
Registered number: 02005673

BURO HAPOLD CONSULTING ENGINEERS LIMITED

STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2019



BURO HAPPOLD CONSULTING ENGINEERS LIMITED

REPORT AND FINANCIAL STATEMENTS

CONTENTS

	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	5
Independent auditor's report	8
Statement of comprehensive income	11
Statement of financial position	12
Statement of changes in equity	13
Notes to the financial statements	14

BURO HAPPOLD CONSULTING ENGINEERS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

P S Dalglish
P Kelly
A J Harbinson
R B Marshall
C J D Young
O C P Plunkett

COMPANY SECRETARY

D Conway

COMPANY NUMBER

02005673

REGISTERED OFFICE

Camden Mill
Lower Bristol Road
Bath
BA2 3DQ

AUDITOR

BDO LLP
55 Baker Street
London
W1U 7EU

BANKERS

HSBC Bank Middle East Ltd
PO Box 66
Dubai
U.A.E.

Saudi Hollandi Bank
PO Box 1467
Riyadh 11431
Kingdom of Saudi Arabia

BURO HAPPOLD CONSULTING ENGINEERS LIMITED

STRATEGIC REPORT Year ended 30 April 2019

BUSINESS DESCRIPTION

Buro Happold Consulting Engineers Limited is part of the Happold LLP group, a global engineering and consultancy practice, known as "BuroHappold". With 60 partners and over 1,700 employees, we operate in 23 locations worldwide. For over 40 years we have built a reputation for delivering creative, value-led building and city solutions. Truly multidisciplinary, we are an interconnected community of specialists who collaborate to deliver client-focused outcomes.

Our founder, Sir Ted Happold, believed that only by sharing our different skills and knowledge can the highest quality results be achieved. This approach continues to drive a culture of integrated thinking that delivers sophisticated transformative solutions. In creating value for clients, we leave a positive and sustainable legacy for the communities in which we work. BuroHappold's buildings and cities contribute positively to our climate, society, culture and the environment.

The principal activity of the company is that of consulting engineering and other related skills providing professional integrated design and advisory services to clients. These clients include the property and construction sectors, city administrations and campus portfolio owners as well as individual building owners.

STRATEGY

Our approach to delivering client focussed outcomes showed us how we could understand, refine and articulate the value of what we do for our clients today. As we embed this philosophy into our day-to-day work - and supplement it with technologically driven analysis and insights - our designs and services to clients will be increasingly informed by the outcomes that clients want to achieve. The ability to understand and integrate the complex parameters that contribute to performance will enable us to differentiate ourselves from our competitors, which will get us closer to our clients and drive up our value. This is outcome-driven design.

Design is at the heart of what we do. It is what defines us and our place in the market. We will continue to refresh and recreate what we offer to remain the most relevant consultants for our clients. This will enable us to meet current and future client needs while, increasingly, creating new possibilities for them. Solving the complexity of the brief and budget is equal to being able to identify and communicate our contribution to the bigger picture. Our designs have the power to transform lives.

Increasingly clients need expertise to ensure that the right questions are being asked and solutions developed which might never result in a new design for construction. By marrying our deep technical and other skills with a consulting offer that makes this accessible for our clients we can create even more value for our clients. This is at the heart of the development of the Buro Happold business.

OPERATIONS

The company's operations are derived from activities performed primarily within the Middle East with key operations based in Dubai, U.A.E. A strong local presence enables the company to work closely with our clients to deliver innovative, cutting edge solutions that take into consideration local factors such as culture, legislation, climate and materials.

STRATEGIC REPORT (continued)
Year ended 30 April 2019

OPERATIONS (continued)

Key projects contributing to the performance of the company during the year include the following:

Museum of the Future, Dubai

Occupying a prime urban location adjacent to the Emirates Towers, the Museum of the Future is conceived not as a repository for ancient artefacts, but as an incubator of new ideas, a catalyst for innovation and a global destination for investors and entrepreneurs. BuroHappold designed bespoke scripts to optimise the structure of the unique shape and every element was designed in a collaborative BIM environment. Working towards a LEED platinum certification the building is sustainable as well as striking.

