with The FT Future 100 UK. The practice continues to be listed as a top 50 industry employer in Building Magazine and has recently won a BCO Corporate Workplace Regional Award for Tamesis in Egham, the Best Student Experience Award at the Education Estates for The Spark Building, the Inside Housing Best Urban Residential Development Award for Cardiff Pointe and the New York Wind Turbine and Three Rivers Academy have both shortlisted for the 2018 World Architecture Festival Awards.

The group's performance against key performance indicators ("KPI's) during the year ended 31 July 2018 can be summarised as follows:

- The group profit for the year after taxation was £1,268,238 (2017: £1,498,766). Total comprehensive income for the year was £1,712,350 (2017: £1,622,358).
- Turnover at £22,049,843 (2017: £23,324,721) reduced by 5% due in part to reduced fees within the UK as a result of market pressures as Brexit approaches. A large airport project in Europe has also come to an end which has seen fees reduce here.
- Average Technical headcount reduced by 7.5% to 210 (2017: 227) staff as the company continues to invest in technology continually reviewing staff requirements against workload.
- Other operating charges of £7,178,081 (2017: £6,995,402), which includes administration expenses, increased by £182,679, 3%. This was primarily because of a change in our work mix which included higher sub-consultant fees as well as increased software costs.
- Operating profit of £1,325,453 (2017: £1,779,583) is 26% lower than the previous year as a result of market pressure on fees and the increase in administration costs

Strategic management and future developments

The Board has developed a 5 Year Plan that will not only transform the practice, but will also ensure that we build a sustainable design focussed business that embodies the idea of enriching lives through the built environment. The first part of determining a plan for the next 5 years was to crystallise the vision and remind ourselves of the values that drive us forward. Putting it simply the vision is to be a global design leader in an industry transformed and making the world better than we found it.

Corporate Social and Environmental Responsibility

In supporting CSER, inclusivity and access to the profession, our work in developing a new architectural apprenticeship Level 7 standard came to fruition, set to launch in September 2018. We partnered the AJ's Women in Architecture programme, The Helen Hamlyn Design Awards for Inclusive Spaces and continued our support for The Stephen Lawrence Charitable Trust.

Principal risks and uncertainties

The risks facing the company continue to be managed at group level as well as at individual business unit level. The principal risks and uncertainties facing Scott Brownrigg Group Limited (the "group"), which include those of the company, can be summarised as follows:

- Fluctuations in the economy, and in particular the construction sector, resulting from the UKs exit from the European Union
- Regulatory environment and compliance
- Cash flow management including credit and liquidity risk
- IT systems, sensitive data and cyber risk
- Foreign exchange risk
- Continuing to attract and retain highly skilled staff
- Competition and price pressure
- Brand reputation, product and service
- Business interruption and infrastructure

The group, of which the company is a member, manages these risks through a process of policies and controls which are set by the Strategic Board and implemented and managed by the Operations Group. All risks are assigned to owners and are reviewed regularly to further assess the extent and effectiveness of the controls.

The company seeks to diversify risks wherever possible, particularly through developing work in new business sectors and geographical areas. This is especially important for the coming years given the uncertainty over the UK economy.

Aside from the normal competitive uncertainties, the company continues to manage a Defined Benefit section of its pension fund, which is currently in surplus, through special contributions.

On behalf of the Board



DE Comber
Director

22nd NOVEMBER 2018

SCOTT BROWNRIGG GROUP LIMITED

DIRECTORS' REPORT

The directors submit their report and the financial statements of Scott Brownrigg Group Limited for the year ended 31 July 2018.

Principal activity

The principal activity of the group is to provide architectural, planning, interior design, project management and property development consultancy services.

Results and dividends

During the financial year ended 31 July 2018 the group paid interim dividends totalling 150p per £1.25 share (2017: 225p per £1.25 share).

The directors do not recommend a final dividend for the year (2017: £nil per share).

Directors

The following directors have held office since 1 August 2017:

DE Comber
JG Hill (resigned 28 September 2018)
R McCarthy
N MacOmish
AM Olliff

Financial risk management and future developments

This information is disclosed within the Strategic Report under the section "Strategic management and future developments" in accordance with section 414C(11) of the Companies Act 2006.

Employment of disabled persons

If an employee is disabled or becomes disabled during the course of their employment with us, they are encouraged to disclose the nature of their condition to the Human Resources department. This is to enable us to support them by making any reasonable adjustments (where possible) to their working conditions or the duties of their job. We aim to monitor the physical features of our premises to consider whether they place disabled employees, job applicants or service users at a substantial disadvantage compared to other employees. Where possible, we will take steps to improve access for disabled employees and service users.

We oppose and seek to avoid all forms of unlawful discrimination in the selection of employment, promotion, pay and benefits, the continuous employment of disabled people and other protected characteristics.

Going concern

The directors consider that the going concern basis for the preparation of the group's financial statements remains appropriate, see accounting policy laid out on page 17.

Directors' liability insurance

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

Statement as to disclosure of information to the 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. 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.

Auditor

The auditor, RSM UK Audit LLP, has indicated its willingness to continue in office.

SCOTT BROWNRIGG GROUP LIMITED

DIRECTORS' REPORT

Post balance sheet events

In September 2018 the Employee Benefit Trust re-purchased 80,000 shares at £23.27 per share from a retiring director of the Group and Company in Scott Brownrigg Group Limited. Consideration was financed in the form of a 2 year loan accruing interest at Bank of England base rate plus 2% and is repayable by instalments on a monthly basis.

In November 2018 the Group and Company acquired 100% of the shareholding of a company incorporated in England, the purpose of the acquisition was to further strengthen the group's sector expertise. Due to the limited time available between the acquisition and the approval of these financial statements, the list of identifiable assets and liabilities is still being finalised and the fair values of those assets and liabilities acquired is still being established. However, there is not expected to be a material cash outlay for the group.

