

**REGISTERED NUMBER: 07155322 (England and Wales)**

**GROUP STRATEGIC REPORT, REPORT OF THE DIRECTORS AND  
AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017  
FOR  
ALLFORD HALL MONAGHAN MORRIS LIMITED**

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FOR THE YEAR ENDED 31ST MARCH 2017**

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**ALLFORD HALL MONAGHAN MORRIS LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31ST MARCH 2017**

**DIRECTORS:**

S Allford  
J J Hall  
P R Monaghan  
P C R Morris  
N S Harris

**REGISTERED OFFICE:**

Morelands  
5-23 Old Street  
London  
EC1V 9HL

**REGISTERED NUMBER:**

07155322 (England and Wales)

**AUDITORS:**

Leigh Philip & Partners  
Statutory Auditor  
Chartered Accountants  
2nd Floor  
Devonshire House  
1 Devonshire Street  
London  
W1W 5DS

**ALLFORD HALL MONAGHAN MORRIS LIMITED (REGISTERED NUMBER: 07155322)**

**GROUP STRATEGIC REPORT  
FOR THE YEAR ENDED 31ST MARCH 2017**

The directors present their strategic report of the company and the group for the year ended 31st March 2017.

**GROUP STRATEGIC REPORT  
FOR THE YEAR ENDED 31ST MARCH 2017**

**REVIEW OF BUSINESS**

The principal activity of the business is the provision of a full range of architectural services across a broad spectrum of building sectors, the majority being located within the UK but with an increasing international workload.

In response to the emerging needs of projects, both new and existing, the financial year ending March 2017 saw a return to the practice's previous pattern of growth, following a pause in this trend in the year ending March 2016, in response to the emerging needs of projects, both new and existing. This has resulted in a strong overall financial performance, exceeding the expectations set within the annual budget, enabling the profit share pay-out for all eligible staff to be set at 9% of salary, which compares with 8% in the previous year. Alongside this distribution of profit, the company's cash reserves have been further added to in accordance with our overall targets, so giving the company the financial resilience to be selective about the work it chooses to take on.

**Project News**

During the year, the company continued to develop projects across a wide variety of sectors, scales and geographies.

Of these over twenty projects completed on site, most notably including the competition-winning New Scotland Yard for the Metropolitan Police on the Embankment and the White Collar Factory on Old Street roundabout, the culmination of a five-year research project with long-term client and collaborator, Derwent London PLC.

Other notable completed London projects included 1 King William Street in the City of London for Kajima; W5 on New Burlington Place, our second major development for the Crown Estate; Google's fit-out for 2,500 staff at 6 Pancras Square and, at a more modest scale, the Barbican Art Centre's new shop. Outside London the practice has completed the Alconbury Weald Club and Alconbury School as the latest community additions to Urban and Civic's emerging masterplan in North Cambridgeshire, and the latest and most visible phase of our work for Liverpool's Royal Court Theatre. Meanwhile the Hudson Poolhouse and Bob Moore Auto Group completed on site in the US.

These and other recently completed projects continue to be recognised by the wider profession, both at home and abroad, with 61 Oxford Street and Ark All Saints Academy receiving RIBA National Awards in 2016. After similar success for the University of Amsterdam only two years ago, the Royal Court Theatre was announced as the overall winner of this year's Retrofit of the Year Award while also picking up the Building Project of the Year Award (Less than £10M category) in the British Construction Industry Awards. Finally, four projects received awards from the American Institute of Architects and two others from the highly prestigious Chicago Athenaeum Awards.

**Strategy and Future Development**

**Practice developments**

The practice continues to invest in its infrastructure and its operations to ensure that it remains best placed to deliver the quality of architectural projects that its reputation has been forged upon. To that end, a new group has been formed within the practice this year, the Technical Design group, their shared purpose being to act as specialist sources of technical information, knowledge and experience in support of project teams across all stages of design development.

