

ALLFORD HALL MONAGHAN MORRIS LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

FRIDAY



A31 *A7KR7MVD* #42
14/12/2018
COMPANIES HOUSE

ALLFORD HALL MONAGHAN MORRIS LIMITED

COMPANY INFORMATION

Directors	S Allford J Hall P Monaghan P Morris N Harris (appointed 1 April 2017)
Registered number	07155322
Registered office	Morelands 5-23 Old Street London EC1V 9HL
Independent auditors	Harris & Trotter LLP Chartered Accountants & Statutory Auditor 64 New Cavendish Street London W1G 8TB

ALLFORD HALL MONAGHAN MORRIS LIMITED

CONTENTS

	Page
Group Strategic Report	1 - 3
Directors' Report	4 - 6
Independent Auditors' Report	7 - 9
Consolidated Statement of Comprehensive Income	10
Consolidated Balance Sheet	11
Company Balance Sheet	12
Consolidated Statement of Changes in Equity	13
Company Statement of Changes in Equity	14
Consolidated Statement of Cash Flows	15 - 16
Notes to the Financial Statements	17 - 37
 The following pages do not form part of the statutory financial statements:	
Company Detailed Profit and Loss Account and Summaries	39 - 42

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2018**

Introduction

The directors present their strategic report of the company and the group for the year ended 31st March 2018.

Business review

The trend of renewed growth which had been established in the previous year continued in the financial year ending March 2018 reflecting the emerging requirements of projects, both new and existing. This resulted in a strong financial performance – discussed in more depth below – allowing the practice to make selective progress against its key financial targets including a profit share payout for all eligible staff set at 9% of relevant earnings – a similar level to the previous year. The most notable change took place in September 2017 when AHMM's majority shareholding was sold to an Employee Ownership Trust (EOT); this significant development sees the founders of the business transferring 60% ownership to its employees, a change manifested in the establishment of a Trustee Board consisting of an independent Chair, Graeme Nuttall, two executive directors and two employee-representative directors.

Projects

The practice continues to work on projects across a wide variety of sectors, scales and geographies and a number of significant projects have also completed on site including:

- Hawley School in Camden – a single-form entry for 236 pupils and the first built phase of a larger masterplan for Camden Lock
- University of Amsterdam's Roeterseiland campus – marking the final chapter in an 11-year odyssey to reinvent a scheme originally designed in the 1960's by Dutch-Polish architect Norbert Gawronski
- Quadrant 4 – the transformation of a 1930's Art Deco hotel building off Piccadilly Circus into 48 luxury apartments and the third in a sequence of projects for the Crown Estate
- 8th Street Market – the reinvention of an underutilised warehouse building in downtown Oklahoma City as flexible space for restaurants, retail and a brewery with a taproom for Prairie Artisan Ales.

The recently completed New Scotland Yard for the Metropolitan Police won a number of prestigious awards including the Prime Minister's Better Public Building Award and Westminster Bridge Road, comprising 1,100 student rooms, a sixthform college for 700 students, affordable workspace and a health suite with swimming pool and leisure facilities was awarded Best Mixed-Use Building by the World Architecture Festival. 1 King William Street, Rothschilds' former headquarters within the heart of the Bank Conservation Area, was awarded Refurbishment Project of the Year at the AJ Architecture Awards.

Strategy and Future Development

Following a practice-wide, strategic review of IT, new professional leadership was introduced which has seen the start of a process to enhance capability and capacity through investment in both people and equipment. There was also further investment in additional studio space and the reconfiguration and equipping of the model shop. These investments reflect the continuing growth of the practice and ensure that it remains well placed to deliver the quality of architectural projects that its reputation has been built upon.

The move to become an Employee Ownership Trust (EOT) with an elected Trustee Board marks the first steps in an evolutionary process to increase levels of employee engagement across the practice whilst the retention of strategic and operational control by the Executive Board ensures continuity.

Financial Performance

The results for the year and financial position of the group are as shown in the annexed financial statements.

