

Parr Architects Limited (formerly SMC  
Parr Architects Limited)

REPORT AND FINANCIAL STATEMENTS

Year to 31 December 2008

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Parr Architects Limited  
(formerly SMC Parr Architects Limited)  
FINANCIAL STATEMENTS  
For the year ended 31 December 2008

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<b>Contents</b>	<b>Pages</b>
Company information	1
The directors report	2-4
Directors' responsibilities	5
Independent auditor's report	6-7
Profit and loss account	8
Balance Sheet	9
Notes to the financial statements	10-18

# Parr Architects Limited

## (formerly SMC Parr Architects Limited)

### Company information

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#### DIRECTORS

J Taylor  
C Littlemore

#### SECRETARY

J Taylor

#### REGISTERED OFFICE

Elliot Street Mews  
40 Elliot Street  
Glasgow  
G3 8DZ

#### AUDITOR

Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

#### BANKERS

Bank of Scotland  
The Mound  
Edinburgh  
EH1 1YZ

# Parr Architects Limited

## (formerly SMC Parr Architects Limited)

### DIRECTORS' REPORT

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The directors submit their report and the financial statements of Parr Architects Limited (formerly SMC Parr Architects Limited) for the year to 31 December 2008.

#### **CHANGE OF NAME**

The company changed its name from SMC Parr Architects Limited to Parr Architects Limited on 15 January 2009.

#### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, is £1,580,324 (2007: £1,360,955). No ordinary dividend (2007: £nil) was paid during the year.

#### **PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS**

The principal activity of the Company during the year was the business of architecture and design.

The Company's key financial performance indicators during the year were as follows:

	2008 £	2007 £	% Change
Company turnover	7,475,366	6,545,643	13%
Total operating profit	1,564,199	1,270,594	23%
Profit after tax	1,580,324	1,360,955	16%
Shareholders' funds	4,496,242	2,945,259	53%

During 2008 the business traded well due to the ability to win and retain key contracts and staff. At the end of 2008 the business ceased to trade and its assets and liabilities were transferred to Archial Architects Limited, a newly formed company with the same group of trading companies as part of a group reorganisation. Archial Architects Limited continues with the trade of the company from 1 January 2009 in combination with other similar business transferred at 31 December 2008.

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

Changes in Company law require the Group to report on the principal risks and uncertainties facing the business, which the Directors believe to be as follows:

##### **Financial Risks**

###### *Debt Funding*

The parent company enjoys certain debt facilities with its bank, which are used to provide term loans for acquisitions and working capital for the Group. These facilities are secured upon the shares and assets of the Company and may be withdrawn at the discretion of the lender if the Group were to breach covenants or the terms of these facilities. The risk of withdrawal of these facilities is mitigated by compliance with covenants and regular communication with the bank.

# Parr Architects Limited

## (formerly SMC Parr Architects Limited)

### DIRECTORS REPORT (CONTINUED)

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#### *Default risk*

The Company invoices its work to clients and usually offers 30 days of credit to clients to settle these invoices. Should a significant amount of debtors default on payment then this would adversely affect the working capital position of the Company and the banking facilities of the Group. This risk is mitigated by credit control procedures, which monitor and attempt to recover debtors outside the terms of payment offered.

#### *Accounting estimates made by Directors*

The Company's financial performance can be impacted by the judgement of directors in terms of their estimates of the level of completion and likely profitability of contracts. This risk is mitigated by review procedures over estimates of work in progress by the accounting function, which is independent of the operating directors.

#### **Business Risks**

##### *Staff Resources*

Maintenance of the correct level and mix of staff resources is key to the Company's ability to deliver under the terms of its revenue generating contracts and its profitability. The directors evaluate the level of staff required against the Company's revenues on a regular basis.

##### *Loss of key client relationships and early termination of projects*

As with any professional services company, the strength of our client relationships is key to our continued success. The loss of any major client and early termination of a key contract would cause a revenue shortfall that would need to be replaced by new work. This is mitigated by the number, geographical spread and sector diversity of contracts, which mean that the loss of any one contract would not materially impact the Group's performance as well as the maintenance of a level of temporary staffing which can be adjusted in line with workload.

