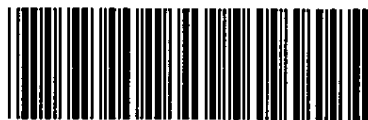


**Happold LLP**  
**AUDITED**  
**ANNUAL REPORT**  
**AND CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 30 April 2011**

THURSDAY



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COMPANIES HOUSE

## **HAPPOLD LLP**

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## INFORMATION

### **Designated Members**

R G Macdonald (resigned 30 April 2011)

D G Thompson

D H Wookey

P M R Penkman

Dr M J Cook (appointed 1 May 2011)

P S Westbury (appointed 1 May 2011)

A complete list of members' names is available at the registered office

### **LLP registered number**

OC331879

### **Registered office**

Camden Mill, Lower Bristol Road, Bath, BA2 3DQ

### **Auditor**

Baker Tilly UK Audit LLP, Hartwell House, 55-61 Victoria Street, Bristol, BS1 6AD

### **Bankers**

National Westminster Bank Plc, 280 Bishopsgate, London, EC2M 4RB

HSBC Bank Plc, City Business Banking Centre, 60 Queen Victoria Street, London, EC4N 4TR

## **HAPPOLD LLP**

### **MEMBERS' REPORT for the year ended 30 April 2011**

The members present their annual report together with the audited financial statements of Happold LLP, a Limited Liability Partnership, and the group for the year ended 30 April 2011

#### **PRINCIPAL ACTIVITIES**

The principal activity of the Partnership, and the group is that of consulting engineers providing professional design and advisory services to the property and construction sectors

#### **DESIGNATED MEMBERS**

R G Macdonald, D H Wookey, D G Thompson and P M R Penkman were designated members of the Partnership, and the group throughout the period

On 30 April 2011 R G Macdonald resigned as a designated member of Happold LLP. On 1 May 2011 Dr M J Cook and P S Westbury were appointed as designated members of Happold LLP

#### **MEMBERS' DRAWINGS AND THE SUBSCRIPTIONS AND REPAYMENT OF MEMBERS' CAPITAL**

Each member shall be entitled to draw in anticipation of the share of profits of such member, such sum as may be determined by the Remuneration Committee of the LLP from time to time

The level of members' capital is determined by the Remuneration Committee of the LLP from time to time, with each members' capital subscription linked to his or her share of profit. Capital is repaid to members on cessation of membership of the firm

#### **BUSINESS REVIEW**

The group has not been immune from the reduction in global activity levels in the construction industry. There has been pressure on margins as fee competition becomes ever more intense. The group has also increased provisions in the year as a reflection of the payment difficulties being experienced by some clients.

The group is working continually to reduce its cost base to meet the challenges placed on it to compete in these most challenging economic circumstances. Indications so far in 2011/12 are for a return to a more robust level of profitability in the year and beyond.

#### **POLITICAL AND CHARITABLE CONTRIBUTIONS**

During the year the group contributed £67,256 (2010: £270,000) to the Happold Trust, a UK charity. The Happold Trust is a charity registered for the promotion of education, research and training in fields applicable to the construction industry, engineering, design, technology and architecture.

#### **RESEARCH AND DEVELOPMENT ACTIVITIES**

During the year the group spent £1,877,000 (2009: £2,650,000) on research and development. These expenses are included in the individual profit and loss categories.

#### **EMPLOYMENT POLICY**

The group recognises that a skilled and motivated workforce is crucial to its success. It is the group's policy to ensure adequate provision for the health, safety, welfare and training of its employees.

The group seeks to keep its employees informed on all aspects of the business through structured management meetings and in-house publications.

The group has continued its policy regarding employment of disabled persons. Full and fair consideration is given to applications for employment made by disabled persons having regard for their particular aptitudes and abilities. Where existing employees become disabled, every effort is made to find or create suitable positions for

## **HAPPOLD LLP**

### **MEMBERS' REPORT (continued) for the year ended 30 April 2011**

them and training is arranged to promote their career development within the organisation

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks and uncertainties faced by the business are as follows

Key staff - Retention and employment of key staff remains critical to the group's success

Competition - Competition within the marketplace continues to be intense, the ability of the group to maintain its competitive advantage depends on maintaining and enhancing its ability to serve its clients

#### **KEY PERFORMANCE INDICATOR**

The group's key performance indicator of its effectiveness is net operating margin. In the financial year 2011 the net margin was 6.7% (2010: 11.4%). Net margin has reduced as a result of market fee pressures, the build up of provisions against non-payment of fees and irrecoverable costs incurred on projects.

#### **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The group is exposed to a number of financial risks including interest rate, credit risk and foreign exchange risk.

Interest rate risk – the group has borrowings on which interest is charged at the bank's variable rate.