Turnover of £38,680k (2017: £34,147k) showed an increase of 13.3% versus 2017 reflecting continued growth, both in the UK and the US. This increase in fee income reflected continued improvement in sales per employee but, despite an ongoing focus on resourcing levels and cost management, the additional costs put some pressure on gross margins which reduced slightly from 51% in 2017 to 49% in 2018. Operating profit is stated after, and therefore distorted by, Profit Share. Net profit before tax at £908k (2017: £3,864k) and net profit after tax at £1,029k (2017: £3,487k) were both lower than the previous year reflecting costs of the transition to EOT, partially mitigated by a more favourable tax position in the UK which benefited, once again, from tax credits in respect of Research & Development activities.

On a Full Time Equivalent (FTE) basis, the average staff headcount, at 358, was 31 (9%) higher than the previous year, whilst actual FTE's increased in the year by 38 (11%) to 374. There were 403 staff on the payroll at March 2018.

ALLFORD HALL MONAGHAN MORRIS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

The company's profit share scheme continued in the year ended March 2018 and the distribution of profit (in respect of year ending March 2017) equated to 9.1% of relevant earnings (2017: 9.1% of salary). Meeting the qualifying EOT rules changes the payment basis from salary to earnings whilst allowing the first £3,600 to be distributed free of income tax. Provision has been made within the 2018 accounts for a distribution in respect of year ending March 2018.

Key Performance Indicators

Key performance indicators monitored by the group include:

	2018	2017
Turnover (% increase on previous year)	13.3%	15.9%
Gross Margin (% of turnover)	49.1%	51.1%
Average Debtor days	48	49
Average Creditor days	36	29
Current Ratio	1.95	1.89

Principal Risks & Uncertainties

Winning new work

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 and most talented recruits for the practice.

The company's salary and benefits package offers 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

It is clear that the precise outcome of the current negotiation process between the UK Government and the EU is some way from being clear. 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 financial 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 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 with revenues and costs well matched.

Annual Report

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

Audit Report

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

ALLFORD HALL MONAGHAN MORRIS LIMITED

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

This report was approved by the board on 9 July 2018 and signed on its behalf.



N Harris
Director



P Morris
Director

ALLFORD HALL MONAGHAN MORRIS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2018**

The directors present their report with the financial statements of the company and the group for the year ended 31st March 2018.

PRINCIPAL ACTIVITY

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.

DIVIDENDS

No dividends will be distributed for the year ended 31st March 2018.

DIRECTORS

The directors shown below have held office during the whole of the period from 1st April 2017 to the date of this report.

S Allford

J J Hall

P R Monaghan

P C R Morris

N S Harris

CHARITABLE DONATIONS

The Company made charitable donations totalling £30,059 (2017: £37,327) during the year.

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.

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 the applicable law and regulations.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018**

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

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018**

Auditors

During the year Leigh Philip & Partners resigned as auditors to the group and Harris & Trotter LLP were appointed.

The auditors, Harris & Trotter LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 9 July 2018 and signed on its behalf.



N Harris
Director



P Morris
Director

ALLFORD HALL MONAGHAN MORRIS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ALLFORD HALL MONAGHAN MORRIS LIMITED

Opinion

We have audited the financial statements of Allford Hall Monaghan Morris Limited for the year ended 31 March 2018, set out on pages 10 to 37. 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).

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 Auditors' 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.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The 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 Auditors' Report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in

ALLFORD HALL MONAGHAN MORRIS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ALLFORD HALL MONAGHAN MORRIS LIMITED (CONTINUED)

our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report and the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

ALLFORD HALL MONAGHAN MORRIS LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ALLFORD HALL MONAGHAN
MORRIS LIMITED (CONTINUED)**

Auditors' 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 Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. The description forms part of our Auditors' Report.