Bee'ah Headquarters, Sharjah

Located in Sharjah, the UAE's third most populous city, Bee'ah is the Middle East's fastest growing environmental management company. Dedicated to an environmentally responsible future for the region, Bee'ah advocates revolutionary strategies for utilising renewable energy sources and setting benchmarks for sustainability. The organisation's new headquarters needed to embody their ethos and vision, creating a home for their 6,000 employees while facilitating the world leading activities taking place within its walls. BuroHappold's structural solutions enabled a design that might otherwise have been considered too complex to translate into reality. By simplifying the construction element, we have delivered buildability, cost-effectiveness and efficient time management.

Sustainability Pavilion, Dubai

Designed to create an immersive educational experience, the Sustainability Pavilion will promote ecology, sustainable technologies and design; celebrating human ingenuity. The Pavilion's core building features an 86,000 ft² exhibition space that includes an auditorium, courtyard and reservoir. The building will contain solar energy, water harvesting and innovative materials in a context that is unique to the region.

KEY PERFORMANCE INDICATORS

The company assesses performance via the following key performance indicators:

	2019	2018	Change
Turnover (£'000)	14,964	16,555	(10%)
Operating profit/(loss) (£'000)*	269	(417)	165%
Operating profit/(loss) margin (%)*	2%	(3%)	5%
EBITDA (£'000)*	416	(264)	258%
Cash (£'000)	2,032	3,163	(36%)
Average number of employees	77	88	(13%)
Turnover per employee (£'000)	194	188	3%

*Operating profit/(loss), operating profit/(loss) margin and EBITDA are all shown before other operating income as the directors believe this assists with understanding the underlying performance of the company.

The company generated turnover of £15.0m (2018: £16.6m) predominately from projects located in the Middle East. The renewed focus on the utilisation of high value, specialist engineering services has led to an improvement in operating profit to £0.3m (2018: loss of £0.4m).

The company will always be subject to exchange rate fluctuations due to the global spread of our business. This has resulted in an exchange gain in the year of £68,000 (2018: loss £131,000).

The average number of employees fell from 88 to 77, with turnover per employee increasing 3% to £194,000 (2018: £188,000).

STRATEGIC REPORT (continued)
Year ended 30 April 2019

FUTURE DEVELOPMENTS

Looking ahead, our forward order book remains robust with healthy future opportunities. Future growth will be carefully managed to ensure the company continues to operate in appropriate markets and deliver exceptional results on world class projects.

PRINCIPAL RISKS AND UNCERTAINTIES AND MATTERS OF STRATEGIC IMPORTANCE

The principal risks and uncertainties and matters of strategic importance faced by the business include:

Key staff - Our ability to retain key staff remains critical to the company's success. This risk is mitigated through fairness, diversity and equality, a culture of effective performance management and reward, career planning, and a commitment to training and development programmes.

Competition - We exist in a competitive market with a high risk of commoditisation. Our continual investment in technology, thought leadership and our appetite for challenging projects allow the company to retain its competitive advantage. Our agility enables us to rapidly move work and people globally to support these ambitions.

Litigation – The risk of litigation arising from failure or negligence in the acceptance, contracting for or performance of client work is mitigated through established policies on contract acceptance, rigorous technical and commercial review, training and a suitable level of PI insurance.

Management of projects – A key focus of the company is the management of our projects. There are risks associated with all aspects of our project life cycle, from bidding and project management through to technical delivery and financial control. The physical, political and economic factors that occur in the environments in which we operate are also considered when assessing risks. Inadequate project management could lead to financial loss, contractual disputes and possible litigation. To mitigate this the BuroHappold group has invested in a simple to use, universal system for planning, managing and delivering projects. Extensive project management training is provided to ensure appropriately skilled staff are used on projects. Technical project reviews are undertaken regularly, augmented by a strong internal control environment.

Cyber risk and or customer / personal data breach - The risk of cyber-attacks or hacking has the potential to affect our ability to operate. The group is also exposed to the risk of financial penalties or reputational damage for failing to protect the data we hold on our stakeholders. To address these risks we have obtained the Cyber Essentials Plus Certification, a UK government backed scheme, certifying that we take our information security seriously. A review of our data protection methodologies and procedures has also been carried out in line with the General Data Protection Regulation.

This report was approved by the board on 14th August 2019 and signed on its behalf.



O C P Plunkett
Director

DIRECTORS' REPORT

Year ended 30 April 2019

The directors present their report and the financial statements for the year ended 30 April 2019.

