

Company Registration No. 06994738 (England and Wales)

AEDAS RHWL LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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AEDAS RHWL LIMITED

COMPANY INFORMATION

Directors

I K Griffiths
F W P McGoldrick
J B Middleton
M S Clark

Company number

06994738

Registered office

Ivory House
St Katharine Docks
London
E1W 1AT

Auditor

KPMG LLP
15 Canada Square
London
E14 5GL

AEDAS RHWL LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Independent auditor's report	3 - 4
Statement of comprehensive income	5
Statement of financial position	6
Statement of changes in equity	7
Statement of cash flows	8
Notes to the financial statements	9 - 20

AEDAS RHWL LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their annual report and financial statements for the year ended 31 December 2016.

Principal activities

The principal activity of the company was that of architectural and design services.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

I K Griffiths

F W P McGoldrick

V K K Liew

(Resigned 19 September 2016)

J B Middleton

M S Clark

Results and dividends

The results for the year are set out on page 5.

No ordinary dividends were paid (2015: £nil). The directors do not recommend payment of a final dividend.

Auditor

The auditor, KPMG LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), 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, subject to any material departures disclosed and explained in the financial statements; and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

AEDAS RHWL LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Going Concern

The directors believe that the company is a going concern on the basis that there is sufficient cash at group level for the business to continue for a period of at least 12 months from the date of approval of these financial statements.

On behalf of the board



M S Clark

Director

24/09/2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AEDAS RHWL LIMITED

We have audited the financial statements of Aedas RHWL Limited for the year ended 31 December 2016 set out on pages 5 to 20. The financial framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's 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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' report:

- we have not identified material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF AEDAS RHWL LIMITED

Matters on which we are required to report by exception

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

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

Andrew Turner (Senior Statutory Auditor)
for and on behalf of KPMG LLP

28/09/2017

Chartered Accountants
Statutory Auditor

15 Canada Square
London
E14 5GL

AEDAS RHWL LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 £	2015 £
Revenue	3	2,385,575	3,770,340
Cost of sales		(1,215,276)	(3,096,355)
Gross profit		1,170,299	673,985
Administrative expenses		(2,099,180)	(3,417,264)
Other operating income		341,375	559,468
Operating loss	4	(587,506)	(2,183,811)
Finance costs	7	(31,721)	(6,383)
Other gains and losses	8	(825,183)	
Loss before taxation		(1,444,410)	(2,190,194)
Tax on loss	9		
Loss after taxation		(1,444,410)	(2,190,194)
Other comprehensive income			
Total comprehensive loss for the year		(1,444,410)	(2,190,194)

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

Notes on the pages 9 to 20 form part of the financial statements.

AEDAS RHWL LIMITED

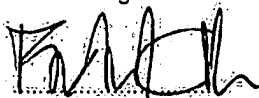
STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Property, plant and equipment	10		95,407		135,944
Investments	11		3		3
			<u>95,410</u>		<u>135,947</u>
Current assets					
Trade and other receivables	13	1,125,573		2,007,680	
Cash at bank and in hand		3,417		2,057	
		<u>1,128,990</u>		<u>2,009,737</u>	
Current liabilities	14	(4,866,254)		(4,343,128)	
Net current liabilities			(3,737,264)		(2,333,391)
Total assets less current liabilities			<u>(3,641,854)</u>		<u>(2,197,444)</u>
Equity					
Called up share capital	16		1		1
Retained earnings			(3,641,855)		(2,197,445)
Shareholders' deficit			<u>(3,641,854)</u>		<u>(2,197,444)</u>

Notes on the pages 9 to 20 form part of the financial statements.