Stephen Haffner (Senior Statutory Auditor)

for and on behalf of
Harris & Trotter LLP

Chartered Accountants & Statutory Auditor

64 New Cavendish Street
London
W1G 8TB

9 July 2018

ALLFORD HALL MONAGHAN MORRIS LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018**

	Note	2018 £	2017 £
Turnover	4	38,679,564	34,147,020
Cost of sales		(19,670,903)	(16,700,773)
Gross profit		19,008,661	17,446,247
Administrative expenses		(18,023,946)	(14,004,200)
Other operating (charges)/income	5	(121,087)	110,141
Fair value movements on current asset investments		(138,504)	294,875
Operating profit	6	725,124	3,847,063
Income from current asset investments		184,294	58,151
Interest payable and similar expenses	10	(1,638)	(40,789)
Profit before taxation		907,780	3,864,425
Tax on profit	11	121,176	(377,467)
Profit for the financial year		1,028,956	3,486,958
Currency translation differences		48,450	(17,461)
Other comprehensive income for the year		48,450	(17,461)
Total comprehensive income for the year		1,077,406	3,469,497
Profit for the year attributable to:			
Owners of the parent company		1,028,956	3,486,958
		1,028,956	3,486,958
Total comprehensive income for the year attributable to:			
Owners of the parent company		1,077,406	3,469,497
		1,077,406	3,469,497


The notes on pages 17 to 37 form part of these financial statements.

ALLFORD HALL MONAGHAN MORRIS LIMITED
REGISTERED NUMBER: 07155322

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	13	2,920,000	3,650,000
Tangible assets	14	2,511,966	2,784,433
		<u>5,431,966</u>	<u>6,434,433</u>
Current assets			
Debtors: amounts falling due within one year	16	10,603,189	11,658,814
Current asset investments	17	3,268,737	3,136,195
Cash at bank and in hand	18	3,549,313	4,174,877
		<u>17,421,239</u>	<u>18,969,886</u>
Creditors: amounts falling due within one year	19	(8,922,706)	(10,062,053)
Net current assets		<u>8,498,533</u>	<u>8,907,833</u>
Total assets less current liabilities		<u>13,930,499</u>	<u>15,342,266</u>
Provisions for liabilities			
Deferred taxation	21	(7,054)	(96,227)
		<u>(7,054)</u>	<u>(96,227)</u>
Net assets		<u><u>13,923,445</u></u>	<u><u>15,246,039</u></u>
Capital and reserves			
Called up share capital	22	1,554,760	1,554,760
Other reserves		179,868	-
Profit and loss account		12,188,817	13,691,279
		<u><u>13,923,445</u></u>	<u><u>15,246,039</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 9 July 2018.


N Harris
 Director


P Morris
 Director

The notes on pages 17 to 37 form part of these financial statements.

ALLFORD HALL MONAGHAN MORRIS LIMITED
REGISTERED NUMBER: 07155322

COMPANY BALANCE SHEET
AS AT 31 MARCH 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	13	2,920,000	3,650,000
Tangible assets	14	2,369,313	2,678,846
Investments	15	16,071	16,071
		<u>5,305,384</u>	<u>6,344,917</u>
Current assets			
Debtors: amounts falling due within one year	16	11,135,454	12,016,550
Current asset investments	17	3,268,737	3,136,195
Cash at bank and in hand	18	3,519,764	4,030,383
		<u>17,923,955</u>	<u>19,183,128</u>
Creditors: amounts falling due within one year	19	(8,752,717)	(9,981,674)
Net current assets		<u>9,171,238</u>	<u>9,201,454</u>
Total assets less current liabilities		<u>14,476,622</u>	<u>15,546,371</u>
Provisions for liabilities			
Deferred taxation	21	(7,054)	(96,227)
		<u>(7,054)</u>	<u>(96,227)</u>
		<u>14,469,568</u>	<u>15,450,144</u>
Capital and reserves			
Called up share capital	22	1,554,760	1,554,760
Other reserves		179,868	-
Profit and loss account		12,734,940	13,895,384
		<u>14,469,568</u>	<u>15,450,144</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 9 July 2018.

N. S. Harris
N Harris
Director

P Morris
P Morris
Director

The notes on pages 17 to 37 form part of these financial statements.