DIRECTORS

The directors who served during the year, were:

P S Dalglish

P Kelly

A J Harbinson

R Nickells (resigned 1 October 2018)

C J D Young

R B Marshall

O C P Plunkett

THIRD PARTY INDEMNITY PROVISION FOR DIRECTORS

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

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £6,800 (2018: profit £2.8m). No dividend was paid and declared in the year (2018: nil).

RESEARCH AND DEVELOPMENT ACTIVITIES

Research and development expenditure is incurred by the company on a number of innovative projects which seek to achieve an advance in science or technology. Research and development expenditure can vary year on year depending on the nature of projects undertaken by the company. During the year £0.5m (2018: £1.3m) of expenditure was deemed to be of a research and development nature.

EMPLOYEE INFORMATION

We are dependent on the skills and commitment of our people, and throughout the year we have been extremely proud to be able to attract and nurture exceptional talent at all levels. Through development, succession planning and strategic recruitment we aim to ensure our leadership capabilities are focussed where they are most needed, facilitating sustainable growth throughout the business.

We are a diverse and inclusive company, reflecting the varied cultures of the communities and clients we serve. We strive to not only create a sense of belonging but also a safe and inclusive workplace for all our employees to thrive and be accepted for who they are.

By looking at our business practices and activities through an inclusivity lens, we will continue to enhance our people practices, and in addressing bias and supporting the development and visibility of underrepresented employees, we aim to further promote the rich diversity of our employees' experiences, talent and ideas.

Finally, through our diverse teams, we provide innovative and relevant solutions for our clients and the communities we serve, while providing career development support through our culture of continuous learning.

DIRECTORS' REPORT (continued)
Year ended 30 April 2019

EMPLOYMENT POLICY

The company is an inclusive employer and actively encourages participation from a wide range of skilled employees. It is the company's policy to ensure adequate provision for the diversity, equality, health, safety, welfare and training of its employees.

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

The company 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.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company is exposed to a number of financial risks including credit risk, cash flow risk and foreign exchange risk.

Credit risk – The risk of clients being unable to pay for work performed by the company could impact the company's cash flow. The risk is mitigated via appropriate credit checks being made on potential clients before work commences on projects.

Cash flow risk – The majority of the company's costs, including payroll, are paid before fees are settled by clients. Insufficient working capital could lead to increased use of banking facilities and associated costs. The company maintains close working relationships with clients and seeks advance receipts on contracts where possible.

Foreign exchange risk – The company reports its results in sterling, however the majority of the company's income is generated overseas and denominated in other currencies. Significant movements in foreign exchange will affect the sterling result reported by the company and the value of assets and liabilities denominated in foreign currencies on the balance sheet. Exchange rate movements are kept under constant review and appropriate techniques of currency risk management are used where appropriate.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are 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 company and of the profit or loss of the company for that period.

BURO HAPPOLD CONSULTING ENGINEERS LIMITED

DIRECTORS' REPORT (continued) **Year ended 30 April 2019**

DIRECTORS' RESPONSIBILITIES STATEMENT (continued)

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PROVISION OF INFORMATION TO THE AUDITOR

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing their report and to establish that the company's auditor is aware of that information.

AUDITOR

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 14th August 2019 and signed on its behalf.



O C P Plunkett
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BURO HAPPOLD CONSULTING ENGINEERS LIMITED

OPINION

We have audited the financial statements of Buro Happold Consulting Engineers Limited ("the Company") for the year ended 30 April 2019 which comprise the statement of comprehensive income, the statement of financial position and the statement of changes in equity, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 Company's affairs as at 30 April 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

OTHER INFORMATION

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BURO HAPPOLD CONSULTING ENGINEERS LIMITED (continued)

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCPETION

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

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

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

RESPONSIBILITIES OF DIRECTORS

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

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

BURO HAPPOLD CONSULTING ENGINEERS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BURO HAPPOLD CONSULTING ENGINEERS LIMITED (continued)

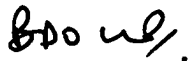
AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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 at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