This year has also seen the launch of the FifthMan publishing initiative with its first book, Extra Ordinary, being published earlier this year alongside New Scotland Yard: A Minigraph covering the creation of the Metropolitan Police's new HQ. The aim of FifthMan is to give the practice the freedom to publish what it wants, when it wants and how it wants, and by so doing to explain the practice's work and interests from new perspectives.

**Financial Performance**

Turnover of £34,147k (2016: £29,457k) showed an increase of 15.9% versus 2016 including a higher element of fees billed for sub-consultants. This sales growth, combined with careful management of direct costs and a continued focus on excellent delivery, saw gross margins improve from 48% in 2016 to 51% in 2017. Operating profit is stated after, and therefore distorted by, Profit Share. Net profit before tax increased by 71% to £3,864k (2016: £2,261k) and net profit after tax also increased to £3,487k (2016: £2,065k) benefitting, once again, from significant tax credits in respect of the Research & Development activities carried out in the year.

On a Full Time Equivalent (FTE) basis, the average staff headcount, at 327, was 11 (4%) higher than the previous year, whilst actual FTE's in the year increased by 30 (10%) to 336, as the company managed the growth in resourcing levels to support the increased sales.

**GROUP STRATEGIC REPORT  
FOR THE YEAR ENDED 31ST MARCH 2017**

The company's profit share scheme continued in the year ended March 2017 and the distribution of profit (in respect of year ending March 2016) equated to 9.1% of salary (2016: 8.1%) whilst allowing for the planned building up of cash reserves. Provision has been made within the 2017 accounts for a distribution in respect of year ending March 2017.

**Principal Risks & Uncertainties**

**Winning new work and competition from other practices**

The Board is conscious of the need to maintain sufficient workload to optimise its resources and so support its financial targets and continues to seek new work, via both competitions and bids, and through fostering its relationships with existing clients.

**The ability to recruit and retain staff of appropriate experience and calibre**

The practice continues to receive a steady supply of applications both speculative and in response to advertised roles and has in place a regular and rigorous review process which results in a good supply of potential candidates for recruitment for all but the most specialised roles. In these cases, the practice will work with recruitment agencies with whom it has built up a close relationship. Strong relationships with a number of schools of architecture further supports the process of seeking the best recruits for the practice.

The company's salary and benefits package is considered to offer it a competitive advantage in the recruitment market, but continues to be under review to ensure that this remains the case.

**The changed political environment and the continued uncertainties arising from Brexit**

The Board is conscious of developments in Europe and at home and aims to keep abreast of emerging trends and information. However, it is clear that the precise outcome of the current negotiation process between the UK Government and the EU is a long way from being understood; and so, in the meantime, the Board believes that the best it can do is to maintain business as usual, delivering excellent work in a professional manner for its clients, while keeping a watchful eye on events around the world.

**Financial risks**

The company's objective is to minimise risk and uncertainties through its well established internal controls and procedures.

**Liquidity Risk**

The company establishes an annual budget including cash flow projections and the finance team produces regular detailed forecasts looking three months ahead so that management can ensure that sufficient funding is in place to meet the company's payment obligations as they arise. The company is debt averse and avoids financing loans and leases wherever possible.

The company has a long-established objective to build and maintain a substantial cash reserve.

**Credit Risk**

The company monitors credit risk closely and considers that its current procedures for debtor management meet its objectives of managing exposure to risks.

**Currency Risk**

The company monitors its exposure to currency risks and currently considers the exposure to be low.

**Employment Policies**

Allford Hall Monaghan Morris is an equal opportunities employer and treats all employees and job applicants equally, irrespective of race, ethnicity, gender, sexual orientation, marital status, age, disability or religion.

**ANNUAL REPORT**

Persons entitled to copies of the annual accounts can obtain them from the registered office with written notice.

ALLFORD HALL MONAGHAN MORRIS LIMITED (REGISTERED NUMBER: 07155322)

**GROUP STRATEGIC REPORT  
FOR THE YEAR ENDED 31ST MARCH 2017**

**AUDIT REPORT**

Please note the audit report was not qualified in these accounts.