On behalf of the Board



DE Comber
Director

22nd NOVEMBER 2018

Statement of directors' responsibilities

The director is responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCOTT BROWNRIGG GROUP LIMITED

Opinion

We have audited the financial statements of Scott Brownrigg Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 July 2018 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows 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 United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 July 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 group 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 group's or the parent 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCOTT BROWNRIGG GROUP LIMITED (continued)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

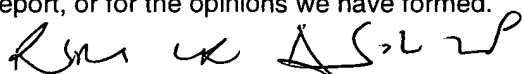
Auditor's responsibilities for the audit of the financial statements

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: <http://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.



Colin Roberts (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Third Floor
One London Square
Cross Lanes
Guildford
Surrey
GU1 1UN

Date 26 November 2018

SCOTT BROWNRIGG GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JULY 2018

	Notes	2018 £	2017 £
Turnover	3	22,049,843	23,324,721
Staff costs		(13,443,104)	(14,343,611)
Amortisation of goodwill		(135,592)	(135,592)
Depreciation of tangible fixed assets		(263,720)	(371,046)
Other operating charges – administration expenses		(7,178,081)	(6,995,402)
Other operating income – rent receivable		296,107	300,513
Operating profit		1,325,453	1,779,583
Fair value gain on investment property		234,550	-
Interest receivable and similar income	5	52,200	43,332
Interest payable and similar charges	6	(86,289)	(107,467)
Profit on ordinary activities before taxation	7	1,525,914	1,715,448
Taxation	10	(257,676)	(216,682)
Profit on ordinary activities after taxation and profit for the financial year		1,268,238	1,498,766
Other comprehensive income net of taxation			
Actuarial (loss)/gain on defined benefit pension scheme		(42,988)	106,000
Tax relating to other comprehensive income		(37,740)	(21,590)
Currency translation differences		(13,147)	39,182
Revaluation of land and buildings		272,537	-
Revaluation of long leasehold properties		265,450	-
Total comprehensive income for the year		1,712,350	1,622,358

The impact of discontinued operations in the results for 2017 is shown in note 4 to the financial statements. The results of 2018 are derived solely from continuing operations.

SCOTT BROWNRIGG GROUP LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Company Registration Number: 04877539)

AT 31 JULY 2018

	Notes	2018 £	2017 £
Fixed assets			
Intangible assets	12	495,095	570,701
Tangible assets	13	7,474,409	6,759,079
Investment properties	14	4,105,023	3,870,473
Investments	15	190,511	-
		<u>12,265,038</u>	<u>11,200,253</u>
Current assets			
Debtors due within one year	16	8,815,228	7,607,902
Cash at bank and in hand		2,305,447	3,522,595
		<u>11,120,675</u>	<u>11,130,497</u>
Current liabilities			
Creditors: amounts falling due within one year	17	(6,356,935)	(5,840,827)
Net current assets		<u>4,763,740</u>	<u>5,289,670</u>
Total assets less current liabilities		<u>17,028,778</u>	<u>16,489,923</u>
Creditors: amounts falling due after more than one year	18	(2,747,879)	(2,880,630)
Provisions for liabilities	21	(1,175,474)	(1,051,418)
Net assets excluding pension liability		<u>13,105,425</u>	<u>12,557,875</u>
Defined benefit pension liability	24	-	(73,000)
Net assets		<u><u>13,105,425</u></u>	<u><u>12,484,875</u></u>
Capital and reserves			
Called up share capital	22	6,500	6,500
Profit and loss account	22	8,687,192	8,073,556
Translation reserve	22	(88,711)	(75,564)
Revaluation reserve	22	679,902	186,965
Share premium	22	1,486,949	1,486,949
Own shares held in trust	22	(621,308)	(148,432)
Capital redemption reserve	22	2,954,901	2,954,901
Total equity		<u><u>13,105,425</u></u>	<u><u>12,484,875</u></u>

The financial statements on pages 9 to 39 were approved by the board of directors and authorised for issue on ~~22nd~~ ^{22nd} NOVEMBER 2018 and are signed on its behalf by:



DE Comber
Director

COMPANY STATEMENT OF FINANCIAL POSITION

AT 31 JULY 2018

	Notes	2018 £	2017 £
Fixed assets			
Investments	15	7,470,104	7,470,104
Current assets			
Debtors due within one year	16	1,532	1,532
Cash at bank and in hand		1,186	136
		2,718	1,668
Current liabilities			
Creditors: amounts falling due within one year	17	(1,804,369)	(1,803,272)
Net current liabilities		(1,801,651)	(1,801,604)
Total assets less current liabilities		5,668,453	5,668,500
Net assets		5,668,453	5,668,500
Capital and reserves			
Called up share capital	22	6,500	6,500
Share premium account	22	1,486,949	1,486,949
Profit and loss account	22	1,220,103	1,220,150
Capital redemption reserve	22	2,954,901	2,954,901
Total equity		5,668,453	5,668,500

The Company's profit for the year and total comprehensive income were £761,503 (2017: £1,032,901).

The financial statements on pages 9 to 39 were approved by the board of directors and authorised for issue on ^{22nd} NOVEMBER 2018 and are signed on its behalf by:


DE Comber
Director

SCOTT BROWNRIGG GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JULY 2018

	Share capital £	Profit and loss account £	Translation reserve £	Revaluation reserve £	Share premium £	Own shares held in trust £	Capital redemption reserve £	Total £
Balance at 1 August 2016	6,500	6,820,586	(114,746)	186,965	1,486,949	(222,646)	2,954,901	11,118,509
Profit for the year	-	1,498,766	-	-	-	-	-	1,498,766
Other comprehensive income:								
Actuarial gains on defined benefit plans	-	106,000	-	-	-	-	-	106,000
Tax relating to other comprehensive income	-	(21,590)	-	-	-	-	-	(21,590)
Currency translation differences on overseas subsidiaries	-	-	39,182	-	-	-	-	39,182
Total comprehensive income for the year	-	1,583,176	39,182	-	-	-	-	1,622,358
Transactions with owners:								
Dividends	-	(1,032,925)	-	-	-	-	-	(1,032,925)
Profit on sale of shares by EBT	-	702,719	-	-	-	-	-	702,719
Purchase of shares by EBT	-	-	-	-	-	(427,605)	-	(427,605)
Disposal of shares by EBT	-	-	-	-	-	501,819	-	501,819
Total transactions with owners	-	(330,206)	-	-	-	74,214	-	(255,992)
Balance at 31 July 2017	6,500	8,073,556	(75,564)	186,965	1,486,949	(148,432)	2,954,901	12,484,875