USE OF OUR REPORT

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



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

Date 19/8/19

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

STATEMENT OF COMPREHENSIVE INCOME
Year ended 30 April 2019

	Note	2019 £'000	2018 £'000
TURNOVER	3	14,964	16,555
Cost of sales		(14,695)	(16,972)
OPERATING PROFIT/(LOSS) BEFORE OTHER OPERATING (EXPENSE)/INCOME		269	(417)
Income from shares in subsidiary undertakings		-	3,575
Other operating (expense)/income	4	(51)	189
OPERATING PROFIT	5	218	3,347
Interest receivable from group undertakings		142	132
Interest payable to group undertakings		(68)	(181)
PROFIT BEFORE TAXATION		292	3,298
Tax on profit	8	(299)	(461)
(LOSS)/PROFIT AFTER TAXATION		(7)	2,837
OTHER COMPREHENSIVE INCOME			
Foreign exchange movements		188	(65)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		181	2,772

All amounts relate to continuing operations.

The notes on pages 14 to 25 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
At 30 April 2019

	Note	2019		2018	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	9		135		244
Investments	10		65		65
			<u>200</u>		<u>309</u>
CURRENT ASSETS					
Debtors	11	5,511		7,251	
Cash at bank and in hand		2,032		3,163	
		<u>7,543</u>		<u>10,414</u>	
CREDITORS: Amounts falling due within one year	12	(2,830)		(6,031)	
NET CURRENT ASSETS			<u>4,713</u>		<u>4,383</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>4,913</u>		<u>4,692</u>
CREDITORS: Amounts falling due after more than one year	13		(1,166)		(1,109)
PROVISIONS FOR LIABILITIES					
Provisions	14		(119)		(136)
NET ASSETS			<u>3,628</u>		<u>3,447</u>
CAPITAL AND RESERVES					
Called up share capital	15		500		500
Profit and loss account	15		3,128		2,947
TOTAL EQUITY			<u>3,628</u>		<u>3,447</u>

The financial statements on pages 11 to 25 were approved and authorised for issue by the board and were signed on its behalf on 14th August 2019.



O C P Plunkett
Director

The notes on pages 14 to 25 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 April 2019

	Share capital £'000	Profit and loss account £'000	Total £'000
BALANCE AT 1 MAY 2017	500	175	675
Profit for the year	-	2,837	2,837
Other comprehensive expense for the year	-	(65)	(65)
BALANCE AT 30 APRIL 2018	<u>500</u>	<u>2,947</u>	<u>3,447</u>
 BALANCE AT 1 MAY 2018	 500	 2,947	 3,447
Loss for the year	-	(7)	(7)
Other comprehensive income for the year	-	188	188
BALANCE AT 30 APRIL 2019	<u>500</u>	<u>3,128</u>	<u>3,628</u>

The notes on pages 14 to 25 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2019

1. ACCOUNTING POLICIES

1.1 General information

Buro Happold Consulting Engineers Limited is a private company limited by shares domiciled in Dubai and incorporated in England and Wales. The address of the company's registered office is given on page 1. The company's principal activities and nature of operations are set out in the Strategic Report on pages 2 - 4.

1.2 Basis of preparation of financial statements

The 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, and under the historical cost convention.

Monetary amounts are rounded to the nearest whole £1,000, except where otherwise indicated.

Consolidated financial statements

The accounts present information about the company as an individual undertaking and not about its group, as the company has taken advantage of the exemption provided by section 400 of the Companies Act 2006 not to prepare consolidated financial statements as it is included by full consolidation in the consolidated financial statements of its ultimate parent, Happold LLP, a Limited Liability Partnership based in England and Wales. The consolidated financial statements of Happold LLP are available from its registered office, Camden Mill, Lower Bristol Road, Bath, BA2 3DQ.

Reduced disclosures

In accordance with FRS 102, the company has taken advantage of the exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts for financial instruments measured at amortised cost or cost less impairment, interest income/expense and net gains/losses for financial instruments measured at amortised cost; and
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

Going concern

The company ensures it meets its day to day working capital needs from its cash balances.

The company has prepared forecasts for the next 12 months that show that it will be able to operate within its available facilities throughout the forecast period. The directors have reviewed the forecasts and are satisfied that they are achievable and, consequently, provide an appropriate basis for their assessment of going concern.

As a result, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and, consequently, continue to adopt the going concern basis of accounting in preparing the annual financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 April 2019

1. ACCOUNTING POLICIES (continued)

1.3 Turnover

Turnover represents the fair value of amounts received or receivable for the sale of services to external customers in the ordinary nature of the business. Turnover is shown net of value added tax.