Credit risk – appropriate credit checks are made on potential customers before work commences on projects.

Foreign exchange risk – a proportion of the group's work is undertaken in currency other than sterling. Exchange rate movements are kept under constant review and appropriate techniques of currency risk management are used where appropriate.

#### **MEMBERS' RESPONSIBILITIES STATEMENT**

The members are responsible for preparing the financial statements in accordance with applicable law and regulations.

Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the 2008 Regulations) requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under the 2008 Regulations the members 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 partnership and the group and of the profit or loss of the group for that period.

In preparing these financial statements, the members are required to

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

Under the 2008 Regulations the members are responsible for keeping adequate accounting records that are sufficient to show and explain the partnership's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the requirements of those Regulations. They are also responsible for safeguarding the assets of the partnership and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

These responsibilities are exercised by the designated members on behalf of the members.

**HAPPOLD LLP**

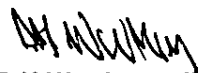
**MEMBERS' REPORT (continued)  
for the year ended 30 April 2011**

**AUDITOR**

Following the merger of Richardson Groves LLP and Baker Tilly, which occurred on 1 April 2011, Baker Tilly UK Audit LLP became the company's auditor

The auditor, Baker Tilly UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006

This certification was approved by the members on *27 January 2012* and signed on their behalf by



**D H Wookey**  
Designated member

## **HAPPOLD LLP**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAPPOLD LLP**

We have audited the group and parent company financial statements (the "financial statements") of Happold LLP for the year ended 30 April 2011, set out on pages 7 to 30. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the LLP's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the LLP'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 LLP and the LLP's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### **RESPECTIVE RESPONSIBILITIES OF MEMBERS AND AUDITOR**

As explained more fully in the Members' responsibilities statement, on page 3, the members 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 Auditing Practices Board's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent LLP's affairs as at 30 April 2011 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006, as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

**HAPPOLD LLP**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAPPOLD LLP**

**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, as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent LLP, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent LLP financial statements are not in agreement with the accounting records and returns, or
- we have not received all the information and explanations we require for our audit

*Baker Tilly UK Audit LLP*

Mr Timothy Lerwill (Senior statutory auditor)  
for and on behalf of

**BAKER TILLY UK AUDIT LLP, Statutory Auditor**

Chartered Accountants

Hartwell House

55-61 Victoria Street

Bristol

BS1 6AD

Date *27<sup>th</sup> January 2012*



# HAPPOLD LLP

## CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 30 April 2011

	Note	2011 £000	2010 £000
<b>TURNOVER</b>	1,2	119,815	123,004
Administrative expenses		(111,769)	(109,695)
<b>OPERATING PROFIT</b>	3	8,046	13,309
Interest receivable and similar income	7	88	54
Interest payable and similar charges	8	(299)	(661)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		7,835	12,702
Tax on profit on ordinary activities	9	163	(1,734)
<b>PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES</b>		7,998	10,968
<b>PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES</b>		7,998	10,968
Members remuneration charged as an expense		(5,177)	(5,180)
<b>PROFIT FOR THE FINANCIAL YEAR AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS</b>		2,821	5,788

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 other than those included in the Profit and loss account

The notes on pages 13 to 30 form part of these financial statements

**HAPPOLD LLP**  
**Registered number. OC331879**

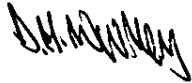
**CONSOLIDATED BALANCE SHEET**  
**as at 30 April 2011**

	Note	2011 £000	2010 £000
<b>FIXED ASSETS</b>			
Tangible assets	10	5,404	5,730
Investments	11	362	338
		<u>5,766</u>	<u>6,068</u>
<b>CURRENT ASSETS</b>			
Debtors	13	62,028	62,807
Cash at bank		1,959	3,609
		<u>63,987</u>	<u>66,416</u>
<b>CREDITORS</b> , amounts falling due within one year	14	(47,839)	(49,260)
<b>NET CURRENT ASSETS</b>		<u>16,148</u>	<u>17,156</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>21,914</u>	<u>23,224</u>
<b>CREDITORS</b> , amounts falling due after more than one year	15	(251)	(880)
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred tax	17	-	(629)
Other provisions	18	(2,023)	(750)
		<u>(2,023)</u>	<u>(1,379)</u>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>		<u><u>19,640</u></u>	<u><u>20,965</u></u>
<b>REPRESENTED BY:</b>			
<b>LOANS AND OTHER DEBTS DUE TO MEMBERS WITHIN ONE YEAR</b>			
Members' capital classified as a liability under FRS 25		6,660	6,423
Other amounts		(4,266)	(5,094)
	16	<u>2,394</u>	<u>1,329</u>
<b>MEMBERS' OTHER INTERESTS (EQUITY)</b>			
Other reserves		17,246	19,636
		<u>19,640</u>	<u>20,965</u>
<b>TOTAL MEMBERS' INTERESTS</b>			
Loans and other debts due to members		2,394	1,329
Members' other interests		17,246	19,636
	28	<u><u>19,640</u></u>	<u><u>20,965</u></u>