SCOTT BROWNRIGG GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JULY 2018

	Share capital £	Profit and loss account £	Translation reserve £	Revaluation reserve £	Share premium £	Own shares held in trust £	Capital redemption reserve £	Total £
Balance at 1 August 2017	6,500	8,073,556	(75,564)	186,965	1,486,949	(148,432)	2,954,901	12,484,875
Profit for the year	-	1,268,238	-	-	-	-	-	1,268,238
Other comprehensive income:								
Actuarial gains on defined benefit plans	-	(42,988)	-	-	-	-	-	(42,988)
Tax relating to other comprehensive income	-	7,310	-	(45,050)	-	-	-	(37,740)
Currency translation differences	-	-	(13,147)	-	-	-	-	(13,147)
on overseas subsidiaries	-	-	-	272,537	-	-	-	272,537
Revaluation of land and buildings	-	-	-	265,450	-	-	-	265,450
Revaluation of long leasehold property	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	1,232,560	(13,147)	492,937	-	-	-	1,712,350
Transactions with owners:								
Dividends	-	(761,550)	-	-	-	-	-	(761,550)
Distribution of share premium account	-	-	-	-	-	-	-	-
Profit on sale of shares by EBT	-	142,626	-	-	-	-	-	142,626
Purchase of shares by EBT	-	-	-	-	-	(1,021,553)	-	(1,021,553)
Disposal of shares by EBT	-	-	-	-	-	548,677	-	548,677
Total transactions with owners	-	(618,924)	-	-	-	(472,876)	-	(1,091,800)
Balance at 31 July 2018	6,500	8,687,192	(88,711)	679,902	1,486,949	(621,308)	2,954,901	13,105,425

SCOTT BROWNRIGG GROUP LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2018

	Share capital £	Share premium £	Profit and loss account £	Capital redemption reserve £	Total £
Balance at 1 August 2016	6,500	1,486,949	1,220,174	2,954,901	5,668,524
Profit and total comprehensive income for the year	-	-	1,032,901	-	1,032,901
Dividends	-	-	(1,032,925)	-	(1,032,925)
Balance at 31 July 2017	<u>6,500</u>	<u>1,486,949</u>	<u>1,220,150</u>	<u>2,954,901</u>	<u>5,668,500</u>
Profit and total comprehensive income for the year	-	-	761,503	-	761,503
Dividends	-	-	(761,550)	-	(761,550)
Balance at 31 July 2018	<u>6,500</u>	<u>1,486,949</u>	<u>1,220,103</u>	<u>2,954,901</u>	<u>5,668,453</u>

SCOTT BROWNRIGG GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2018

	Notes	2018 £	2017 £
Operating activities			
Cash generated from operations	23	656,676	2,047,754
Income taxes refunded/(paid)		39,515	(333,617)
Net cash generated from operating activities		<u>696,191</u>	<u>1,714,137</u>
Investing activities			
Purchase of intangible assets	12	(59,986)	-
Purchase of tangible fixed assets	13	(413,898)	(352,621)
Purchase of other investments	15	(190,511)	-
Interest received	5	20,792	11,940
Dividends received	5	31,408	31,392
Net cash used in investing activities		<u>(612,195)</u>	<u>(309,289)</u>
Financing activities			
Proceeds from sales of shares by EBT		691,303	1,204,538
Payments to acquire own shares	22	(1,021,553)	(427,605)
Repayments of borrowings		(203,353)	(203,380)
Payment of obligations under finance leases	19	96,298	-
Interest paid		(102,289)	(85,467)
Dividends paid		(761,550)	(1,032,925)
Net cash used in financing activities		<u>(1,301,144)</u>	<u>(544,839)</u>
Net (decrease)/increase in cash and cash equivalents		<u>(1,217,148)</u>	<u>890,009</u>
Cash and cash equivalents at beginning of year		<u>3,522,595</u>	<u>2,662,586</u>
Cash and cash equivalents at end of year		<u><u>2,305,447</u></u>	<u><u>3,522,595</u></u>

Discontinued operations contributed a decrease in net cash from operating activities of £nil (2017: £29,767).

SCOTT BROWNRIGG GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2018

1. Accounting policies

General information

Scott Brownrigg Group Limited is a private company limited by shares and incorporated and domiciled in England and Wales. The registered office and principal place of business is 77 Endell Street, London, WC2H 9DZ.

The principal activity of the group is to provide architectural, planning, interior design, project management and property development consultancy services.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the group.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties at fair value. The principal accounting policies adopted are set out below.

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements in its Company only accounts;

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income; and
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

Basis of consolidation

The consolidated financial statements incorporate those of Scott Brownrigg Group Limited and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes. All financial statements are made up to 31 July 2018.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus directly attributable costs.

The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill.

These financial statements represent the largest and smallest group of which the company is a member for which group accounts are prepared.

SCOTT BROWNRIGG GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2018

1. Accounting policies (Continued)

Company statement of comprehensive income

As permitted by section 408 Companies Act 2006, the Company has not presented its own statement of comprehensive income. The Company's profit and total comprehensive income for the year was £761,503 (2017: £1,032,901).

Going concern

The directors consider that the going concern basis for the preparation of the group's financial statements remains appropriate. In arriving at this conclusion they have taken into consideration the results in the year ended 31 July 2018, the budget for the year ending 31 July 2019 and cash flow projections for the twelve months from the date of approval of these accounts. They have also taken into account the positive net assets position of the group and the availability of bank finance.

Other income

Rental income on assets leased under operating leases is recognised on a straight-line basis over the lease term and is presented within other operating income.

Employee benefit trust

The group operates an employee benefit trust (the Scott Brownrigg Limited Employee Trust) and has de facto control of the shares held by the trust and bears their benefits and risks. The group records assets and liabilities of the trust as its own. Consideration paid by the trust for shares of group companies is deducted from equity. Finance costs and administrative expenses incurred by the group in relation to the trust are recognised on an accruals basis.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for sale of services provided in the normal course of the business, and is shown net of VAT and other sales related taxes.