Turnover from contracts for the provision of professional design and advisory 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 sub contract costs, as a proportion of total costs. There is no minimum stage of completion which must be reached before profit can be recognised. However, where the outcome cannot be estimated reliably, turnover is recognised only to the extent of the expenses recognised that are recoverable.

Turnover also includes appropriate amounts in respect of long-term work in progress as described in the long term contracts policy below, to the extent that the outcome of these contracts can be assessed with reasonable certainty.

1.4 Long term contracts and revenue recognition

Revenue is recognised in line with the completion of projects. The percentage completion is determined using the cost approach. Costs incurred to date are compared to total project cost to completion, with revenue recognised accordingly. Profit is only recognised to the extent that the total project is assessed to be profitable. Provision is made for any future losses as soon as they are foreseen.

For contracts where turnover exceeds fees rendered, the excess is included as amounts recoverable on long term contracts, within debtors. For contracts where fees rendered exceeds turnover, the excess is included in payments on account, within creditors.

1.5 Research and development

Research and development expenditure is written off in the year in which it is incurred.

1.6 Income from shares in group undertakings

Dividend income is recognised when the company's right to receive payment is established.

1.7 Above the line tax credits

Above the line tax credits are claimed based on a proportion of research and development expenditure incurred. Any current asset recognised in respect of the tax recoverable is recognised to the extent that it is considered probable that the asset will be recoverable in the future.

1.8 Foreign currencies

The financial statements are presented in sterling, the presentational currency of the company. The functional currency of the company is United Arab Emirates Dirhams.

Assets and liabilities have been translated into sterling using the rate of exchange prevailing at the balance sheet date. The result for the year has been translated using average exchange rates.

In line with FRS 102, exchange gains and losses arising on the translation from AED to GBP are presented in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 April 2019

1. ACCOUNTING POLICIES (continued)

1.8 Foreign currencies (continued)

Transactions settled in the year in foreign currencies are translated into the functional currency at the rate ruling on the date of the transaction. Exchange gains and losses on these transactions are recognised in the statement of comprehensive income.

1.9 Interest receivable

Interest receivable from group undertakings is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

1.10 Taxation

The taxation expense represents the current tax expense. Current taxation assets or liabilities are not discounted.

Current tax is based on taxable profit for the year, with a current tax asset recognised when the tax paid exceeds the tax payable. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

1.11 Investments

Fixed asset investments are stated at cost and subsequently measured at cost less any accumulated impairment losses.

1.12 Tangible fixed assets and depreciation

Tangible fixed assets are initially recognised at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price and costs directly attributable to bringing the asset to its working condition for its intended use. 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 – over the life of lease or useful economic life whichever is shorter

Fixtures, fittings and equipment – 10-33% straight line

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of the reporting period. The effect of any change is accounted for prospectively.

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the company estimates the recoverable amount of the asset. Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply.

Subsequent costs, including replacement parts and major inspections, are capitalised only when it is probable that such costs will generate future economic benefits. Any replaced parts or remaining carrying amounts of previous inspections are then derecognised. All other costs of repairs and maintenance are charged to profit or loss as they are incurred.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 30 April 2019

1. ACCOUNTING POLICIES (continued)

1.12 Tangible fixed assets and depreciation (continued)

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

1.13 Leases

At inception the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Operating leases

Rentals under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as incentives to sign an operating lease are accounted for as a reduction to the expense and are recognised, on a straight line basis over the lease term.

1.14 Financial instruments

Financial assets and liabilities are recognised when the company becomes a party to the contractual provisions of the instrument, and are offset only when the company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Trade, group and other debtors

Trade, group and other debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in the profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in the profit or loss.

Financial liabilities

Financial instruments are classified as liabilities according to the substance of the contractual arrangements entered into.

Trade, group and other creditors

Trade, group and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 April 2019

1. ACCOUNTING POLICIES (continued)

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

1.15 Employee benefits

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and termination benefits.

Annual bonus

The company operates an annual bonus arrangement for employees. An expense is recognised in the statement of comprehensive income when the company has a legal or constructive obligation to make payments as a result of past events and a reliable estimate of the obligation can be made.

Short term benefits

Short-term employee benefits, including holiday pay are recognised as an expense in the period in which the service is received.