**ON BEHALF OF THE BOARD:**



.....  
P C R Morris - Director

Date: 6 July 2017

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31ST MARCH 2017**

The directors present their report with the financial statements of the company and the group for the year ended 31st March 2017.

**PRINCIPAL ACTIVITY**

The principal activity of the group in the year under review was that of providing architectural services.

**DIVIDENDS**

No dividends will be distributed for the year ended 31st March 2017.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1st April 2016 to the date of this report.

S Allford  
J J Hall  
P R Monaghan  
P C R Morris

Other changes in directors holding office are as follows:

N S Harris was appointed as a director after 31st March 2017 but prior to the date of this report.

**CHARITABLE DONATIONS**

The Company made charitable donations totalling £37,327 (2016 : £39,580) during the year.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable 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 company will continue in business.

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

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.



ALLFORD HALL MONAGHAN MORRIS LIMITED (REGISTERED NUMBER: 07155322)

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31ST MARCH 2017**

**AUDITORS**

The auditors, Leigh Philip & Partners, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**



.....  
P C R Morris - Director

Date: ..... 6 July 2017 .....

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ALLFORD HALL MONAGHAN MORRIS LIMITED**

We have audited the financial statements of Allford Hall Monaghan Morris Limited for the year ended 31st March 2017 on pages ten to twenty seven. 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

### **Respective responsibilities of directors and auditors**

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

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Group Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31st March 2017 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**


In our opinion, based on the work undertaken in the course of our audit, the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements, and has been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the group and the parent company and its environment, we have not identified any material misstatements in the Group Strategic Report or the Report of the Directors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
ALLFORD HALL MONAGHAN MORRIS LIMITED**

**Matters on which we are required to report by exception**

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

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

  
Ashley Shaw (Senior Statutory Auditor)  
for and on behalf of Leigh Philip & Partners  
Statutory Auditor  
Chartered Accountants  
2nd Floor  
Devonshire House  
1 Devonshire Street  
London  
W1W 5DS

Date: ..... *6 July 2017* .....

**ALLFORD HALL MONAGHAN MORRIS LIMITED (REGISTERED NUMBER: 07155322)**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31ST MARCH 2017**

	Notes	2017 £	2016 £
<b>TURNOVER</b>	3	34,147,020	29,457,454
Cost of sales		16,700,773	15,357,294
<b>GROSS PROFIT</b>		17,446,247	14,100,160
Administrative expenses		14,004,200	11,914,595
		3,442,047	2,185,565
Other operating income		110,141	54,097
<b>OPERATING PROFIT</b>	6	3,552,188	2,239,662
Interest receivable and similar income		351,029	121,160
		3,903,217	2,360,822
Interest payable and similar expenses	7	38,790	100,222
<b>PROFIT BEFORE TAXATION</b>		3,864,427	2,260,600
Tax on profit	8	377,467	195,387
<b>PROFIT FOR THE FINANCIAL YEAR</b>		3,486,960	2,065,213
<b>OTHER COMPREHENSIVE INCOME</b>			
Exchange differences on re-translation of foreign operations		(17,461)	-
Income tax relating to other comprehensive income		-	-
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>		(17,461)	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		3,469,499	2,065,213
Profit attributable to: Owners of the parent		3,486,960	2,065,213
Total comprehensive income attributable to: Owners of the parent		3,469,499	2,065,213

The notes form part of these financial statements

ALLFORD HALL MONAGHAN MORRIS LIMITED (REGISTERED NUMBER: 07155322)