The financial statements were approved by the board of directors and authorised for issue on 26/09/2017 and are signed on its behalf by:



M S Clark
Director

Company Registration No. 06994738

AEDAS RHWL LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Called up Share capital £	Retained earnings £	Total Equity £
Balance at 1 January 2015	1	(7,251)	(7,250)
Year ended 31 December 2015:			
Loss and total comprehensive loss for the year	-	(2,190,194)	(2,190,194)
Balance at 31 December 2015	1	(2,197,445)	(2,197,444)
Year ended 31 December 2016:			
Loss and total comprehensive loss for the year	-	(1,444,410)	(1,444,410)
Balance at 31 December 2016	1	(3,641,855)	(3,641,854)

Notes on the pages 9 to 20 form part of the financial statements.

AEDAS RHWL LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
Cash flows from operating activities			
Cash absorbed by operations	20	(425,349)	(940,927)
Interest paid		(31,721)	(6,383)
Net cash outflow from operating activities		<u>(457,070)</u>	<u>(947,310)</u>
Investing activities			
Purchase of property, plant and equipment		(38,341)	(31,773)
Net transfer in of property, plant and equipment			(189,129)
Proceeds on disposal of subsidiaries			(3)
Intercompany short term loan		<u>1,226,631</u>	<u>-</u>
Net cash generated from/(used in) investing activities		<u>1,188,290</u>	<u>(220,905)</u>
Net cash used in financing activities		<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		<u>731,220</u>	<u>(1,168,215)</u>
Cash and cash equivalents at beginning of year		<u>(1,168,215)</u>	<u>-</u>
Cash and cash equivalents at end of year		<u><u>(436,995)</u></u>	<u><u>(1,168,215)</u></u>
Relating to:			
Cash at bank and in hand		3,417	2,057
Bank overdrafts included in creditors payable within one year		<u>(440,412)</u>	<u>(1,170,272)</u>

Notes on the pages 9 to 20 form part of the financial statements.

AEDAS RHWL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

Aedas RHWL Limited is a private company limited by shares incorporated in England and Wales. The registered office is Ivory House, St Katharine Docks, London, E1W 1AT.

1.1 Accounting convention

These financial statements have been prepared in accordance with the historical cost convention and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

1.2 Going concern

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

The company meets its day to day working capital requirements through existing cash reserves and loans from the company's parent companies.

After making enquiries and obtaining the necessary assurances from the Company's ultimate parents that sufficient resources will be made available to meet liabilities as they fall due for at least a period of twelve months following the reporting date should the company's income not be sufficient, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. In addition, the company's parent companies have indicated that they will continue to provide financial support to the company for at least a period of twelve months following the date of approval of these financial statements. Accordingly, they continue to prepare the financial statements on a going concern basis.

1.3 Revenue

Revenue is recognised at the fair value of the consideration received or receivable for goods and services provided, including recharged costs, in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

AEDAS RHWL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.4 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	12.5% straight line
Fixtures and fittings	12.5% straight line
Computers	20% straight line

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.

1.5 Non-current investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.6 Impairment of non-current assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets 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 company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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.

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.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

AEDAS RHWL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.8 Financial instruments

The company 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 in the company's statement of financial position when the company 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.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, 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 transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and 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.

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 the company 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.

Classification of financial liabilities

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 company after deducting all of its liabilities.

AEDAS RHWL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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. Financial liabilities classified as payable within one year are not amortised.

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

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 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 non-current 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 company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.10 Leases

Rentals payable under operating leases, including any lease incentives received, are charged 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.

1.11 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

AEDAS RHWL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.12 Group Accounts

The company has taken advantage of the exemption under section 399 of the Companies Act 2006 not to prepare consolidated accounts, on the basis that the group of which this is the parent qualifies as a small group. The financial statements present information about the company as an individual entity and not about its group.

1.13 Comparative balances

Disclosure of the comparative trade and other receivables and current liabilities has been altered from those values disclosed in the approved financial statements for the year ended 31 December 2015. The adjustment has been made to ensure consistency with disclosure in the current year. The adjustment has no effect on the reserves of the company in either year.