**HAPPOLD LLP**

**CONSOLIDATED BALANCE SHEET (continued)**  
**as at 30 April 2011**

The financial statements were approved and authorised for issue by the members and were signed on their behalf on 27 September 2011



**D H Wookey**  
Designated member

The notes on pages 13 to 30 form part of these financial statements

**HAPPOLD LLP**  
Registered number. OC331879

**LLP BALANCE SHEET**  
as at 30 April 2011

	Note	2011 £000	2010 £000
<b>FIXED ASSETS</b>			
Tangible assets	10	447	432
Investments	11	22,076	22,386
		<u>22,523</u>	<u>22,818</u>
<b>CURRENT ASSETS</b>			
Debtors	13	866	905
Cash at bank		15	48
		<u>881</u>	<u>953</u>
<b>CREDITORS</b> amounts falling due within one year	14	(2,570)	(2,806)
<b>NET CURRENT LIABILITIES</b>		<u>(1,689)</u>	<u>(1,853)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>20,834</u>	<u>20,965</u>
<b>PROVISIONS FOR LIABILITIES</b>			
Other provisions	18	(1,196)	-
<b>NET ASSETS ATTRIBUTABLE TO PARTNERS</b>		<u><u>19,638</u></u>	<u><u>20,965</u></u>
<b>REPRESENTED BY:</b>			
<b>LOANS AND OTHER DEBTS DUE TO MEMBERS WITHIN ONE YEAR</b>			
Members' capital classified as a liability under FRS 25		6,660	6,423
Other amounts		(4,266)	(5,094)
	16	<u>2,394</u>	<u>1,329</u>
<b>EQUITY</b>			
Members' other interests		17,244	19,636
		<u>19,638</u>	<u>20,965</u>
<b>TOTAL MEMBERS' INTERESTS</b>			
Loans and other debts due to members		2,394	1,329
Members' other interests		17,244	19,636
	28	<u><u>19,638</u></u>	<u><u>20,965</u></u>

**HAPPOLD LLP**

**LLP BALANCE SHEET (continued)**  
**as at 30 April 2011**

The financial statements were approved and authorised for issue by the members and were signed on their behalf on *27 January 2012*

*D H Wookey*

**D H Wookey**  
Designated member

The notes on pages 13 to 30 form part of these financial statements

# HAPPOLD LLP

## CONSOLIDATED CASH FLOW STATEMENT for the year ended 30 April 2011

	Note	2011 £000	2010 £000
Net cash flow from operating activities	19	2,427	20,189
Returns on investments and servicing of finance	20	(211)	(657)
Taxation		(1,344)	(654)
Capital expenditure and financial investment	20	(1,468)	(1,756)
Net cash flow from transactions with members and former members	20	(9,089)	(6,741)
<b>CASH (OUTFLOW)/INFLOW BEFORE FINANCING</b>		<b>(9,685)</b>	<b>10,381</b>
Financing	20	(637)	(5,744)
<b>(DECREASE)/INCREASE IN CASH IN THE YEAR</b>		<b>(10,322)</b>	<b>4,637</b>

## RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT for the year ended 30 April 2011

	2011 £000	2010 £000
(Decrease)/Increase in cash in the year	(10,322)	4,637
Cash outflow from decrease in debt and lease financing	5,976	10,484
<b>CHANGE IN NET DEBT RESULTING FROM CASH FLOWS</b>	<b>(4,346)</b>	<b>15,121</b>
Other non-cash changes	(6,404)	(2,277)
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>	<b>(10,750)</b>	<b>12,844</b>
Net debt at 1 May 2010	(1,604)	(14,448)
<b>NET DEBT AT 30 APRIL 2011</b>	<b>(12,354)</b>	<b>(1,604)</b>

The notes on pages 13 to 30 form part of these financial statements

## **HAPPOLD LLP**

### **NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 April 2011**

#### **1 ACCOUNTING POLICIES**

##### **1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards and the requirements of the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" March 2010

##### **1.2 BASIS OF CONSOLIDATION**

The financial statements consolidate the accounts of Happold LLP and all of its subsidiary undertakings ('subsidiaries')

The results of subsidiaries sold are included up to the effective date of disposal

The LLP has taken advantage of the exemption contained within 408 of the Companies Act 2006 not to present its own Profit and loss account

##### **1.3 TURNOVER**

Turnover represents fees earned in respect of work carried out in the year which falls within the group's ordinary activities, stated net of value added tax