CONSOLIDATED BALANCE SHEET  
31ST MARCH 2017

	Notes	2017		2016	
		£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	10		3,650,000		4,380,000
Tangible assets	11		2,784,431		3,146,656
Investments	12		-		-
			<u>6,434,431</u>		<u>7,526,656</u>
<b>CURRENT ASSETS</b>					
Debtors	13	11,658,814		7,693,955	
Investments	14	3,136,195		1,866,668	
Cash at bank and in hand		4,174,877		4,422,594	
		<u>18,969,886</u>		<u>13,983,217</u>	
<b>CREDITORS</b>					
Amounts falling due within one year	15	10,062,053		9,733,335	
<b>NET CURRENT ASSETS</b>			<u>8,907,833</u>		<u>4,249,882</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>15,342,264</u>		<u>11,776,538</u>
<b>PROVISIONS FOR LIABILITIES</b>	18		<u>96,227</u>		<u>-</u>
<b>NET ASSETS</b>			<u><u>15,246,037</u></u>		<u><u>11,776,538</u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	19		1,554,760		1,554,760
Retained earnings	20		13,691,277		10,221,778
<b>SHAREHOLDERS' FUNDS</b>	21		<u><u>15,246,037</u></u>		<u><u>11,776,538</u></u>

The financial statements were approved by the Board of Directors on 6 July 2017 and were signed on its behalf by:

*N. S. Harris*

N S Harris - Director

The notes form part of these financial statements

ALLFORD HALL MONAGHAN MORRIS LIMITED (REGISTERED NUMBER: 07155322)

COMPANY BALANCE SHEET  
31ST MARCH 2017

	Notes	2017 £	2016 £
<b>FIXED ASSETS</b>			
Intangible assets	10	3,650,000	4,380,000
Tangible assets	11	2,678,844	3,029,999
Investments	12	16,071	16,335
		<u>6,344,915</u>	<u>7,426,334</u>
<b>CURRENT ASSETS</b>			
Debtors	13	12,016,550	7,817,617
Investments	14	3,136,195	1,866,668
Cash at bank and in hand		4,030,383	4,280,115
		<u>19,183,128</u>	<u>13,964,400</u>
<b>CREDITORS</b>			
Amounts falling due within one year	15	9,981,672	9,601,455
<b>NET CURRENT ASSETS</b>		<u>9,201,456</u>	<u>4,362,945</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>15,546,371</u>	<u>11,789,279</u>
<b>PROVISIONS FOR LIABILITIES</b>	18	96,227	-
<b>NET ASSETS</b>		<u><u>15,450,144</u></u>	<u><u>11,789,279</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	1,554,760	1,554,760
Retained earnings	20	13,895,384	10,234,519
<b>SHAREHOLDERS' FUNDS</b>	21	<u><u>15,450,144</u></u>	<u><u>11,789,279</u></u>
Company's profit for the financial year		<u><u>3,660,865</u></u>	<u><u>2,481,542</u></u>

The financial statements were approved by the Board of Directors on 6 July 2017 and were signed on its behalf by:

*N. S. Harris*

N S Harris - Director

The notes form part of these financial statements

**ALLFORD HALL MONAGHAN MORRIS LIMITED (REGISTERED NUMBER: 07155322)**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31ST MARCH 2017**

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1st April 2015</b>	1,554,760	8,282,166	9,836,926
<b>Changes in equity</b>			
Total comprehensive income	-	2,065,213	2,065,213
Unrealised gain on current on current asset investment	-	(125,601)	(125,601)
<b>Balance at 31st March 2016</b>	<u>1,554,760</u>	<u>10,221,778</u>	<u>11,776,538</u>
<b>Changes in equity</b>			
Total comprehensive income	-	3,469,499	3,469,499
<b>Balance at 31st March 2017</b>	<u><u>1,554,760</u></u>	<u><u>13,691,277</u></u>	<u><u>15,246,037</u></u>

The notes form part of these financial statements

**ALLFORD HALL MONAGHAN MORRIS LIMITED (REGISTERED NUMBER: 07155322)**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31ST MARCH 2017**

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1st April 2015</b>	1,554,760	7,878,578	9,433,338
<b>Changes in equity</b>			
Total comprehensive income	-	2,481,542	2,481,542
Unrealised gain on current on current asset investment	-	(125,601)	(125,601)
<b>Balance at 31st March 2016</b>	<u>1,554,760</u>	<u>10,234,519</u>	<u>11,789,279</u>
<b>Changes in equity</b>			
Total comprehensive income	-	3,660,865	3,660,865
<b>Balance at 31st March 2017</b>	<u><u>1,554,760</u></u>	<u><u>13,895,384</u></u>	<u><u>15,450,144</u></u>