2 Judgements and key sources of estimation uncertainty

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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Revenue recognition

The company uses some estimates in revenue recognition where contracts for the provision of professional services are incomplete at the year end. Revenue is recognised by reference to the stage of completion of each project, the costs incurred and the estimated costs to complete.

Trade receivables bad debt allowance

The trade receivables allowance for bad debts is based on the best estimate of the amount of probable losses in existing trade receivables. The allowance is determined based on historical collection experience and the review in each period of the status of the outstanding trade receivables, while taking into consideration current customer information, subsequent collection history and other relevant data.

Realisation of deferred tax

Deferred tax assets and liabilities are determined based upon the net tax effects of the difference between the company's financial statements carrying amounts and the tax basis of assets and liabilities. These are measured using the applicable corporation tax rate expected to apply to taxable profit in the year in which the differences arise.

Non current assets

Estimates are made by the directors in determining depreciation rates for the tangible fixed assets of the company. This is based upon the expected useful life of each asset and any expected residual value that an asset will retain at the end of its useful economic life.

AEDAS RHWL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

3 Revenue

An analysis of the company's revenue is as follows:

	2016 £	2015 £
Revenue analysed by class of business		
Sales	2,341,118	3,223,977
Recoverable expenses recharged	44,457	546,363
	<u>2,385,575</u>	<u>3,770,340</u>
	2016 £	2015 £
Revenue analysed by geographical market		
United Kingdom	1,738,387	1,700,894
EU	46,825	4,500
Outside the EU	600,363	2,064,946
	<u>2,385,575</u>	<u>3,770,340</u>

4 Operating loss

	2016 £	2015 £
Operating loss for the year is stated after charging:		
Exchange losses	122,585	46,214
Fees payable to the company's auditor for the audit of the company's financial statements	30,550	4,200
Depreciation of owned property, plant and equipment	78,878	84,958
Operating lease charges	620,712	442,585

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £122,585 (2015 - £46,214).

5 Employees

	2016 Number	2015 Number
Technical	24	26
Support	6	6

AEDAS RHWL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

5 Employees (Continued)

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	1,100,498	1,763,850
Social security costs	127,396	186,628
	<u>1,227,894</u>	<u>1,950,478</u>

Some of the directors are remunerated by the ultimate parent company, Aedas International Limited, for the services to the Group as a whole. No remuneration is payable specifically for their services as directors to Aedas RHWL Limited as this is considered not material to the company and no amounts are recharged in respect of their emoluments to the company.

6 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	<u>226,800</u>	<u>207,900</u>

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2016 £	2015 £
Remuneration for qualifying services	<u>126,000</u>	<u>115,500</u>

7 Finance costs

	2016 £	2015 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	4,871	6,350
Interest payable to group undertakings	26,631	-
	<u>31,502</u>	<u>6,350</u>
Other finance costs:		
Other interest	219	33
	<u>31,721</u>	<u>6,383</u>

AEDAS RHWL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

8 Other gains and losses

	2016 £	2015 £
Amounts written off intercompany loans	(825,183)	-

9 Tax on loss on ordinary activities

Changes to the UK corporation tax rates were announced in the Chancellor's Budget on 8 July 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and 18% from 1 April 2020. These changes were substantially enacted on 26 October 2015, the relevant (unprovided) deferred tax balances have been re-measured.

The actual charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2016 £	2015 £
Loss before taxation	(1,444,410)	(2,190,194)
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%)	(288,882)	(438,039)
Tax effect of expenses that are not deductible in determining taxable profit	156,194	23,835
Unutilised tax losses carried forward	124,581	405,712
Permanent capital allowances in excess of depreciation	8,107	16,992
Gain on investment	-	(8,500)
Tax expense for the year	-	-

Unused tax losses of £2,684,564 (2015: £2,061,661) are carried forward at 31 December 2016. A deferred tax asset has not been recognised in the financial statements due to uncertainty in timing of tax loss utilisation.