Turnover from contracts for the provision of architectural and other services is recognised by reference to the stage of completion when the stage of completion, costs incurred and estimated costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total estimated costs. Where the outcome cannot be estimated reliably, turnover is recognised only to the extent of the expenses recognised that are recoverable. The amount by which turnover exceeds payments on account is classified as "amounts recoverable on contracts" and included in debtors; to the extent that payments on account exceed relevant turnover and long term contract balances, the excess is classified as "payments received in advance" and included as a creditor.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

SCOTT BROWNRIGG GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

1. Accounting policies (Continued)

Retirement benefits (continued)

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Re-measurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The defined net benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

Leases

Rentals payable and receivable under operating leases, including any lease incentives received, are charged/credited to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

Rent free periods or other incentives received for entering into an operating lease are accounted for as a reduction to the expense and are recognised, on a straight-line basis over the lease term.

The Group as Lessee – Finance Leases

An asset and corresponding liability are recognised for leasing agreements that transfer to the Group substantially all of the risks and rewards incidental to ownership ("finance leases"). The amount capitalised is the fair value of the leased asset or, if lower, the present value of the minimum lease payments payable during the lease term, both determined at inception of the lease. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are expensed as incurred.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

SCOTT BROWNRIGG GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

1. Accounting policies (Continued)

Foreign exchange (Continued)

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

Assets and liabilities of overseas subsidiaries (including goodwill and fair value adjustments in relation to overseas subsidiaries) are translated into the Group's presentation currency at the rate ruling at the reporting date. Income and expenses of overseas subsidiaries are translated at the average rate for the year as the directors consider this to be a reasonable approximation to the rate at the date of the transaction. Translation differences are recognised in other comprehensive income and accumulated in equity.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

For investment properties measured at fair value deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

Deferred tax is recognised on income or expenses from subsidiaries that will be assessed to or allow for tax in a future period except where the group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Intangible fixed assets – goodwill

Goodwill representing the excess of the purchase price compared with the fair value of net assets acquired is capitalised and written off over 5 to 10 years as in the opinion of the directors this represents the period over which the goodwill is effective. Goodwill is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

SCOTT BROWNRIGG GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

1. Accounting policies (Continued)

Intangible fixed assets – website development

Intangible fixed assets are initially measured at cost and subsequently measured at cost, net of amortisation and any impairment losses. Amortisation is provided on intangible assets at rates calculated to write off the cost or valuation over three years.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold and long leasehold land and buildings, at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:

Office equipment	3 years
Fixtures & fittings	10 years

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Long leasehold buildings and improvements, freehold land and buildings and investment property are initially measured at cost and subsequently measured at fair value whilst a reliable measure of fair value is available without undue cost and effort. The directors value the group's long leasehold buildings and improvements, freehold land and buildings and investment property having regard to local market conditions and informal advice received from external professional valuers. Increases in fair value go to the revaluation reserve. In respect of long leasehold buildings and improvements and freehold land and buildings decreases in fair value go firstly to the revaluation reserve and then to the statement of comprehensive income if there is insufficient revaluation reserve to absorb the deficit. In respect of investment properties all movements go to the statement of comprehensive income.

Fixed asset investments

In the separate accounts of the company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Unlisted investments are stated at cost in the statement of financial position. Provision is made for any impairment in the value of fixed asset investments.

Impairment of fixed assets

At each reporting end date, the group reviews the carrying amounts of its tangible assets, intangible assets and fixed asset investments to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

SCOTT BROWNRIGG GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

1. Accounting policies (Continued)

Impairment of fixed assets (Continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Any impairment loss recognised for goodwill is not reversed. For fixed assets other than goodwill, recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets

Financial assets, which include trade and other receivables, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

Financial assets, other than those held at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

SCOTT BROWNRIGG GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

1. Accounting policies (Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the group's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

SCOTT BROWNRIGG GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2018

2. Judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Long term contracts

Estimates are made in respect of establishing the stage of completion of long term contracts. In determining the stage of completion the directors estimate costs to complete, and compare costs incurred as a proportion of total expected costs. The methods of estimation used are discussed in the turnover accounting policy on page 17.

Defined benefit pension

The fair value of the defined net benefit pension scheme liability is determined by way of a third party actuarial valuation. The actuarial assumptions used in the calculation of the valuation of the plan assets and liabilities are set out in note 24.

Investment properties and freehold land and buildings

Estimates are made in respect of determining the carrying value of the investment property and freehold land and buildings which are stated at fair value. The directors have valued the company's freehold land and buildings and investment properties having regard to local market conditions and informal advice received from external professional valuers. However, the valuation of the group's investment property and freehold land and building is inherently subjective as it is made on the basis of valuation assumptions which may in future not prove to be accurate.

Deferred taxation

Deferred tax liabilities are assessed on the basis of assumptions regarding the future, the likelihood that assets will be realised and liabilities will be settled, and estimates as to the timing of those future events and as to the future tax rates that will be applicable.

3. Turnover

An analysis of the group's turnover is as follows:

	2018 £	2017 £
Turnover by geographical market:		
United Kingdom	18,918,384	20,108,734
Other European countries	765,652	2,444,345
Rest of World	2,365,807	771,642
	<u>22,049,843</u>	<u>23,324,721</u>

The group's turnover was entirely derived from its principal activity.

SCOTT BROWNRIGG GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

4. Discontinued operations

2017:	Continuing operations	Discontinued operations	Total
	£	£	£
Turnover	22,286,500	1,038,221	23,324,721
Staff costs	(13,908,495)	(435,116)	(14,343,611)
Amortisation of goodwill	(135,592)	-	(135,592)
Depreciation of tangible fixed assets	(355,705)	(15,341)	(371,046)
Other operating charges – administration expenses	(6,293,293)	(662,109)	(6,955,402)
Other operating income – rent receivable	300,513	-	300,513
Operating profit/(loss)	<u>1,893,928</u>	<u>(74,345)</u>	<u>1,819,583</u>

The results of 2018 are derived solely from continuing operations.