The notes form part of these financial statements



**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31ST MARCH 2017**

	Notes	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	2,174,884	3,348,447
Interest paid		(37,562)	(97,767)
Interest element of hire purchase or finance lease rental payments paid		(1,228)	(2,455)
Tax paid		285,784	(58,711)
Net cash from operating activities		<u>2,421,878</u>	<u>3,189,514</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(549,820)	(1,310,395)
Sale of tangible fixed assets		21,086	-
Interest received		351,029	121,160
Net cash from investing activities		<u>(177,705)</u>	<u>(1,189,235)</u>
<b>Cash flows from financing activities</b>			
Loan repayments in year		(1,200,000)	(1,200,000)
Movement in current asset investments		(1,269,527)	(69,569)
Net cash from financing activities		<u>(2,469,527)</u>	<u>(1,269,569)</u>
<b>(Decrease)/increase in cash and cash equivalents</b>		<u>(225,354)</u>	<u>730,710</u>
<b>Cash and cash equivalents at beginning of year</b>	2	4,422,594	3,691,884
Effect of foreign exchange rate changes		(22,363)	-
<b>Cash and cash equivalents at end of year</b>	2	<u><u>4,174,877</u></u>	<u><u>4,422,594</u></u>

The notes form part of these financial statements

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31ST MARCH 2017**

**1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2017 £	2016 £
Profit before taxation	3,864,427	2,260,600
Depreciation charges	1,592,762	1,535,542
Loss on disposal of fixed assets	33,099	1,416
Finance costs	38,790	100,222
Finance income	(351,029)	(121,160)
	<u>5,178,049</u>	<u>3,776,620</u>
Increase in trade and other debtors	(4,081,175)	(1,145,669)
Increase in trade and other creditors	1,078,010	717,496
	<u>2,174,884</u>	<u>3,348,447</u>
<b>Cash generated from operations</b>	<u><u>2,174,884</u></u>	<u><u>3,348,447</u></u>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 31st March 2017**

	31.3.17 £	1.4.16 £
Cash and cash equivalents	<u>4,174,877</u>	<u>4,422,594</u>

**Year ended 31st March 2016**

	31.3.16 £	1.4.15 £
Cash and cash equivalents	<u>4,422,594</u>	<u>3,691,884</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2017**

**1. STATUTORY INFORMATION**

Allford Hall Monaghan Morris Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

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

**Basis of consolidation**

The group financial statements of Allford Hall Monaghan Morris Limited and its subsidiary companies are made up to 31 March 2017.

In the company's financial statements, investments in subsidiary companies are stated at cost less any amounts written off.

**Significant judgements and estimates**

In preparing these financial statements the management made judgements and estimates that affect the profit and loss of the company as well as its net assets at the balance sheet date.

The stage of completion of a contract is assessed by comparing the costs incurred for work performed to date to the total estimated contract costs. This is then applied by accruing or deferring income as appropriate.

The value of goodwill is based on the management's judgement of the group's financial worth.

**Turnover**

Turnover from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of a contract is measured by comparing the costs incurred for work performed to date to the total estimated contract costs. Turnover is only recognised to the extent of recoverable expenses when the outcome of a contract cannot be estimated reliably.

**Goodwill**

Goodwill, being the amount paid in connection with the acquisition of a business in 2010, which is regarded as having an estimated useful life ending on 31 March 2022. Hence an amortisation rate of 10% per annum.

**Intangible assets**

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Improvements to property	- Depreciation not provided and Equal instalments over period of lease
Plant and machinery	- 25% on cost and 20% on cost
Fixtures and fittings	- 20% on cost

**Financial instruments**

Where the company is party to financial instruments, an asset or liability is recognised in the balance sheet.