AEDAS RHWL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

10 Property, plant and equipment

	Leasehold improvements	Fixtures and fittings	Computers	Total
	£	£	£	£
Cost				
At 1 January 2016	384,543	243,519	554,483	1,182,545
Additions			38,341	38,341
At 31 December 2016	384,543	243,519	592,824	1,220,886
Depreciation and impairment				
At 1 January 2016	331,561	229,277	485,763	1,046,601
Depreciation charged in the year	42,015	9,713	27,150	78,878
At 31 December 2016	373,576	238,990	512,913	1,125,479
Carrying amount				
At 31 December 2016	10,967	4,529	79,911	95,407
At 31 December 2015	52,982	14,242	68,720	135,944

11 Fixed asset investments

	Notes	2016 £	2015 £
Investments in subsidiaries	12	3	3

Movements in non-current investments

	Shares in group undertakings £
Cost or valuation	
At 1 January 2016 & 31 December 2016	3
Carrying amount	
At 31 December 2016	3
At 31 December 2015	3

AEDAS RHWL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

12 Subsidiaries

Details of the company's subsidiaries at 31 December 2016 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct / Indirect
Aedas Arts Team Limited	England & Wales	Architecture	Ordinary	100.00
RHWL Architects LLC	Qatar	Dormant	Ordinary	49.00
Aedas RHWL GMBH	Germany	Dormant	Ordinary	100.00

13 Trade and other receivables

	2016 £	2015 £
Amounts falling due within one year:		
Trade receivables	346,666	905,219
Amounts due from subsidiary undertakings	29,392	645,420
Amounts owed by fellow group undertakings	109,097	146,370
Other receivables	94,120	44,665
Prepayments and accrued income	546,298	266,006
	<u>1,125,573</u>	<u>2,007,680</u>

14 Current liabilities

	Notes	2016 £	2015 £
Bank loans and overdrafts	15	440,412	1,170,272
Trade payables		28,385	402,095
Amounts owed to group undertakings		3,588,269	1,754,176
Other taxation and social security		38,484	11,064
Other payables		156,974	200,268
Accruals and deferred income		613,730	805,253
		<u>4,866,254</u>	<u>4,343,128</u>

Amounts owed to group undertakings include a short term loan from the company's ultimate parent company Aedas International Limited totalling £1,226,631 (2015: £nil). The loan is repayable on demand and incurs interest at a rate of 2.25% per annum.

15 Borrowings

	2016 £	2015 £
Bank overdrafts	<u>440,412</u>	<u>1,170,272</u>
Payable within one year	<u>440,412</u>	<u>1,170,272</u>

AEDAS RHWL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

16 Share capital

	2016 £	2015 £
Ordinary share capital Issued and fully paid 1 ordinary share of £1 each	1	1
	<u>1</u>	<u>1</u>

17 Operating lease commitments

Lessee

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

	2016 £	2015 £
Within one year	637,938	496,368
Between two and five years	2,551,752	2,551,752
In over five years	5,460,050	6,095,658
	<u>8,649,740</u>	<u>9,143,778</u>

18 Related party transactions

The company is exempt from disclosing transactions with other companies that are wholly owned within the Aedas International Limited group.

Aedas International Limited have guaranteed the operating lease commitment of the company.

During the year the company recharged costs including payroll costs of £nil (2015: £945,340) to RHWL Architects LLC, a company incorporated in Qatar, and in which the company has a 49% interest. Provision totalling £483,931 (2015: £nil) was recognised in the Statement of Comprehensive Income against debts owed. At the balance sheet date RHWL Architects LLC owed the company £nil (2015: £363,968).

During the year the company recharged costs of £nil (2015: £17,502) to Aedas Architects LLC, a company incorporated in Abu Dhabi, and which the Aedas International Limited group has a 49% interest. At the balance sheet date Aedas Architects LLC owed the company £21,550 (2015: £17,502).