ALLFORD HALL MONAGHAN MORRIS LIMITED
REGISTERED NUMBER: 07155322

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

	Called up share capital £	Non- distributable profit and loss reserve £	Distributable profit and loss reserve £	Equity attributable to owners of parent company £	Total equity £
At 1 April 2016	1,554,760	-	10,221,782	11,776,542	11,776,542
Profit for the year	-	-	3,486,958	3,486,958	3,486,958
Currency translation differences	-	-	(17,461)	(17,461)	(17,461)
At 1 April 2017	1,554,760	-	13,691,279	15,246,039	15,246,039
Profit for the year	-	-	1,028,956	1,028,956	1,028,956
Currency translation differences	-	-	48,450	48,450	48,450
Transfer from distributable profit and loss reserve	-	-	(179,868)	(179,868)	(179,868)
Transfer to non-distributable profit and loss reserve	-	179,868	-	179,868	179,868
Distribution	-	-	(2,400,000)	(2,400,000)	(2,400,000)
At 31 March 2018	1,554,760	179,868	12,188,817	13,923,445	13,923,445

ALLFORD HALL MONAGHAN MORRIS LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	Called up share capital £	Non- distributable profit and loss reserve £	Distributable profit and loss reserve £	Total equity £
At 1 April 2016	1,554,760	-	10,234,519	11,789,279
Profit for the year	-	-	3,660,865	3,660,865
At 1 April 2017	1,554,760	-	13,895,384	15,450,144
Profit for the year	-	-	1,419,424	1,419,424
Transfer from distributable profit and loss reserve	-	-	(179,868)	(179,868)
Transfer to non-distributable profit and loss reserve	-	179,868	-	179,868
Distribution	-	-	(2,400,000)	(2,400,000)
At 31 March 2018	1,554,760	179,868	12,734,940	14,469,568

ALLFORD HALL MONAGHAN MORRIS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018**

	2018 £	2017 £
Cash flows from operating activities		
Profit for the financial year	1,028,956	3,486,958
Adjustments for:		
Amortisation of intangible assets	730,000	730,000
Depreciation of tangible assets	1,131,932	862,762
Loss on disposal of tangible assets	5,203	33,100
Interest paid	1,638	40,789
Investment income	(184,294)	(58,151)
Taxation charge	(121,176)	377,467
Decrease/(increase) in debtors	1,058,825	(4,081,175)
(Decrease)/increase in creditors	(688,643)	1,078,010
Net fair value losses/(gains) recognised in P&L	138,504	(294,875)
Corporation tax (paid)/received	(421,904)	285,014
Currency translation differences	48,450	(17,461)
Other non cash movement	12,376	-
Net cash generated from operating activities	2,739,867	2,442,438
Cash flows from investing activities		
Purchase of tangible fixed assets	(864,667)	(549,820)
Sale of tangible fixed assets	-	21,086
Purchase of short term listed investments	(436,601)	(1,123,429)
Sale of short term listed investments	153,181	166,238
Income from investments	288	179
Dividends received	184,006	57,972
Net cash from investing activities	(963,793)	(1,427,774)

ALLFORD HALL MONAGHAN MORRIS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018**

	2018 £	2017 £
Cash flows from financing activities		
Distribution	(2,400,000)	-
Repayment of other loans	-	(1,200,000)
Interest paid	(1,638)	(40,789)
Net cash used in financing activities	<u>(2,401,638)</u>	<u>(1,240,789)</u>
Net (decrease) in cash and cash equivalents	<u>(625,564)</u>	<u>(226,125)</u>
Cash and cash equivalents at beginning of year	4,174,877	4,401,002
Cash and cash equivalents at the end of year	<u><u>3,549,313</u></u>	<u><u>4,174,877</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	3,549,313	4,174,877
	<u><u>3,549,313</u></u>	<u><u>4,174,877</u></u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

1. General information

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

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgment in applying the group's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 April 2016.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over its useful economic life.