Basic financial instruments are recognised at their transaction prices adjusted for transaction costs. Further costs and benefits are recognised as and when they arise.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST MARCH 2017**

**2. ACCOUNTING POLICIES - continued**

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling using an average monthly rate to approximate to the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Pension costs and other post-retirement benefits**

The Company itself operates a defined contribution pension scheme with Scottish Widows.

The US subsidiary operates a 401k savings plan.

**Cash and cash equivalents**

Cash and cash equivalents comprise of cash in hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk to changes in value.

**3. TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by geographical market is given below:

	2017	2016
	£	£
United Kingdom	29,866,232	27,833,386
Europe	1,939,956	793,821
United States of America	1,176,528	830,247
Asia	1,164,304	-
	<u>34,147,020</u>	<u>29,457,454</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST MARCH 2017

4. EMPLOYEES AND DIRECTORS

	2017	2016
	£	£
Wages and salaries	17,417,752	14,991,490
Social security costs	2,036,540	1,836,496
Other pension costs	804,441	845,162
	<u>20,258,733</u>	<u>17,673,148</u>

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

	2017	2016
Architects and administration	<u>327</u>	<u>317</u>

The average number of employees by undertakings that were proportionately consolidated during the year was 327 (2016 - 317).

The above number of employees are stated as full time equivalent.

5. DIRECTORS' EMOLUMENTS

	2017	2016
	£	£
Directors' remuneration	1,413,803	1,179,974
Directors' pension contributions to money purchase schemes	-	86,587
	<u>-</u>	<u>86,587</u>

The number of directors to whom retirement benefits were accruing was as follows:

	2017	2016
Money purchase schemes	<u>-</u>	<u>4</u>

Information regarding the highest paid director is as follows:

	2017	2016
	£	£
Emoluments etc	353,451	294,995
Pension contributions to money purchase schemes	-	21,646
	<u>-</u>	<u>21,646</u>

Money purchase schemes are commonly referred as defined contribution schemes.

6. OPERATING PROFIT

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

	2017	2016
	£	£
Depreciation - owned assets	862,763	805,542
Loss on disposal of fixed assets	33,099	1,416
Goodwill amortisation	730,000	730,000
Auditors' remuneration	37,500	41,625
Foreign exchange differences	(110,141)	(39,136)
Auditors non-audit fees	<u>18,358</u>	<u>17,531</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST MARCH 2017

## 7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017	2016
	£	£
Loan	37,562	97,767
Leasing	1,228	2,455
	<u>38,790</u>	<u>100,222</u>

## 8. TAXATION

**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2017	2016
	£	£
Current tax:		
UK corporation tax	449,968	227,549
(Over)/ under provision for Corporation Tax in prior years	(42,012)	-
US corporation tax	(207,293)	18,263
Total current tax	<u>200,663</u>	<u>245,812</u>
Deferred tax	<u>176,804</u>	<u>(50,425)</u>
Tax on profit	<u>377,467</u>	<u>195,387</u>

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2017	2016
	£	£
Profit before tax	<u>3,864,427</u>	<u>2,260,600</u>
Profit multiplied by the standard rate of corporation tax in the UK of 20% (2016 - 20%)	772,885	452,120
Effects of:		
Expenses not deductible for tax purposes	11,323	9,030
Income not taxable for tax purposes	(57,148)	(10,581)
Depreciation in excess of capital allowances	181,021	169,919
Adjustments to tax charge in respect of previous periods	(42,012)	-
Research and development claims	(534,353)	(472,552)
Deferred Tax	176,804	(50,425)
Tax effect of subsidiary in USA	(131,053)	97,876
Total tax charge	<u>377,467</u>	<u>195,387</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST MARCH 2017

8. TAXATION - continued

Tax effects relating to effects of other comprehensive income

	Gross £	2017 Tax £	Net £
Exchange differences on re-translation of foreign operations	(17,461)	-	(17,461)
	<u>(17,461)</u>	<u>-</u>	<u>(17,461)</u>

9. INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

10. INTANGIBLE FIXED ASSETS

Goodwill arose on the acquisition of a business in 2010. In 2013 the directors estimated that the useful life would end on 31 March 2022. Hence an amortisation rate of 10% per annum.