##### **1.4 TANGIBLE FIXED ASSETS AND DEPRECIATION**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Leasehold Improvements	-	The shorter of straight line over the life of the lease or 10 years straight line
Motor vehicles	-	25% straight line
Other fixed assets	-	10% - 33% straight line

##### **1.5 INVESTMENTS**

- (i) **Subsidiary undertakings**  
Investments in subsidiaries are valued at cost less provision for impairment
- (ii) **Other investments**  
Investments held as fixed assets are shown at cost less provision for impairment

##### **1.6 LEASING AND HIRE PURCHASE**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the entity. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and Loss Account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

## **HAPPOLD LLP**

### **NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 April 2011**

#### **1 ACCOUNTING POLICIES (continued)**

##### **1.7 OPERATING LEASES**

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

##### **1.8 DEFERRED TAXATION**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

##### **1.9 FOREIGN CURRENCIES**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and loss account

##### **1.10 RESEARCH AND DEVELOPMENT**

Development costs are capitalised within intangible assets where they can be identified with a specific product or project anticipated to produce future benefits, and are amortised on the straight line basis over the anticipated life of the benefits arising from the completed product or project

Deferred research and development costs are reviewed annually, and where future benefits are deemed to have ceased or to be in doubt, the balance of any related research and development is written off to the Profit and loss account

All research and other development costs are written off as incurred

##### **1.11 LONG-TERM CONTRACTS**

Amounts recoverable on long term contracts, which are included in debtors are stated at the net sales value of the work done after provisions for contingencies and anticipated future losses on contracts, less amounts received and receivable as progress payments on account. Excess progress payments are included in creditors as payments received on account



## HAPPOLD LLP

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 April 2011

#### 1 ACCOUNTING POLICIES (continued)

##### 1.12 PENSIONS

The entity operates a defined contribution pension scheme and the pension charge represents the amounts payable by the entity to the fund in respect of the year

##### 1.13 ALLOCATION OF PROFITS AND DRAWINGS

Profits of the LLP entity are automatically allocated between the members in any financial year in accordance with set provisions of the members' agreement

#### 2 TURNOVER

An geographical analysis of turnover is as follows

	2011 £000	2010 £000
United Kingdom	47,986	48,145
Rest of European Union	7,974	10,297
Rest of World	63,855	64,562
	<u>119,815</u>	<u>123,004</u>

#### OPERATING PROFIT

	2011 £000	2010 £000
United Kingdom	3,222	5,209
Rest of European Union	535	1,115
Rest of World	4,289	6,985
	<u>8,046</u>	<u>13,309</u>

#### NET ASSETS

	2011 £000	2010 £000
United Kingdom	7,959	8,206
Rest of European Union	1,321	1,755
Rest of World	10,594	11,002
	<u>19,874</u>	<u>20,963</u>

# HAPPOLD LLP

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 April 2011

### 3. OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	2011 £000	2010 £000
Depreciation of tangible fixed assets		
- owned by the group	1,010	1,143
- held under finance leases	780	747
Operating lease rentals		
- other operating leases	5,348	5,504
(Profit)/loss on exchange	(119)	(180)
Research and development expenditure written off	1,877	2,650
	<u>          </u>	<u>          </u>

### 4. AUDITORS' REMUNERATION

	2011 £000	2010 £000
The auditing of accounts of associates of the LLP pursuant to legislation	106	79
Other services supplied pursuant to such legislation	30	32
	<u>          </u>	<u>          </u>

### 5. STAFF COSTS

Staff costs were as follows

	2011 £000	2010 £000
Wages and salaries	47,863	50,888
Social security costs	5,235	4,748
Other pension costs	3,034	2,924
	<u>          </u>	<u>          </u>
	56,132	58,560
	<u>          </u>	<u>          </u>

The average monthly number of persons (excluding members) employed during the year was as follows

	2011 No	2010 No
Technical staff	1,022	1,104
Support staff	326	292
	<u>          </u>	<u>          </u>
	1,348	1,396
	<u>          </u>	<u>          </u>

# HAPPOLD LLP

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 April 2011

### 6. INFORMATION IN RELATION TO MEMBERS

	2011 Number	2010 Number
The average number of members during the year was	51	50
	£000	£000
The average members remuneration during the year was	149	219
The amount of profit attributable to the partner with the largest entitlement was	261	416

### 7. INTEREST RECEIVABLE

	2011 £000	2010 £000
Other interest receivable	88	54

### 8. INTEREST PAYABLE

	2011 £000	2010 £000
On bank loans and overdrafts	199	305
On finance leases and hire purchase contracts	100	356
	299	661

### 9. TAXATION

	2011 £000	2010 £000
<b>ANALYSIS OF TAX CHARGE IN THE YEAR</b>		
<b>CURRENT TAX</b> (see note below)		
UK corporation tax charge on profit for the year	522	1,142
<b>DEFERRED TAX</b> (see note 17)		
Accelerated capital allowances and cash basis timing differences	(685)	592
<b>TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	(163)	1,734