The goodwill in the financial statements relates to an amount paid in connection with the acquisition of a business in 2010, and is regarded as having an estimated useful life ending on 31 March 2022. Hence an amortisation rate of 10% per annum.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

2. Accounting policies (continued)**2.5 Tangible fixed assets (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Improvements to property	- Equal instalments over period of lease
Plant and machinery	- 20% on cost
Fixtures and fittings	- 20% on cost
Computer equipment	- 33% on cost

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Balance Sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

2.9 Financial instruments

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

2. Accounting policies (continued)

2.9 Financial instruments (continued)

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Consolidated Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

2. Accounting policies (continued)

2.11 Employee Ownership Trust

The company established AHMM Employee Ownership Trust with the object of ensuring that shares in the company are held by the trustees for the benefit of the company's employees and so that those employees shall have an interest in the company's business, a share in its profits and a voice in the direction of its affairs.

The distributions made by the company are treated as gift payments to the trust so that the trust can meet its obligations.

2.12 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.13 Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.14 Operating leases

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

2. Accounting policies (continued)

2.15 Pensions

Defined contribution pension plan

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the group in independently administered funds.

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the year that the group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company and the group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.18 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

ALLFORD HALL MONAGHAN MORRIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have 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 carrying value of the goodwill is based on the directors' judgement of the group's financial value.

4. Turnover

An analysis of turnover by class of business is as follows:

	2018 £	2017 £
Fees receivable	<u>38,679,564</u>	<u>34,147,020</u>

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	35,459,243	29,866,232
Rest of Europe	1,497,790	1,939,956
Rest of World	1,722,531	2,340,832
	<u>38,679,564</u>	<u>34,147,020</u>

5. Other operating (charges)/income

	2018 £	2017 £
Foreign exchange differences	<u>(121,087)</u>	<u>110,141</u>

ALLFORD HALL MONAGHAN MORRIS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

6. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	1,131,928	862,763
Amortisation of intangible assets, including goodwill	730,000	730,000
Fees payable to the group's auditor and its associates for the audit of the company's annual financial statements	37,500	37,500
- Auditors non-audit fees	14,617	18,358
Exchange differences	121,087	(110,141)
Defined contribution pension cost	2,001,438	804,441
	<u>2,001,438</u>	<u>804,441</u>

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2018 £	2017 £
Wages and salaries	20,910,038	17,429,284
Social security costs	2,528,742	2,036,540
Cost of defined contribution scheme	2,001,438	804,441
	<u>25,440,218</u>	<u>20,270,265</u>

The average monthly number of employees on a full time equivalent basis, including the directors, during the year was as follows:

	2018 No.	2017 No.
Architects and administration	<u>358</u>	<u>327</u>

ALLFORD HALL MONAGHAN MORRIS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

8. Directors' emoluments

	2018 £	2017 £
Directors' emoluments	1,820,503	1,413,803
	<u>1,820,503</u>	<u>1,413,803</u>

The highest paid director received remuneration of £387,234 (2017 - £353,451).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £nil (2017 - £nil).

The number of directors to whom retirements benefits were accruing was 0 (2017 - 0).

9. Income from investments

	2018 £	2017 £
Interest from current asset investments	288	179
Dividends from current asset investments	<u>184,006</u>	<u>57,972</u>

10. Interest payable and similar charges

	2018 £	2017 £
Other loan interest payable	-	37,564
Finance leases and hire purchase contracts	-	1,228
Other interest payable	1,638	1,997
	<u>1,638</u>	<u>40,789</u>

ALLFORD HALL MONAGHAN MORRIS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

11. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	(32,003)	407,956
Adjustments in respect of previous periods	-	(207,293)
Total current tax	<u>(32,003)</u>	<u>200,663</u>
Deferred tax		
Origination and reversal of timing differences	(89,173)	176,804
Total deferred tax	<u>(89,173)</u>	<u>176,804</u>
Taxation on profit on ordinary activities	<u>(121,176)</u>	<u>377,467</u>

ALLFORD HALL MONAGHAN MORRIS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - *lower than*) the standard rate of corporation tax in the UK of 19% (2017 - 20%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	907,780	3,864,425
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	172,478	772,885
Effects of:		
Disallowable costs for tax purposes	62,867	11,323
Capital allowances for year in excess of depreciation	237,109	181,021
Net costs relating to non-trading activities adjusted for tax purposes	(311)	(42,012)
Research and development claim	(542,085)	(534,353)
Non-taxable income	(34,961)	(57,148)
Deferred tax	(89,173)	176,804
Unrelieved loss on foreign subsidiaries	74,811	76,240
Other tax differences	(1,911)	(207,293)
Total tax charge for the year	(121,176)	377,467