5. Interest receivable and similar income

	2018	2017
	£	£
Bank interest	4,792	2,507
Other interest	-	9,433
Investment income	31,408	31,392
Net interest on defined benefit pension scheme	16,000	-
	<u>52,200</u>	<u>43,332</u>

6. Interest payable and similar charges

	2018	2017
	£	£
Bank interest	86,289	85,467
Net interest on defined benefit pension scheme	-	22,000
	<u>86,289</u>	<u>107,467</u>

SCOTT BROWNRIGG GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

7. Profit on ordinary activities before taxation

	2018	2017
	£	£
The profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation of tangible fixed assets:		
Owned assets	246,838	371,046
Leased assets	16,882	-
Loss on disposal of tangible fixed assets	-	70,551
Amortisation of goodwill	135,592	135,592
Operating lease rentals:		
Plant and machinery	218,032	122,069
Land and buildings	410,778	393,207
(Gain)/loss on foreign exchange	(1,716)	59,477
Rent receivable	(286,470)	(288,909)
Loss on disposal of fixed asset investment	-	157,346

	2018	2017
	£	£
Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services:		
Audit services		
Statutory audit of parent and consolidated accounts	4,000	4,000
Statutory audit of subsidiaries	38,500	41,000
Other services		
Tax compliance services	10,000	7,750
Other services	7,450	6,500
Tax advisory services	-	61,900

8. Employees and directors

	2018	2017
	No.	No.
The average monthly number of persons (including directors) employed by the group during the year was:		
Technical	210	227
Administration	44	42

	2018	2017
	£	£
Staff costs for the above persons:		
Wages and salaries	11,451,877	12,354,058
Social security costs	1,268,955	1,351,102
Defined contribution pension cost	722,272	638,451

There are no staff costs in the parent company in the current or prior year.

SCOTT BROWNRIGG GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2018

9. Directors' remuneration	2018	2017
	£	£
Aggregate emoluments	916,421	921,336
Company contributions to money purchase pension schemes	50,000	48,800
	<u> </u>	<u> </u>
	2018	2017
	£	£
Highest paid director:		
Aggregate emoluments	185,355	190,334
Company contributions to money purchase pension schemes	10,000	10,000
	<u> </u>	<u> </u>

Retirement benefits are accruing to 5 directors (2017: 5) under money purchase pension schemes.

The directors remuneration disclosed above represents the total remuneration of the group's key management personnel (excluding employers' National Insurance contributions). Employers' National Insurance contributions in relation to the above was £115,056 (2017: £107,551).

10. Taxation	2018	2017
	£	£
Current tax		
UK corporation tax	342,440	515,807
Adjustments for prior periods	(157,246)	(221,784)
	<u> </u>	<u> </u>
Total current tax	185,194	294,023
Deferred tax		
Origination and reversal of timing differences	72,906	(16,780)
Adjustment for prior periods	(424)	(60,561)
	<u> </u>	<u> </u>
	72,482	(77,341)
	<u> </u>	<u> </u>
Total tax charge	257,676	216,682
	<u> </u>	<u> </u>

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (19%). The differences are explained below.

The tax charge for the year can be reconciled to the profit per the income statement as follows:

Profit on ordinary activities before tax	1,525,914	1,715,448
	<u> </u>	<u> </u>
Profit on ordinary activities multiplied by the effective rate of Corporation tax in the UK of 19% (2017: 19.67%)	289,924	337,429
	<u> </u>	<u> </u>
	2018	2017
	£	£
Effects of:		
Non-deductible transactions	259,415	284,808
Exempt ABGH distributions	(142,909)	-
Adjustments for previous periods	(268,849)	(346,005)
Adjustments for overseas tax	99,485	112,511

SCOTT BROWNRIGG GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2018

10. Taxation (Continued)	2018	2017
	£	£
Chargeable gains/(losses)	-	(33,216)
Amortisation of goodwill	25,762	26,671
Other permanent differences	(5,152)	(165,516)
	<u>257,676</u>	<u>216,682</u>
Tax expense for the year		

In addition to the amount charged to profit or loss, £37,740 (2017: £21,590) has been recognised in other comprehensive income, which comprises deferred tax of £45,050 (2017: £nil) relating to the revaluation of the Group's leasehold land and buildings, and deferred tax credit of £7,310 (2017: £21,590 charge) relating actuarial loss on defined benefit pension scheme.

11. Dividends	2018	2017
	£	£
Ordinary 2018 interim paid – 100p per share	508,200	-
Ordinary 2018 interim paid – 50p per share	253,350	-
Ordinary 2017 interim paid – 25p per share	-	120,325
Ordinary 2017 interim paid – 75p per share	-	356,100
Ordinary 2017 interim paid – 50p per share	-	222,600
Ordinary 2017 interim paid – 75p per share	-	333,900
	<u>761,550</u>	<u>1,032,925</u>

During the year one of the company's shareholders, the Employee Benefit Trust, waived its rights to the 2018 interim dividends on the ordinary shares, amounting to £18,450 (2017: £137,075). In respect of the current year, the directors propose that no further dividend will be paid to shareholders.

12. Intangible fixed assets

Group:	Website Development	Goodwill	Total
	£	£	£
Cost:			
At 1 August 2017	-	3,394,400	3,394,400
Additions	59,986	-	59,986
	<u>59,986</u>	<u>3,394,400</u>	<u>3,454,386</u>
At 31 July 2018			
	59,986	3,394,400	3,454,386
Amortisation:			
1 August 2017	-	2,823,699	2,823,699
Charged in the year -	-	135,592	135,592
	<u>-</u>	<u>2,959,291</u>	<u>2,959,291</u>
At 31 July 2018			
	-	2,959,291	2,959,291
Carrying amount			
At 31 July 2018	59,986	435,109	495,095
	<u>59,986</u>	<u>435,109</u>	<u>495,095</u>
At 31 July 2017	-	-	570,701
	<u>-</u>	<u>-</u>	<u>570,701</u>