Company

	Goodwill £
<b>COST</b>	
At 1st April 2016 and 31st March 2017	<u>7,300,000</u>
<b>AMORTISATION</b>	
At 1st April 2016	2,920,000
Amortisation for year	<u>730,000</u>
At 31st March 2017	<u>3,650,000</u>
<b>NET BOOK VALUE</b>	
At 31st March 2017	<u>3,650,000</u>
At 31st March 2016	<u>4,380,000</u>

The goodwill arose in 2010 following the acquisition of the group's business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST MARCH 2017

## 11. TANGIBLE FIXED ASSETS

Group	Improvements to property £	Plant and machinery £	Fixtures and fittings £	Totals £
<b>COST</b>				
At 1st April 2016	1,471,327	3,163,425	599,098	5,233,850
Additions	-	516,961	32,859	549,820
Disposals	(598)	(262,758)	(10,138)	(273,494)
Exchange differences	-	5,064	-	5,064
At 31st March 2017	1,470,729	3,422,692	621,819	5,515,240
<b>DEPRECIATION</b>				
At 1st April 2016	145,701	1,677,057	264,436	2,087,194
Charge for year	74,083	669,098	119,582	862,763
Eliminated on disposal	-	(210,898)	(8,411)	(219,309)
Exchange differences	-	161	-	161
At 31st March 2017	219,784	2,135,418	375,607	2,730,809
<b>NET BOOK VALUE</b>				
At 31st March 2017	1,250,945	1,287,274	246,212	2,784,431
At 31st March 2016	1,325,626	1,486,368	334,662	3,146,656

There are no fixed assets held under hire purchase contracts etc at the balance sheet date.

Company	Improvements to property £	Plant and machinery £	Fixtures and fittings £	Totals £
<b>COST</b>				
At 1st April 2016	1,393,115	3,093,105	599,098	5,085,318
Additions	-	506,891	32,859	539,750
Disposals	-	(262,758)	(10,138)	(272,896)
At 31st March 2017	1,393,115	3,337,238	621,819	5,352,172
<b>DEPRECIATION</b>				
At 1st April 2016	145,080	1,645,803	264,436	2,055,319
Charge for year	69,655	648,081	119,582	837,318
Eliminated on disposal	-	(210,898)	(8,411)	(219,309)
At 31st March 2017	214,735	2,082,986	375,607	2,673,328
<b>NET BOOK VALUE</b>				
At 31st March 2017	1,178,380	1,254,252	246,212	2,678,844
At 31st March 2016	1,248,035	1,447,302	334,662	3,029,999

There are no fixed assets held under hire purchase contracts etc at the balance sheet date.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST MARCH 2017

12. FIXED ASSET INVESTMENTS

Company	Shares in group undertakings £
<b>COST</b>	
At 1st April 2016	16,335
Impairments	(264)
At 31st March 2017	<u>16,071</u>
<b>NET BOOK VALUE</b>	
At 31st March 2017	<u>16,071</u>
At 31st March 2016	<u>16,335</u>

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

**Subsidiaries**

**AHMM Limited**

Registered office: United Kingdom  
Nature of business: Dormant

	% holding	2017 £	2016 £
Class of shares:			
Ordinary	100.00		
Aggregate capital and reserves		<u>1</u>	<u>1</u>

**AHMM BV**

Registered office: Holland  
Nature of business: Dormant

	% holding	31.12.16 £	31.12.16 £
Class of shares:			
Ordinary	100.00		
Aggregate capital and reserves		<u>16,071</u>	<u>16,335</u>

**ALLFORD HALL MONAGHAN MORRIS LLC**

Registered office: United States  
Nature of business: Architecture

	% holding	2017 £	2016 £
Class of shares:			
No shares applicable	100.00		
Aggregate capital and reserves		(204,106)	(12,739)
Loss for the year		<u>(191,367)</u>	<u>(416,327)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST MARCH 2017