19 Controlling party

At 31 December 2016, the directors consider the immediate parent to be Aedas (Architects) Limited, which is incorporated in the British Virgin Islands.

At 31 December 2016, the directors consider the ultimate controlling party of the company to be Aedas International Limited, which is incorporated in Hong Kong.

The ultimate holding company prepares consolidated financial statements which include their share of the results for the year.

AEDAS RHWL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

20 Cash generated from operations

	2016 £	2015 £
Loss for the year after tax	(1,444,410)	(2,190,194)
Adjustments for:		
Finance costs	31,721	6,383
Depreciation of property, plant and equipment	78,878	84,958
Other gains and losses	825,183	-
Write off of Intercompany balances	(825,183)	-
Movements in working capital:		
Decrease/(increase) in trade and other receivables	882,107	(2,007,680)
Increase in trade and other payables	26,355	3,165,606
Cash absorbed by operations	(425,349)	(940,927)

AEDAS RHWL LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016	2015
	£	£
Revenue		
Fee income	2,341,117	3,223,977
Reimbursement income	44,458	546,363
	<u>2,385,575</u>	<u>3,770,340</u>
Cost of sales		
Project reimbursements	(137,338)	575,718
Project expenses	136,218	81,965
Wages and salaries	685,681	1,268,080
Social security costs	104,978	159,172
Other direct labour costs	1,216	-
Redundancy costs	58,181	63,983
Directors' remuneration	226,800	207,900
Consultancy fees	139,540	739,537
	<u>(1,215,276)</u>	<u>(3,096,355)</u>
Gross profit	<u>1,170,299</u>	<u>673,985</u>
Other operating income		
Sundry income	5,771	5,296
Other amounts receivable from group companies	335,604	554,172
	<u>341,375</u>	<u>559,468</u>
Administrative expenses	<u>(2,099,180)</u>	<u>(3,417,264)</u>
Operating loss	<u>(587,506)</u>	<u>(2,183,811)</u>
Finance costs		
Bank interest on loans and overdrafts	4,871	6,350
Interest payable	219	33
Interest payable to group companies	26,631	-
	<u>(31,721)</u>	<u>(6,383)</u>
Other gains and losses		
Amounts written off intercompany loans	(825,183)	-
Loss before taxation	<u>(1,444,410)</u>	<u>(2,190,194)</u>

The above information does not form part of the audited statutory financial statements and is included solely for the information of management.

AEDAS RHWL LIMITED

SCHEDULE OF ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 £	2015 £
Administrative expenses		
Wages and salaries	184,713	287,870
Social security costs	22,418	27,456
Temporary staff	2,088	-
Staff recruitment costs	-	57,075
Staff welfare	13,937	19,513
Staff training	5,131	6,254
Redundancy costs	1,288	6,506
Management charges	431,279	1,141,953
Rent	620,712	441,332
Rates	97,564	83,566
Property repairs and maintenance	13,481	19,941
Computer running costs	1,605	2,585
Software costs	54,654	56,026
Leasing - plant and machinery	-	1,253
Travelling expenses	70,311	154,197
Postage, courier and delivery charges	3,898	5,922
Professional subscriptions	32,574	25,690
Legal and professional fees	34,984	268,005
Consultancy fees	6,020	2,739
Accountancy	41,826	21,073
Audit fees	30,550	4,200
Charitable donations	570	100
Sponsorship	5,500	7,600
Bank charges	11,315	10,364
Bad and doubtful debts	67,635	530,353
Insurances	17,502	17,201
Printing and stationery	44,291	36,646
Books, periodicals, reference materials	45	1,151
Advertising	4,567	4,074
Promotions and exhibitions	15,200	28,082
Telecommunications	52,708	51,914
Entertaining	4,299	5,527
Sundry expenses	5,052	2,424
Depreciation	78,878	84,958
Gain on investment	-	(42,500)
Loss on foreign exchange	122,585	46,214
	<u>2,099,180</u>	<u>3,417,264</u>

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