SCOTT BROWNRIGG GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

13. Tangible fixed assets

Group	Freehold land and buildings £	Long leasehold buildings and improvements £	Office equipment £	Fixtures & fittings £	Total £
Cost or valuation					
At 1 August 2017	1,800,000	4,379,527	1,059,418	860,501	8,099,446
Revaluation	300,000	265,450	-	-	565,450
Adjustment	-	-	272,933	-	272,933
Additions	-	-	236,376	177,522	413,898
Exchange difference	-	-	(81)	26	(55)
At 31 July 2018	2,100,000	4,644,977	1,568,646	1,038,049	9,351,672
Depreciation					
At 1 August 2017	-	-	826,692	513,675	1,340,367
Adjustment	-	-	272,933	-	272,933
Charge for the year	-	-	199,363	64,357	263,720
Exchange difference	-	-	139	104	243
At 31 July 2018	-	-	1,299,127	578,136	1,877,263
Carrying amount					
At 31 July 2018	2,100,000	4,644,977	269,519	459,913	7,474,409
At 31 July 2017	1,800,000	4,379,527	232,726	346,826	6,759,079

The directors have valued the freehold land and buildings and long leasehold buildings and improvements based on an open market valuation as at 31 July 2018.

Included in the above in an adjustment of £272,933 to cost and £272,933 to accumulated depreciation. This reflects a prior year error in the disposals value of assets acquired at net book value. There has been no impact on the carrying value of tangible assets as a result of the adjustment.

	Freehold Land and buildings £
Movements in the year:	
Fair value at 1 August 2017	1,800,000
Reversal of fair value loss recognised in administrative expenses	27,463
Fair value gain recognised in other comprehensive income	272,537
Fair value at 31 July 2018	2,100,000

The historic cost of freehold land and buildings was £1,827,463 (2017: £1,827,463) which includes land with a cost of £990,258 (2017: £990,258). Freehold land and buildings are stated at fair value (see page 20) which is not depreciated.

The historic cost of long leasehold buildings and improvements was £1,193,496 (2017: £1,193,496). The long leasehold buildings and improvements are stated at fair value (see note 14) which is not depreciated.

SCOTT BROWNRIGG GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

14. Investment properties

	Long leasehold interests	
	2018	2017
	£	£
Fair Value		
As at 1 August 2017	3,870,473	4,366,725
Transfer to long leasehold buildings and improvements	-	(496,252)
Fair value gain	234,550	-
As at 31 July 2018	<u>4,105,023</u>	<u>3,870,473</u>

The investment property represents the proportion of the long leasehold interest in a commercial office building in Covent Garden, London that is rented to third party tenants. The remainder of the building is included above in long leasehold land and buildings and improvements.

The fair value of the company's investment property at 31 July 2018 has been arrived at by the directors having regard to informal valuation advice provided by a third party commercial property expert on an open market value basis. The valuation was determined by reference to rental yields and market evidence of transaction prices for similar properties in London's West End.

The historic cost of the investment property was £1,054,771 (2017: £1,054,771).

15. Fixed asset investments

Group	Unlisted Investment
	£
Cost	
At 1 August 2017	-
Additions	190,511
31 July 2018	<u>190,511</u>
Provisions for impairment	
1 August 2017 and 31 July 2018	-
Carrying amount	
At 31 July 2018	<u>190,511</u>
At 31 July 2017	<u>-</u>

SCOTT BROWNRIGG GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

15. Fixed asset investments (continued)

Company	Subsidiary undertakings £
Cost:	
At 1 August 2017 and 31 July 2018	7,470,104

A review of the group's investments has indicated that their recoverable amount exceeded the investments' carrying amount and consequently no impairment was required.

The number of shares held by the Employee Benefit Trust in Scott Brownrigg Group Limited at 31 July 2018 was 26,700 ordinary shares of 1.25p each (2017: 12,550 ordinary shares of 1.25p per share). None of these shares had vested unconditionally to employees, were under option to employees or had been conditionally gifted to them.

A review of the company's investments has indicated that the investments' carrying amount exceeded their recoverable amount and consequently no impairment was required.

The company's subsidiary undertakings, which are all included in the consolidation, are:

Name	Country of incorporation or registration	Ordinary shares held %	Nature of business
Scott Brownrigg Limited	England and Wales	100	Architects
Scott Brownrigg Trustees Limited*	England and Wales	100	Dormant
Claremorris Properties Limited*	England and Wales	100	Property investment
GMW Architects International Limited*	England	100	Architects
Design Delivery Unit Limited	England and Wales	100	Dormant
Design Club Unit Limited	England and Wales	100	Dormant
Scott Brownrigg Planning Unit Limited	England and Wales	100	Dormant
Productive Architecture Limited	England and Wales	100	Dormant
Design Strategy Unit Limited	England and Wales	100	Dormant
Digital Technology Unit Limited	England and Wales	100	Dormant
<i>The registered address for the above subsidiaries is 77 Endell Street, London, WC2H 9DZ.</i>			

GMW Architects
International W.L.L.* Qatar 90 Dormant
Registered address: Level 15, Commercial Bank Plaza, West Bay, Doha, Qatar.

GMW Mimarlik Ve
Danismanlik Ltd Sti * Turkey 25 Architects
Registered address: Tesvikiye Caddesi 17 / 17 Sisli, Istanbul 34365, Turkey.

Scott Brownrigg South East
Asia PTE Limited* Singapore 100 Architects
Registered address: 150 Beach Road, #20-03/04 Gateway West, Singapore 189720.

SCOTT BROWNRIGG GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2018

15. Fixed asset investments (continued)

Scott Brownrigg
Singapore PTE Limited* Singapore 100 Architects
Registered address: 150 Beach Road, #20-03/04 Gateway West, Singapore 189720.

Scott Brownrigg Inc* USA 100 Interior designers
Registered address: 100 Park Avenue, 15th Floor, New York, NY 10017.

* Owned indirectly through other Group companies

GMW Mimarlik Ve Danismanlik Ltd Sti has not been treated as an associate company because Scott Brownrigg is a minority shareholder and does not exercise significant influence on the business.