Termination benefits

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the company is demonstrably committed to terminate the employment or to provide termination benefits.

1.16 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of a past event, and it is probable that the company will be required to settle that obligation. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date.

2. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

In producing the financial statements, the company has to make judgements and estimates that directly affect the reported amounts of turnover, expenses, assets and liabilities. These 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 April 2019

2. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT (continued)

These estimates and assumptions concern the future and will, by definition, seldom equal the related actual results. The estimates and judgements that have the most significant effect on the amounts recognised in the financial statements are discussed below:

Revenue recognition

The company believes that the most significant judgement is made in relation to revenue recognition. Revenue is recognised in line with the completion of projects, using the cost approach which involves estimating the total costs of projects. The company has established procedures to ensure that contracts and estimated costs to completion are reviewed regularly.

Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When making an assessment as to the impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of the debtor and historical experience.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives are reviewed and amended when necessary to reflect current estimates, based on technological advancement, economic utilisation and the physical condition of the assets.

3. TURNOVER

Turnover originates from the United Arab Emirates. An analysis of turnover by destination is as follows:

Turnover	2019 £'000	2018 £'000
Europe	15	8
Middle East	14,589	16,222
United States	228	131
Rest of the World	132	194
	<u>14,964</u>	<u>16,555</u>

4. OTHER OPERATING (EXPENSE)/INCOME

	2019 £'000	2018 £'000
Foreign exchange gain/(loss)	68	(131)
Research and development tax (expense)/credit	(119)	320
	<u>(51)</u>	<u>189</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 April 2019

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2019	2018
	£'000	£'000
Depreciation of tangible fixed assets:		
- owned by the company	147	153
Operating lease rentals:		
- land and buildings	230	1,131
Foreign exchange (gain)/loss	(68)	131
Research and development expenditure written off	474	1,282
Impairment loss on trade receivables	17	176
	<u> </u>	<u> </u>

Fees payable to the company's auditor its associates in respect of audit services are as follows:

	2019	2018
	£'000	£'000
Audit services – statutory audit of the company	21	19
	<u> </u>	<u> </u>

In accordance with SI 2008/489 the company has not disclosed the fees payable to the company's auditor for 'other services' as this information is included in the consolidated financial statements of Happold LLP.

6. STAFF COSTS

Staff costs were as follows:

	2019	2018
	£'000	£'000
Wages and salaries	6,718	7,685
	<u> </u>	<u> </u>

The average monthly number of employees, including the directors, during the year was as follows:

	2019	2018
Technical staff	55	66
Administration staff	22	22
	<u> </u>	<u> </u>
	77	88
	<u> </u>	<u> </u>

7. DIRECTORS' REMUNERATION

	2019	2018
	£'000	£'000
Emoluments	1,043	1,497
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 30 April 2019

7. DIRECTORS' REMUNERATION (continued)

The amounts shown above represent amounts paid to directors by Buro Happold Consulting Engineers Limited. The directors were also entitled to profit shares from Happold LLP, the ultimate parent undertaking.

Highest paid director	2019 £'000	2018 £'000
Aggregate emoluments	445	604

No pension contributions were paid on behalf of the directors during 2019 (2018: £nil).

8. TAX ON PROFIT

Analysis of tax charge in the year

Current tax (see note below)

	2019 £'000	2018 £'000
UK corporation tax on the profit for the year	113	5
Foreign taxation	220	218
Adjustments in respect of prior years	12	238
Double tax relief	(46)	-
Tax charge on profit	299	461

Factors affecting tax charge for the year

	2019 £'000	2018 £'000
Profit before tax	292	3,298
Profit multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	56	627

Effects of:

Expenses not deductible for tax purposes	26	-
Ineligible fixed asset expenditure	12	1
Income not taxable for tax purposes	-	(679)
Foreign tax	174	218
Group relief surrendered	-	115
Research and development tax adjustment	17	(34)
Prior year adjustment	12	238
Adjust closing deferred tax to average rate	4	2
Other timing difference	2	(42)
Deferred tax not recognised	(4)	15
Tax charge for the year (see note above)	299	461

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 April 2019

8. TAX ON PROFIT (continued)

Factors that may affect future tax charges

The corporation tax rate will remain 19% for the year commencing on 1 April 2019 and reduce to 17% for the year commencing on 1 April 2020.