# HAPPOLD LLP

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 April 2011

### 9 TAXATION (continued)

#### FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2010 - lower than) the standard rate of corporation tax in the UK of 27.83% (2010 - 28%). The differences are explained below

	2011 £000	2010 £000
Profit on ordinary activities before tax	7,835	12,702
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 27.83% (2010 - 28%)	2,181	2,106
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	30	163
Capital allowances for year in excess of depreciation and cash basis timing differences	32	35
Effect of change in tax rate	-	(560)
Non (taxable)/deductible entities	(2,116)	(275)
Pension scheme payment	70	-
Unrelieved tax losses carried forward	383	-
Withholding tax borne in the UK	(121)	-
Foreign tax at different rates	94	-
Foreign tax on cash basis	201	-
Research and development tax credit	(229)	(186)
Consolidation adjustment / Increase in tax provision	-	(59)
Foreign tax due/paid	(3)	(82)
<b>CURRENT TAX CHARGE FOR THE YEAR (see note above)</b>	<b>522</b>	<b>1,142</b>

#### FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges

# HAPPOLD LLP

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 April 2011

### 10. TANGIBLE FIXED ASSETS

<b>GROUP</b>	<b>Leasehold improvements £000</b>	<b>Motor vehicles £000</b>	<b>Other fixed assets £000</b>	<b>Total £000</b>
<b>COST</b>				
At 1 May 2010	5,838	1,133	5,747	12,718
Additions	231	231	1,008	1,470
Disposals	(107)	(259)	(1,293)	(1,659)
At 30 April 2011	5,962	1,105	5,462	12,529
<b>DEPRECIATION</b>				
At 1 May 2010	2,348	681	3,959	6,988
Charge for the year	775	213	802	1,790
On disposals	(107)	(254)	(1,292)	(1,653)
At 30 April 2011	3,016	640	3,469	7,125
<b>NET BOOK VALUE</b>				
At 30 April 2011	2,946	465	1,993	5,404
At 30 April 2010	3,490	452	1,788	5,730

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

<b>GROUP</b>	<b>2011 £000</b>	<b>2010 £000</b>
Leasehold improvements	448	866
Other fixed assets	918	1,280
	1,366	2,146

The depreciation charge for the year for assets held under hire purchase/finance lease contracts was £780,000 (2010 £747,000)

# HAPPOLD LLP

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 April 2011

LLP	Motor vehicles £000
<b>COST</b>	
At 1 May 2010	1,083
Additions	231
Disposals	(238)
At 30 April 2011	1,076
<b>DEPRECIATION</b>	
At 1 May 2010	651
Charge for the year	211
On disposals	(233)
At 30 April 2011	629
<b>NET BOOK VALUE</b>	
At 30 April 2011	447
At 30 April 2010	432

### 11. FIXED ASSET INVESTMENTS

GROUP	Unlisted investments £000
<b>COST OR VALUATION</b>	
At 1 May 2010	338
Additions	24
At 30 April 2011	362
<b>NET BOOK VALUE</b>	
At 30 April 2011	362
At 30 April 2010	338

# HAPPOLD LLP

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 April 2011

### 11 FIXED ASSET INVESTMENTS (continued)

	Investments in subsidiary companies £000
<b>LLP</b>	
<b>COST OR VALUATION</b>	
At 1 May 2010	22,386
Disposals	(341)
Revaluations	31
At 30 April 2011	22,076
<b>NET BOOK VALUE</b>	
At 30 April 2011	22,076
At 30 April 2010	22,386

Details of the principal subsidiaries and associates can be found under note number 12

### 12 PRINCIPAL SUBSIDIARIES AND ASSOCIATES

#### a. PRINCIPAL SUBSIDIARIES

Company name	Country	Percentage Shareholding	Activity
Buro Happold Consulting Engineers Limited	England	100	Consulting engineers
Buro Happold Limited	England	100	Consulting engineers
Happold Ingenieurburo GmbH	Germany	100	Consulting engineers
BH Geoenvironmental Limited	England	100	Consulting engineers
Buro Happold Polska sp z o o	Poland	100	Consulting engineers
Happold Consulting Limited	England	100	Consultancy services
Buro Happold Consulting Engineers PC*	USA	100	Consulting engineers
Buro Happold Consulting Engineers Inc*	USA	100	Consulting engineers
Buro Happold Canada Inc	Canada	100	Consulting engineers
Buro Happold International Limited	Hong Kong	100	Consulting engineers
Happold Safe & Secure Limited	England	100	Consulting engineers
Buro Happold ApS	Denmark	100	Consulting engineers
Buro Happold Engineers India Private Limited	India	100	Consulting engineers
Buro Happold Philippines Inc	Philippines	100	Consulting engineers
Buro Happold and Partner Engineering Consultancy Company	Saudi Arabia	75	Consulting engineers
Buro Happold Engineers Limited*	England	100	Management services
Buro Happold International Limited*	Guernsey	100	Management services
Buro Happold Inc*	USA	100	Management services
Happold Media Limited	England	100	Corporate films and animations
Buro Happold Singapore Pte Limited	Singapore	100	Dormant