## 13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	8,149,474	5,008,325	7,937,807	4,895,762
Amounts owed by group undertakings	-	-	627,469	255,193
Other debtors	46,425	50,628	38,010	46,663
Tax	32,990	68,729	-	68,711
Deferred tax asset	-	80,577	-	80,577
Prepayments and accrued income	3,429,925	2,485,696	3,413,264	2,470,711
	<u>11,658,814</u>	<u>7,693,955</u>	<u>12,016,550</u>	<u>7,817,617</u>

## Deferred tax asset

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Deferred tax	-	80,577	-	80,577
	<u>-</u>	<u>80,577</u>	<u>-</u>	<u>80,577</u>

## 14. CURRENT ASSET INVESTMENTS

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Listed investments	1,518,034	972,821	1,518,034	972,821
Unlisted investments	1,618,161	893,847	1,618,161	893,847
	<u>3,136,195</u>	<u>1,866,668</u>	<u>3,136,195</u>	<u>1,866,668</u>

The above listed investments are stated at market value.

## 15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Other loans (see note 16)	-	1,200,000	-	1,200,000
Trade creditors	1,230,690	956,933	1,216,041	895,520
Tax	450,708	-	450,708	-
Social security and other taxes	598,588	451,773	598,588	451,773
VAT	888,133	711,113	888,133	711,113
Other creditors	33,949	37,148	33,949	37,148
Finance leases	-	29,138	-	29,138
Accruals and deferred income	6,859,985	6,347,230	6,794,253	6,276,763
	<u>10,062,053</u>	<u>9,733,335</u>	<u>9,981,672</u>	<u>9,601,455</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST MARCH 2017

16. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Amounts falling due within one year or on demand:				
Loan notes due within one year	-	1,200,000	-	1,200,000

The loan notes are with parties directly connected to the directors. They are unsecured and bear interest at a fixed interest rate of 5%. They matured in March 2017.

17. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group		Non-cancellable operating leases	
		2017	2016
		£	£
Within one year		974,929	855,001

Company		Non-cancellable operating leases	
		2017	2016
		£	£
Within one year		974,929	855,001

18. PROVISIONS FOR LIABILITIES

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Deferred tax	96,227	-	96,227	-

Group		Deferred tax
		£
Balance at 1st April 2016		(80,577)
Movement in the year		176,804
Balance at 31st March 2017		96,227

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST MARCH 2017

18. PROVISIONS FOR LIABILITIES - continued

Company	Deferred tax £
Balance at 1st April 2016	(80,577)
Movement in the year	176,804
Balance at 31st March 2017	<u>96,227</u>

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2017 £	2016 £
Number:	Class:			
1,554,760	Ordinary	1.00	<u>1,554,760</u>	<u>1,554,760</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

20. RESERVES

Group	Retained earnings £
At 1st April 2016	10,221,778
Profit for the year	3,486,960
Exchange differences on re-translation of foreign operations	(17,461)
At 31st March 2017	<u>13,691,277</u>
 Company	 Retained earnings £
At 1st April 2016	10,234,519
Profit for the year	3,660,865
At 31st March 2017	<u>13,895,384</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST MARCH 2017

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group	2017 £	2016 £
Profit for the financial year	3,486,960	2,065,213
Other comprehensive income relating to the year (net)	(17,461)	-
Unrealised gain on investment	-	(125,601)
<b>Net addition to shareholders' funds</b>	<b>3,469,499</b>	<b>1,939,612</b>
Opening shareholders' funds	11,776,538	9,836,926
<b>Closing shareholders' funds</b>	<b>15,246,037</b>	<b>11,776,538</b>
 <b>Company</b>	 <b>2017 £</b>	 <b>2016 £</b>
Profit for the financial year	3,660,865	2,481,542
Unrealised gain on investment	-	(125,601)
<b>Net addition to shareholders' funds</b>	<b>3,660,865</b>	<b>2,355,941</b>
Opening shareholders' funds	11,789,279	9,433,338
<b>Closing shareholders' funds</b>	<b>15,450,144</b>	<b>11,789,279</b>