16. Debtors

	Group 2018 £	Company 2018 £	Group 2017 £	Company 2017 £
Amounts falling due within one year:				
Trade debtors	5,834,772	-	4,349,253	-
Amounts recoverable on contracts	1,787,283	-	924,278	-
Other debtors	220,414	1,532	1,076,442	1,532
Prepayments and accrued income	972,759	-	1,015,740	-
Corporation tax	-	-	242,189	-
	<u>8,815,228</u>	<u>1,532</u>	<u>7,607,902</u>	<u>1,532</u>

17. Creditors: amounts falling due within one year

	Group 2018 £	Company 2018 £	Group 2017 £	Company 2017 £
Bank loan	200,186	-	208,655	-
Finance lease obligations	34,165	-	-	-
Payments received in advance	2,023,261	-	1,505,803	-
Trade creditors	1,394,177	-	1,119,781	-
Amounts owed to group undertakings	-	1,804,369	-	1,803,272
Other taxation and social security costs	882,053	-	941,635	-
Corporation tax	312,226	-	426,246	-
Other creditors	222,308	-	58,978	-
Accruals and deferred income	1,288,559	-	1,579,729	-
	<u>6,356,935</u>	<u>1,804,369</u>	<u>5,840,827</u>	<u>1,803,272</u>

Amounts due from to group undertakings are non-interest bearing and are shown as falling due within one year as there are no formal agreements in place to defer payment. However, it is not anticipated that these balances will be called unless efficient funds are available in the relevant group undertakings to enable repayment to be made.

SCOTT BROWNRIGG GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2018

18. Creditors: amounts falling due after more than one year

	Group 2018 £	Company 2018 £	Group 2017 £	Company 2017 £
Borrowings:				
Bank loan	2,685,746	-	2,880,630	-
Finance lease obligations	62,133	-	-	-
	<u>2,747,879</u>	<u>-</u>	<u>2,880,630</u>	<u>-</u>

The bank loan is repayable as follows:

	Group 2018 £	Company 2018 £	Group 2017 £	Company 2017 £
Between one and two years	206,687	-	214,360	-
Between two and five years	2,479,059	-	2,666,270	-
	<u>2,685,746</u>	<u>-</u>	<u>2,880,630</u>	<u>-</u>

The bank loan comprises a loan which is secured by a fixed and floating charge on all the assets of the company and the UK group including the property and assets of its trading UK subsidiary companies.

Interest is payable on the loan at 2.45% over Base Rate. The loan is repayable by equal monthly instalments with a final instalment due in June 2020, estimated at £2.5m.

19. Finance lease and hire purchase contracts

Obligations under finance leases and hire purchase contracts are secured by the related assets and bear finance charges at rates ranging from 0% to 0.55% per annum (2017: not applicable).

	Group 2018 £	Company 2018 £	Group 2017 £	Company 2017 £
Less than one year	34,165	-	-	-
Between one and five years	62,133	-	-	-
After five years	-	-	-	-
	<u>96,298</u>	<u>-</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the Group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 4 years (2017: not applicable). All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets. The net book value of secured assets is disclosed in note 13.

SCOTT BROWNRIGG GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

20. Financial instruments

The carrying amount of the group's financial instruments at 31 July were:

	Group 2018 £	Group 2017 £
Financial assets:		
Debt instruments measured at amortised cost	7,842,469	6,307,774
Financial liabilities:		
Measured at amortised cost	6,087,460	5,806,258

21. Provisions for liabilities

Group	Claims £	Deferred taxation £	Total £
Balance at 1 August 2017	25,000	1,026,418	1,051,418
Provision in the year	13,832	110,224	124,056
Balance at 31 July 2018	38,832	1,136,642	1,175,474

The company has received claims in the normal course of business. It is not possible to predict the timing of future payments in settlement of the claims that have been provided in these financial statements.

Provision for deferred tax has been made as follows:

	2018 £	2017 £
Deferred tax liabilities	1,136,642	1,037,545
Deferred tax (assets)	-	(11,127)
Net position at 31 July 2018	1,136,642	1,026,418
Deferred tax liabilities:		
	2018 £	2017 £
Accelerated capital allowances	165,631	141,897
Assets measured at fair value	971,011	895,648
	1,136,642	1,037,545
Deferred tax (assets):		
	2018 £	2017 £
Retirement benefit obligations	-	(11,127)

SCOTT BROWNRIGG GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

22. Share capital and reserves

Share capital

	2018	2017
	£	£
Allotted, issued and fully paid: 520,000 ordinary 1.25p shares (2017: 520,000 ordinary 1.25p shares)	6,500	6,500

Ordinary share rights

The company's ordinary shares, which carry no right to fixed income, carry the right to one vote at general meetings of the company.

Reserves

Reserves of the Company represent the following:

Profit and loss account

Cumulative profit and loss net of distributions to owners.

Translation reserve

The translation reserve represents foreign exchange gains and losses on the retranslation of the results and net assets of the Company's foreign subsidiaries.

Revaluation reserve

The cumulative revaluation gains and losses in respect of land and buildings and long leasehold property, except revaluation gains and losses recognised in profit and loss.

Share premium account

Consideration received for shares issued above their nominal value, net of transaction costs.

Own shares held in trust

As part of the Employee Benefit Trust (EBT) scheme the Company has the following control of its own shares:

	£
1 August 2017	(148,432)
Beneficial interest in shares sold by EBT at cost	548,677
Shares repurchased at market value	(1,021,553)
31 July 2018	(621,308)

At the year end the EBT held 26,700 ordinary shares of 1.25p each (2017: 12,550 ordinary shares of 1.25p per share).

Capital redemption reserve

The nominal value of shares repurchased.