# HAPPOLD LLP

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 April 2011

### 12. PRINCIPAL SUBSIDIARIES AND ASSOCIATES (continued)

#### a PRINCIPAL SUBSIDIARIES (continued)

Company name	Country	Percentage Shareholding	Activity
ITool Limited	England	100	Dormant
Happold Spatial Limited	England	100	Dormant
IProcesses Limited	England	100	Dormant
Happold Land Limited	England	100	Dormant
Buro Happold Facade Engineering Limited	England	100	Dormant
FEDRA Limited	England	100	Dormant
Buro Happold (Malaysia) Sdn Bhd.	Malaysia	100	Dormant

#### b. PRINCIPAL ASSOCIATES

Company name	Country	Percentage Shareholding	Activity
Vulcan Solutions Limited	England	42	Engineering consultants

\* Denotes the immediate subsidiaries of Happold LLP

Buro Happold Engineers Limited owns a 42% shareholding in Vulcan Solutions Limited. This shareholding is classified as an unlisted investment and has not been consolidated, as the Buro Happold Group do not exercise control over the company. The aggregate share capital and reserves of Vulcan Solutions Limited as at 31 July 2010 was £34,000 (2009 £24,000) and the profit for the year was £10,220 (2009 £14,000 loss).

### 13 DEBTORS

	GROUP		LLP	
	2011 £000	2010 £000	2011 £000	2010 £000
Trade debtors	40,826	44,219	-	-
Other debtors	3,837	3,049	865	905
Prepayments and accrued income	2,806	2,648	-	-
Amounts recoverable on long term contracts	14,503	12,891	-	-
Deferred tax asset (see note 17)	56	-	-	-
	<u>62,028</u>	<u>62,807</u>	<u>865</u>	<u>905</u>

The directors believe that the group will make sufficient profit in 2011/2012 to fully recover the deferred tax asset.



# HAPPOLD LLP

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 April 2011

### 14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP		LLP	
	2011 £000	2010 £000	2011 £000	2010 £000
Bank loans and overdrafts	10,853	2,181	176	-
Payments received on account	22,633	32,039	-	-
Net obligations under finance leases and hire purchase contracts	873	823	-	-
Trade creditors	7,481	5,873	-	-
Amounts owed to group undertakings	-	-	2,176	2,456
Corporation tax	448	1,148	-	-
Other taxation and social security costs	2,752	2,054	200	350
Other creditors	626	433	-	-
Accruals and deferred income	2,173	4,709	16	-
	<u>47,839</u>	<u>49,260</u>	<u>2,568</u>	<u>2,806</u>

Security given for the bank overdraft consists of a debenture including fixed and floating charges over the company assets, including a specific equitable charge over 865 Buro Happold Limited ordinary £1 shares and 500,000 Buro Happold Consulting Engineers Limited £1 ordinary shares and a cross composite guarantee given by Buro Happold Limited, Buro Happold Engineers Limited, Buro Happold Consulting Engineers Limited, Happold LLP, Happold Consulting Limited, Happold Safe & Secure Limited, Happold Media Limited and BH Geoenvironmental Limited to secure the liabilities of each other

Bank loans of £4,750,000 are repayable on demand Interest on these loans is charged at 1.75% over the base rate

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

### 15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	GROUP	
	2011 £000	2010 £000
Net obligations under finance leases and hire purchase contracts	193	880
Other creditors	58	-
	<u>251</u>	<u>880</u>

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

	GROUP	
	2011 £000	2010 £000
Within 2 - 5 years	193	880

# HAPPOLD LLP

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 April 2011

### 16 LOANS AND OTHER DEBTS DUE TO MEMBERS

	<b>GROUP</b>		<b>LLP</b>	
	2011 £000	2010 £000	2011 £000	2010 £000
Member capital treated as debt	(6,660)	(6,423)	(6,660)	(6,423)
Amounts due to members	4,266	5,094	4,266	5,094
	<u>(2,394)</u>	<u>(1,329)</u>	<u>(2,394)</u>	<u>(1,329)</u>

### 17 DEFERRED TAXATION

	<b>GROUP</b>	
	2011 £000	2010 £000
At beginning of year	(629)	(87)
Released during/(charge for) the year	685	(542)
At end of year	<u>56</u>	<u>(629)</u>