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

12. Parent company profit for the year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the parent company for the year was £1,419,424 (2017 - £3,660,865).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

13. Intangible assets

Group and Company

	Goodwill £
Cost	
At 1 April 2017	7,300,000
At 31 March 2018	<u>7,300,000</u>
Amortisation	
At 1 April 2017	3,650,000
Charge for the year	730,000
At 31 March 2018	<u>4,380,000</u>
Net book value	
At 31 March 2018	<u><u>2,920,000</u></u>
At 31 March 2017	<u><u>3,650,000</u></u>

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

ALLFORD HALL MONAGHAN MORRIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

14. Tangible fixed assets

Group

	Short-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation					
At 1 April 2017	1,470,729	761,969	621,819	2,660,726	5,515,243
Additions	135,420	7,948	80,812	640,487	864,667
Disposals	-	(183,543)	-	(603,604)	(787,147)
At 31 March 2018	1,606,149	586,374	702,631	2,697,609	5,592,763
Depreciation					
At 1 April 2017	219,784	615,990	375,607	1,519,428	2,730,809
Charge for the year on owned assets	79,435	66,593	133,055	852,847	1,131,930
Disposals	-	(183,336)	-	(598,606)	(781,942)
At 31 March 2018	299,219	499,247	508,662	1,773,669	3,080,797
Net book value					
At 31 March 2018	1,306,930	87,127	193,969	923,940	2,511,966
At 31 March 2017	1,250,945	145,979	246,212	1,141,297	2,784,433

ALLFORD HALL MONAGHAN MORRIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

14. Tangible fixed assets (continued)

Company

	Short-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation					
At 1 April 2017	1,393,115	722,576	621,819	2,614,664	5,352,174
Additions	135,420	3,683	80,812	584,028	803,943
Disposals	-	(183,543)	-	(603,604)	(787,147)
At 31 March 2018	1,528,535	542,716	702,631	2,595,088	5,368,970
Depreciation					
At 1 April 2017	214,735	602,195	375,607	1,480,791	2,673,328
Charge for the year on owned assets	75,298	58,285	133,055	841,633	1,108,271
Disposals	-	(183,336)	-	(598,606)	(781,942)
At 31 March 2018	290,033	477,144	508,662	1,723,818	2,999,657
Net book value					
At 31 March 2018	1,238,502	65,572	193,969	871,270	2,369,313
At 31 March 2017	1,178,380	120,381	246,212	1,133,873	2,678,846

ALLFORD HALL MONAGHAN MORRIS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

15. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
AHMM Limited	Ordinary	100 %	Dormant
AHMM B.V.	Ordinary	100 %	Dormant
Allford Hall Monaghan Morris LLC	No shares applicable	100 %	Architectural services

Name	Place of incorporation
AHMM Limited	United Kingdom
AHMM B.V.	The Netherlands
Allford Hall Monaghan Morris LLC	United States of America

The aggregate of the share capital and reserves as at 31 March 2018 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves	Profit/(loss)
	£	£
AHMM Limited	1	-
AHMM B.V.	16,071	-
Allford Hall Monaghan Morris LLC	(546,123)	(342,018)
	(530,051)	(342,018)

ALLFORD HALL MONAGHAN MORRIS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

15. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2017	16,071
At 31 March 2018	16,071
Net book value	
At 31 March 2018	16,071
At 31 March 2017	16,071

16. Debtors

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade debtors	7,201,902	8,149,474	7,114,451	7,937,807
Amounts owed by group undertakings	-	-	648,215	627,469
Other debtors	129,272	79,415	114,511	38,010
Prepayments and accrued income	3,272,015	3,429,925	3,258,277	3,413,264
	<u>10,603,189</u>	<u>11,658,814</u>	<u>11,135,454</u>	<u>12,016,550</u>

17. Current asset investments

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Investments	3,268,737	3,136,195	3,268,737	3,136,195

The above investments are stated at market value.