SCOTT BROWNRIGG GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

23. Reconciliation of profit after tax to net cash generated from operations

Group	2018 £	2017 £
Profit after tax	1,268,238	1,498,766
Adjustments for:		
Depreciation and impairment of tangible fixed assets	263,720	371,046
Amortisation of goodwill	135,592	135,592
Fair value (gain) on investment property	(234,550)	-
Reversal of impairment of tangible fixed assets	(27,463)	-
Loss on disposal of tangible fixed assets	-	70,551
Defined benefit pension scheme	(99,988)	(199,996)
Interest receivable	(52,200)	(43,332)
Interest payable	86,289	107,467
Taxation	257,676	216,682
Provision movements	13,832	(25,000)
Operating cash flows before movements in working capital	1,611,146	2,131,776
(Increase)/decrease in trade and other debtors	(1,462,363)	1,883,674
Increase/(decrease) in trade and other creditors	507,893	(1,967,696)
Cash generated from operations	656,676	2,047,754
Cash and cash equivalents	2018 £	2017 £
Cash and cash equivalents represent:		
Cash at bank	2,305,447	3,522,595

24. Retirement benefits

The Group operates a defined contribution pension scheme for all qualifying employees in the United Kingdom. The assets of the scheme are held separately from those of the company in an independently administered fund. The contributions payable by the company charged to profit or loss amounted to £722,272 (2017: £638,451). Included in accruals are amounts pension contributions outstanding of £61,042 (2017: £117,209).

The group operates a closed defined benefit plan for qualifying employees. The scheme is a fully funded scheme. The most recent comprehensive actuarial valuation of the plan assets and the present value of the defined benefit obligation was carried out at 31 July 2014. The principle assumptions used in the calculation of the valuation of the plan assets and the present value of the defined benefit obligation include:

	2018 %	2017 %
Discount rate	2.7	2.5
Future salary increases	n/a	n/a
Future pension increases	2.2	2.1
Pension, increases during deferment	2.3	2.2
Expected rate of inflation	3.0	2.9

SCOTT BROWNRIGG GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

24. Retirement benefits (Continued)

The average life expectancy on retirement at age 60 is:

	2018 Years	2017 Years
Male	27.92	27.78
Female	29.06	28.97

The average life expectancy for a pensioner retiring at age 60, aged 40 at the reporting date is:

	2018 Years	2017 Years
Male	50.29	50.17
Female	50.64	50.56

	2018 £	2017 £
Amounts recognised in the income statement:		
Net interest income/(cost) on defined benefit liability	16,000	(22,000)

The amounts recognised on the statement of financial position are as follows:

	2018 £	2017 £
Fair value of scheme assets	886,000	834,000
Present value of defined benefit obligation	(792,000)	(907,000)
	<u>94,000</u>	<u>(73,000)</u>
Other amounts not recognised on the statement of financial position	(94,000)	-
Defined benefit pension scheme surplus/(deficit) recognised	<u>-</u>	<u>(73,000)</u>

	2018 £	2017 £
Changes in the present value of the defined benefit obligation:		
Defined benefit obligation at 1 August	907,000	1,031,000
Interest cost	22,000	23,000
Actuarial gains	(65,000)	(71,000)
Benefits paid	(72,000)	(76,000)
Defined benefit obligation at 31 July	<u>792,000</u>	<u>907,000</u>

SCOTT BROWNRIGG GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

24. Retirement benefits (Continued)

	2018 £	2017 £
Changes in the fair value of plan assets:		
Plan assets at 1 August	834,000	674,000
Interest income	38,000	1,000
Return on plan assets (excluding net interest)	(14,000)	35,000
Contributions by employer	100,000	200,000
Benefits paid	(72,000)	(76,000)
Closing plan assets	<u>886,000</u>	<u>834,000</u>

The actual return on plan assets was £24,000 (2017: £36,000).

Included in current year other comprehensive income is an adjustment of £16,000 in relation to an adjustment to the 2017 return on scheme assets. A further adjustment of £16,000 has been included in interest receivable to reflect an adjustment to 2017 interest income on scheme assets.

The analysis of the scheme assets at the reporting date were as follows:

	2018 %	2017 %
Fair value of assets		
Equities	26	26
Gilts and bonds	68	72
Cash	6	2
	<u>100</u>	<u>100</u>

25. Operating lease commitments

The Group as a lessee:

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings 2018 £	Land and buildings 2017 £	Other 2018 £	Other 2017 £
Amounts due:				
Within one year	517,041	343,779	72,366	102,466
Between one and five years	1,642,501	994,439	33,154	67,760
After five years	13,930,521	14,170,521	-	-
	<u>16,090,063</u>	<u>15,508,739</u>	<u>105,520</u>	<u>170,226</u>

SCOTT BROWNRIGG GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

25. Operating lease commitments (Continued)

The group as a lessor:

At the year end, the group had contracted with tenants, under non-cancellable operating leases, for the following future minimum lease payments:

	2018	2017
	£	£
Amounts due:		
Less than one year	279,456	305,813
Between one and five years	287,964	567,420
	<u>567,420</u>	<u>873,233</u>

26. Guarantees and contingent liabilities

The group has received claims in the normal course of business but do not consider any further provisions are required above those already included in these financial statements.

The group is subject to a cross guarantee in respect of the bank loan of certain other group companies. The total amounts outstanding in respect of the loan at 31 July 2018 is £2,885,932 (2017: £3,089,285).

The company is subject to guarantees totalling £472,001 (2017: nil) in respect of certain employees staff loans.

27. Capital commitments

	2018	2017
	£	£
Capital expenditure contracted for but not provided in the financial statements	139,462	-

28. Related party transactions

The group has taken advantage of the exemptions provided by Section 33 of FRS 102 'Related Party Disclosures' and has not disclosed transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is party to the transaction is wholly owned by a member of that group.

Dividends of £459,750 (2017: £689,625) were paid to directors of the company during the year.

29. Controlling party

The company has no overall controlling party.

30. Post balance sheet events

In September 2018 the Employee Benefit Trust re-purchased 80,000 shares at £23.27 per share from a retiring director of the Group and Company in Scott Brownrigg Group Limited. Consideration was financed in the form of a 2 year loan accruing interest at Bank of England base rate plus 2% and is repayable by instalments on a monthly basis.

SCOTT BROWNRIGG GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2018

30. Post balance sheet events (Continued)

In November 2018 the Group and Company acquired 100% of the shareholding of a company incorporated in England, the purpose of the acquisition was to further strengthen the group's sector expertise. Due to the limited time available between the acquisition and the approval of these financial statements, the list of identifiable assets and liabilities is still being finalised and the fair values of those assets and liabilities acquired is still being established. However, there is not expected to be a material cash outlay for the group.

Subsequent to the year end the board proposed and paid a dividend of 60p per ordinary share.