The deferred taxation balance is made up as follows

	<b>GROUP</b>	
	2011 £000	2010 £000
Accelerated capital allowances and cash basis timing differences	49	629
Tax losses brought forward	(63)	-
Accruals and other amounts deductible when paid	70	-
	<u>56</u>	<u>629</u>

# HAPPOLD LLP

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 April 2011

### 18. PROVISIONS

<b>GROUP</b>	<b>Other provisions £000</b>	<b>Retired members' payments £000</b>	<b>Total £000</b>
At 1 May 2010	750	-	750
Additions	-	1,196	1,196
Increase in year	77	-	77
At 30 April 2011	<u>827</u>	<u>1,196</u>	<u>2,023</u>

### OTHER PROVISIONS

Other provisions include the directors' assessments of amounts required on specific project related matters and to meet liabilities arising from overseas employment legislation

### RETIRED MEMBERS' PAYMENTS

This is a provision for payments due to retired members

<b>LLP</b>	<b>£000</b>	<b>Total £000</b>
At 1 May 2010	-	-
Additions	1,196	1,196
At 30 April 2011	<u>1,196</u>	<u>1,196</u>

This is a provision for payments due to retired members

### 19. NET CASH FLOW FROM OPERATING ACTIVITIES

	<b>2011 £000</b>	<b>2010 £000</b>
Operating profit	8,046	13,309
Depreciation of tangible fixed assets	1,790	1,890
Profit on disposal of tangible fixed assets	(21)	(36)
Decrease in debtors	833	6,394
Decrease in creditors	(9,260)	(1,760)
Increase in provisions	1,039	392
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<u>2,427</u>	<u>20,189</u>

# HAPPOLD LLP

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 April 2011

### 20. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2011 £000	2010 £000
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		
Interest received	88	54
Interest paid	(199)	(355)
Hire purchase interest	(100)	(356)
<b>NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>	<b>(211)</b>	<b>(657)</b>
	2011 £000	2010 £000
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>		
Purchase of tangible fixed assets	(1,470)	(1,709)
Sale of tangible fixed assets	26	67
Purchase of unlisted and other investments	(24)	(114)
<b>NET CASH OUTFLOW FROM CAPITAL EXPENDITURE</b>	<b>(1,468)</b>	<b>(1,756)</b>
	2011 £000	2010 £000
<b>TRANSACTIONS WITH MEMBERS AND FORMER MEMBERS</b>		
Payments to members and former members	(7,139)	(7,369)
Contributions by members	1,800	2,629
Payments from members	1,227	-
Transactions with members relating to equity	(4,977)	(2,001)
<b>NET CASH OUTFLOW FROM TRANSACTIONS WITH MEMBERS AND FORMER MEMBERS</b>	<b>(9,089)</b>	<b>(6,741)</b>
<b>Analysed as follows:</b>		
Net transactions with members relating to equity	(3,750)	(2,001)
Net transactions with members relating to debt	(5,339)	(4,740)
	<b>(9,089)</b>	<b>(6,741)</b>
	2011 £000	2010 £000
<b>FINANCING</b>		
Repayment of loans	-	(5,332)
Repayment of finance leases	(637)	(412)
<b>NET CASH OUTFLOW FROM FINANCING</b>	<b>(637)</b>	<b>(5,744)</b>

# HAPPOLD LLP

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 April 2011

### 21 ANALYSIS OF CHANGES IN NET DEBT

	1 May 2010 £000	Cash flow £000	Other non-cash changes £000	30 April 2011 £000
Cash at bank and in hand	3,609	(1,650)	-	1,959
Bank overdraft	(2,181)	(8,672)	-	(10,853)
	<u>1,428</u>	<u>(10,322)</u>	<u>-</u>	<u>(8,894)</u>
<b>DEBT:</b>				
Debts due within one year	(823)	637	(687)	(873)
Debts falling due after more than one year	(880)	-	687	(193)
Loans and other debts due to members	(1,329)	5,339	(6,404)	(2,394)
<b>NET DEBT</b>	<u>(1,604)</u>	<u>(4,346)</u>	<u>(6,404)</u>	<u>(12,354)</u>

### 22 CONTINGENT LIABILITIES

The company has claimed group relief in 2009 and 2010 against its UK corporation tax liability for losses incurred in a group company in Ireland prior to it ceasing to trade. The amounts of corporation tax involved are approximately £700,000 for 2009 and £200,000 for 2010. The tax treatment of the losses has been challenged by HMRC and discussions to resolve this matter are ongoing.