ALLFORD HALL MONAGHAN MORRIS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

18. Cash and cash equivalents

	Group 2018 £	<i>Group 2017 £</i>	Company 2018 £	<i>Company 2017 £</i>
Cash at bank and in hand	3,549,313	<i>4,174,877</i>	3,519,765	<i>4,030,383</i>

19. Creditors: Amounts falling due within one year

	Group 2018 £	<i>Group 2017 £</i>	Company 2018 £	<i>Company 2017 £</i>
Trade creditors	1,323,787	<i>1,230,691</i>	1,274,027	<i>1,216,040</i>
Corporation tax	-	<i>450,708</i>	-	<i>450,708</i>
Other taxation and social security	1,779,619	<i>1,486,721</i>	1,779,619	<i>1,486,721</i>
Other creditors	416,072	<i>108,405</i>	416,071	<i>108,409</i>
Accruals and deferred income	5,403,228	<i>6,785,528</i>	5,283,000	<i>6,719,796</i>
	8,922,706	<i>10,062,053</i>	8,752,717	<i>9,981,674</i>

ALLFORD HALL MONAGHAN MORRIS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

20. Financial instruments

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Financial assets				
Financial assets measured at fair value through profit or loss	6,818,050	7,311,072	6,788,502	7,166,578
Financial assets that are debt instruments measured at amortised cost	9,416,316	10,539,205	10,057,675	11,154,295
	<u>16,234,366</u>	<u>17,850,277</u>	<u>16,846,177</u>	<u>18,320,873</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(4,592,955)	(3,617,478)	(4,493,194)	(3,557,575)
	<u>(4,592,955)</u>	<u>(3,617,478)</u>	<u>(4,493,194)</u>	<u>(3,557,575)</u>

Financial assets measured at fair value through profit or loss comprise of current asset investment and cash at bank and in hand.

Financial assets that are debt instruments measured at amortised cost comprise of trade debtors, other debtors, accrued income and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise of trade creditors, other creditors and accruals.

21. Deferred taxation

Group

	2018 £
Accelerated capital allowances	
At beginning of year	(96,227)
Charged to profit or loss	89,173
At end of year	<u>(7,054)</u>

ALLFORD HALL MONAGHAN MORRIS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

21. Deferred taxation (continued)

Company

	2018 £
At beginning of year	(96,227)
Charged to profit or loss	89,173
At end of year	(7,054)
	Group 2018 £ Company 2018 £
Accelerated capital allowances	(7,054) (7,054)

22. Share capital

	2018 £	2017 £
Shares classified as equity		
Allotted, called up and fully paid		
1,554,760 Ordinary shares of £1 each	1,554,760	1,554,760

23. Contingent liabilities

During the year, the company entered into a drawdown facility agreement with its controlling party, thereby allowing it to drawdown up to a maximum of £14.4m. The amount is interest free and not repayable. It is at the company's discretion when such drawdowns can be made depending upon cash availability.

At the balance sheet date, the outstanding facility amount was £13.2m.

24. Pension commitments

The group operates defined contribution pension scheme. The assets of the scheme are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the group to the fund and amounted to £2,001,438 (2017 - £812,343).

ALLFORD HALL MONAGHAN MORRIS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

25. Commitments under operating leases

At 31 March 2018 the group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2018 £	<i>Group 2017 £</i>	Company 2018 £	<i>Company 2017 £</i>
Not later than 1 year	1,422,378	1,422,378	1,422,378	1,422,378
Later than 1 year and not later than 5 years	5,414,825	5,514,260	5,414,825	5,514,260
Later than 5 years	-	1,322,942	-	1,322,942
	<u>6,837,203</u>	<u>8,259,580</u>	<u>6,837,203</u>	<u>8,259,580</u>

26. Related party transactions

During the year, the company made a non-dividend distribution of £2.4m to the company's ultimate controlling party.

27. Controlling party

The company is controlled by AHMM Employee Ownership Trust by virtue of its majority shareholding.