The directors are not aware of any other factors that could materially affect the future tax charge.

9. TANGIBLE FIXED ASSETS

	Leasehold improvements £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost			
At 1 May 2018	364	270	634
Additions	-	25	25
Foreign exchange	21	15	36
	<hr/>	<hr/>	<hr/>
At 30 April 2019	385	310	695
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 May 2018	204	186	390
Charge for year	96	51	147
Foreign exchange	12	11	23
	<hr/>	<hr/>	<hr/>
At 30 April 2019	312	248	560
	<hr/>	<hr/>	<hr/>
Net book value			
At 30 April 2019	73	62	135
	<hr/>	<hr/>	<hr/>
At 30 April 2018	160	84	244
	<hr/>	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 April 2019

10. FIXED ASSET INVESTMENTS

Other fixed
asset
investments
£'000

Cost or valuation

At 1 May 2018 and 30 April 2019

65

Net book value

At 1 May 2018 and 30 April 2019

65

Subsidiary undertakings

The following was a subsidiary undertaking of the company:

	Country of registration or incorporation	Nature of business	Share held class	Proportion of shares held
Buro Happold & Partner Consulting Engineers Company	Saudi Arabia	Consulting engineers	Ordinary	75%

Buro Happold & Partner Consulting Engineers Company's registered address is Office 515, Al Akariyah 2, Olaya Street, Saudi Arabia.

11. DEBTORS

	2019 £'000	2018 £'000
Trade debtors	2,664	4,843
Amounts owed by group undertakings	1,101	596
Other debtors	428	615
Prepayments and accrued income	104	212
Amounts recoverable on long term contracts	1,214	880
Corporation tax	-	105
	<u>5,511</u>	<u>7,251</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £'000	2018 £'000
Payments on account	589	741
Trade creditors	827	930
Amounts owed to group undertakings	717	3,796
Accruals and deferred income	635	428
Social security and other taxes	11	130
Other creditors	-	6
Corporation tax	51	-
	<u>2,830</u>	<u>6,031</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 April 2019

13. CREDITORS: Amounts falling due after more than one year	2019	2018
	£'000	£'000
Other creditors	1,166	1,109

14. PROVISIONS

	2019	2018
	£'000	£'000
At 1 May 2018	136	-
Additions	119	139
Utilised in the period	(144)	-
Foreign exchange	8	(3)
At 30 April 2019	119	136

The provision reflects management's estimate of anticipated future losses on contracts.

15. SHARE CAPITAL	2019	2018
	£'000	£'000
Allotted, called up and fully paid		
500,000 – Ordinary shares of £1 each	500	500

The company has one class of ordinary shares which carry no right to fixed income.

Reserves

The company's only reserve is retained earnings which represents the cumulative profit and loss, net of distributions.

16. OPERATING LEASE COMMITMENTS

At 30 April 2019 the company had total future minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings	
	2019	2018
	£'000	£'000
Expiry date:		
Within 1 year	181	207
Between 1 and 5 years	-	296
	181	503

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 April 2019

17. RELATED PARTY TRANSACTIONS

Advantage has been taken of the exemption from disclosing transactions and balances with other wholly owned group undertakings as permitted by Section 33 'Related Party Disclosures' of FRS 102.

Transactions between the company and fellow group undertakings which are not wholly owned are disclosed below:

	2019	2018
	£'000	£'000
Sales of services	1,128	618
Purchases of services	75	243
Amounts owed by related parties at year end	54	-
Amounts owed to related parties at year end	-	1,951

Provision of services to and purchases of services from related parties were made at the rates charged to external customers. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provision has been made for doubtful debts in respect of amounts owed by related parties and £nil (2018: £nil) charged to profit and loss.

18. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The directors consider the ultimate parent undertaking to be Happold LLP, a Limited Liability Partnership registered in the England and Wales. Happold LLP is the smallest and largest Limited Liability Partnership for which consolidated accounts including Buro Happold Consulting Engineers Limited are prepared. The consolidated accounts of Happold LLP are available from its registered office, Camden Mill, Lower Bristol Road, Bath, BA2 3DQ.

The company's immediate parent undertaking at the balance sheet date was Buro Happold Engineers Limited, a company registered in England and Wales.