### 23. PENSION COMMITMENTS

The group contributes to a number of pension plans throughout the world. The major plan is in the UK and is a defined contribution scheme. The scheme and its assets are held by independent managers. The pension charge represents amounts due from the company and amounted to £3,034,000 (2010 £2,924,000). At the year end £277,703 (2010 Nil, all contributions had been paid up to date) was included in other creditors.

### 24. OPERATING LEASE COMMITMENTS

At 30 April 2011 the Group had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2011 £000	2010 £000	2011 £000	2010 £000
<b>GROUP</b>				
<b>EXPIRY DATE:</b>				
Within 1 year	583	519	34	472
Between 2 and 5 years	1,312	1,126	278	543
After more than 5 years	2,415	2,515	-	-
	<u>4,310</u>	<u>4,160</u>	<u>312</u>	<u>1,015</u>

## **HAPPOLD LLP**

### **NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 April 2011**

#### **25. DERIVATIVE FINANCIAL INSTRUMENTS**

The company had forward foreign exchange contracts to buy US\$ outstanding at 30 April 2011 of US\$17,125,000 (2010 US\$19,500,000) These contracts were entered into in the ordinary course of the business to mitigate against currency risk The fair value of the US\$ contracts at 30 April 2011 was £540,305 (2010 £308,191)

#### **26 RELATED PARTY TRANSACTIONS**

The following members are landlords of the Camden Mill leased property, and as such are beneficiaries of the Camden Mill lease in equal portions

J E Pugh  
P Kelly  
P J Moseley  
M G Green  
P A McLaughlin  
M J Cook  
D F C Hull  
N K Billett  
S M Brown  
A P Comer  
R L B Manson  
N R Squibbs  
D G Thompson  
P S Westbury  
D H Wookey  
C J D Young  
N P Nelson

During the year total lease payments of £185,756 (2010 £202,588) were made by Buro Happold Engineers Limited to the members listed above

Certain members, present and former, have given an undertaking to guarantee the Verbus Internatioanl Limited/Big Steps Limited loan balance of £865,338 on the expiry of the period of five years from 18 April 2011

#### **27. CONTROLLING PARTY**

The LLP is controlled by its members as delegated to the management team and as such there is no one controlling party

# HAPPOLD LLP

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 April 2011

### 28. RECONCILIATION OF MEMBERS' INTERESTS

	Members' other interests £000	Loans and debts due to members less any amounts due from members in debtors £000	Total £000
<b>GROUP</b>			
Amounts due to members b/fwd		889	
Amounts due from members b/fwd		-	
Members' interests balance at 1 May 2009	15,849	889	16,738
Members' remuneration charged as an expense, including employment and retirement benefit costs	-	5,180	5,180
Profit for the year available for discretionary division among members	5,788	-	5,788
Members' interests after profit for the year	21,637	6,069	27,706
Allocated profit for period	(2,001)	-	(2,001)
Amounts introduced by members	-	2,629	2,629
Amounts withdrawn by members	-	(7,369)	(7,369)
Members' interests balance at 1 May 2010	19,636	1,329	20,965
Members' remuneration charged as an expense	-	5,177	5,177
Profit for the financial year available for discretionary division among members	2,821	-	2,821
Members' interests after profit for the year	22,457	6,506	28,963
Movement in reserves	-	1,227	1,227
Movement in reserves	(5,211)	-	(5,211)
Amounts introduced by members	-	1,800	1,800
Amounts withdrawn by members	-	(7,139)	(7,139)
Members' interests at 30 April 2011	17,246	2,394	19,640
<b>GROUP</b>		2011 £000	2010 £000
Amounts due to members		2,394	1,329
Amounts due from members		-	-
Net amount due to members		2,394	1,329

# HAPPOLD LLP

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 April 2011

LLP	Members' other interests £000	Loans and debts due to members less any amounts due from members in debtors £000	Total £000
Amounts due to members b/fwd		889	
Amounts due from members b/fwd		-	
Members' interests balance at 1 May 2009	15,849	889	16,738
Members' remuneration charged as an expense, including employment and retirement benefit costs	-	5,180	5,180
Members' interests after profit for the year	15,849	6,069	21,918
Movement in reserves	3,787	-	3,787
Amounts introduced by members	-	2,629	2,629
Amounts withdrawn by members	-	(7,369)	(7,369)
Members' interests balance at 1 May 2010	19,636	1,329	20,965
Members' remuneration charged as an expense	-	5,177	5,177
Members' interests after profit for the year	19,636	6,506	26,142
Movement in reserves	-	1,227	1,227
Movement in reserves	(2,392)	-	(2,392)
Amounts introduced by members	-	1,800	1,800
Amounts withdrawn by members	-	(7,139)	(7,139)
Members' interest at 30 April 2011	17,244	2,394	19,638
LLP		2011 £000	2010 £000
Amounts due to members		2,394	1,329
Amounts due from members		-	-
Net amount due to members		2,394	1,329