#### **DIRECTORS**

The following directors have held office since 1 January 2008:

Robert Hall	resigned 31 December 2008
Patrick Clark	resigned 31 December 2008
Mark Fresson	resigned 31 December 2008
Kevin Cooper	resigned 31 December 2008
Neil Davidson	resigned 31 December 2008
Derek Reid	resigned 31 December 2008
Christopher Littlemore	appointed 1 February 2008
Robert Boardman	resigned 23 April 2009
Nicholas Wills	appointed 23 April 2009, resigned 1 June 2009
John Taylor	appointed 1 June 2009

#### **STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

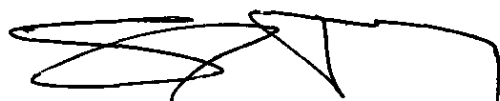
Parr Architects Limited  
(formerly SMC Parr Architects Limited)  
DIRECTORS REPORT (CONTINUED)

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AUDITORS

In accordance with s.385 of the Companies Act 1985, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditors of the Company

By order of the board

A handwritten signature in black ink, appearing to be 'J Taylor', written over a horizontal line.

J Taylor  
Secretary

27 OCT 2009

# Parr Architects Limited

## (formerly SMC Parr Architects Limited)

### DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- d. 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Parr Architects Limited

## (formerly SMC Parr Architects Limited)

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PARR ARCHITECTS LIMITED

For the year ended 31 December 2008

We have audited the financial statements of Parr Architects Limited for the year ended 31 December 2008, which comprise the Profit and Loss Account, the Balance Sheet and the Statement of Total Recognised Gains and Losses, and the related notes 1 to 22. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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.

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

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.



# Parr Architects Limited

(formerly SMC Parr Architects Limited)

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PARR ARCHITECTS LIMITED

For the year ended 31 December 2008

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also

evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

*Ernst + Young LLP*

ERNST & YOUNG LLP  
Registered Auditor  
London

29 October 2009

Parr Architects Limited  
(formerly SMC Parr Architects Limited)  
PROFIT AND LOSS ACCOUNT  
for the year ended 31 December 2008

	Notes	2008 £	2007 £
TURNOVER	1	7,475,366	6,545,643
COST OF SALES		(3,816,658)	(3,563,821)
GROSS PROFIT		<u>3,658,708</u>	<u>2,981,822</u>
Administrative expenses		(2,094,509)	(1,748,228)
Other operating income	2	-	37,000
OPERATING PROFIT	3	<u>1,564,199</u>	<u>1,270,594</u>
Interest receivable and similar income	4	8,397	63,437
Interest payable and similar charges	5	-	(950)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>1,572,596</u>	<u>1,333,081</u>
Tax on profit on ordinary activities	7	7,728	27,874
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	16	<u>1,580,324</u>	<u>1,360,955</u>

The operating profit for the period arises from the company's discontinued operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

Parr Architects Limited  
(formerly SMC Parr Architects Limited)  
BALANCE SHEET  
at 31 December 2008

		2008	2007
	Notes	£	£
FIXED ASSETS			
Intangible assets	8	-	422,917
Tangible assets	9	-	318,366
Investments	10	-	15,800
		-	757,083
CURRENT ASSETS			
Debtors	11	4,496,242	2,572,091
Cash at bank and in hand		-	1,019,806
		4,496,242	3,591,897
CREDITORS: amounts falling due within one year	12	-	(1,403,721)
NET CURRENT ASSETS		4,496,242	2,188,176
TOTAL ASSETS LESS CURRENT LIABILITIES		4,496,242	2,945,259
NET ASSETS		4,496,242	2,945,259
CAPITAL AND RESERVES			
Called up share capital	15	10,000	10,000
Capital contribution reserve	17	1,194,133	1,223,474
Profit and loss account	17	3,292,109	1,711,785
EQUITY SHAREHOLDERS' FUNDS	17	4,496,242	2,945,259

The financial statements were approved and authorised for issue by the Board on 27 October 2009 and signed on their behalf by:



J Taylor  
Director

# Parr Architects Limited

## (formerly SMC Parr Architects Limited)

### ACCOUNTING POLICIES

for the year ended 31 December 2008

#### BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

#### TURNOVER

Turnover represents the invoices, net of Value Added Tax, raised in the year which are adjusted for movements in the level of amounts recoverable on contracts.

Contracts are assessed on a contract by contract basis and reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Turnover is ascertained in a manner appropriate to the stage of completion of the contract, and credit taken for profit earned to date when the outcome of the contract can be assessed with reasonable certainty. The amount by which turnover exceeds payments on account is classified as "amounts recoverable on contracts" and included in debtors; to the extent that payments on account exceed relevant turnover, the excess is included as a creditor.

Turnover is only recognised in the financial statements when there is a contractual right to consideration.

#### INTANGIBLE FIXED ASSETS

Goodwill arising on the incorporation of Parr Partnership has been classified as an asset on the balance sheet and amortised on a straight-line basis over its useful economic life of 20 years. It is reviewed for impairment, at the end of its first full financial year following incorporation and, in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

#### TANGIBLE FIXED ASSETS

All fixed assets are initially recorded at cost.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value over its expected useful life, as follows:

Land and Buildings Leasehold	15% reducing balance
Fixtures, Fittings & Equipment	25% reducing balance

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying values may not be recoverable.

#### DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Parr Architects Limited  
(formerly SMC Parr Architects Limited)  
ACCOUNTING POLICIES  
for the year ended 31 December 2008

INVESTMENTS

Fixed Asset Investments are initially recorded at cost. The carrying values are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

LEASED ASSETS AND OBLIGATIONS

All leases are "operating leases" and the annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease. Lease incentives are recognised over the shorter of the lease term and the date of the next rent review.

PENSION COSTS

The company operates a group personal pension scheme and the pension costs charged against profits represent the amount of the contributions payable in respect of the accounting period.

SHARE BASED PAYMENTS

Equity settled share options are granted under various schemes operated by the Group to selected employees on a discretionary basis. The options are over the shares in Archial Group plc, formerly SMC Group Plc.

All share based employee transactions are recognised as follows:

*Equity-settled transactions*

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by an external valuer using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company (market conditions).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and of the number of equity instruments that will ultimately vest or, in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry to a capital contribution reserve.

CASHFLOW

The company is exempt under FRS1 (revised) from preparing a statement of cash flow, as it is a subsidiary of a company which holds at least 90% of the voting rights and whose consolidated financial statements are publicly available.

Parr Architects Limited  
(formerly SMC Parr Architects Limited)  
NOTES TO FINANCIAL STATEMENTS  
for the year ended 31 December 2008

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's turnover and profit before taxation were derived from its principal activity wholly undertaken in the United Kingdom.

2	OTHER OPERATING INCOME	2008 £	2007 £
	Management Fee	-	35,000
	Training Grant	-	2,000
		-	37,000
3	OPERATING PROFIT	2008 £	2007 £
	This is stated after charging:		
	Amortisation of intangible assets	25,000	25,000
	Depreciation of tangible assets	75,618	94,621
	Loss on disposal of tangible assets	-	493
	Rentals under operating leases		
	- Land and buildings	266,888	220,079
	- Other	110,792	104,090
	Auditors' remuneration for audit services	25,200	22,500
4	INTEREST RECEIVABLE AND SIMILAR INCOME	2008 £	2007 £
	Bank interest	8,397	63,437
5	INTEREST PAYABLE AND SIMILAR CHARGES	2008 £	2007 £
	On bank loans and overdrafts	-	950
		-	950

# Parr Architects Limited

## (formerly SMC Parr Architects Limited)

NOTES TO FINANCIAL STATEMENTS  
for the year ended 31 December 2008

6	EMPLOYEES	2008	2007
	The average monthly number of persons (including directors) employed by the company during the year was:		
	Professional	92	86
	Administration	17	17
		<u>109</u>	<u>103</u>

	2008	2007
Staff costs for above persons:	£	£
Wages and salaries	3,672,939	3,075,818
Social security costs	391,118	320,571
Other pension costs	37,484	19,082
Share-based payments	<u>(29,341)</u>	<u>14,848</u>
	<u>4,072,200</u>	<u>3,430,319</u>

	2008	2007
	£	£
DIRECTORS' REMUNERATION		
Aggregate emoluments	734,636	631,347
Share-based payments	<u>(7,335)</u>	<u>3,712</u>
Total emoluments	<u>727,301</u>	<u>635,059</u>

Directors' remuneration disclosed above includes emoluments of £170,881 (2007: £121,173) and pension costs of £nil (2007: £nil) in respect of the highest paid director.

The emoluments of Robert Boardman and Chris Littlemore are disclosed in the financial statements of Archial Group plc. It is not practical to allocate a proportion of these emoluments for services rendered to this company.

As at 1 July 2008 all employees were transferred to Archial Resources Limited and subsequently seconded back to the company.

Parr Architects Limited  
(formerly SMC Parr Architects Limited)

NOTES TO FINANCIAL STATEMENTS  
for the year ended 31 December 2008

7	TAXATION	2008 £	2007 £
(a)	Domestic current year tax		
	UK corporation tax on profits of the period	-	-
	Over provision in respect of previous year	9,615	(24,979)
	Total current tax	9,615	(24,979)
	Deferred tax movement	(17,343)	(2,895)
	Tax on profit of ordinary activities	(7,728)	(27,874)
(b)	Factors affecting the tax charge for the period		
	Profit on ordinary activities before tax	1,572,596	1,333,081
	Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 28.5% (2007: 30%)	448,190	399,924
	Effects of:		
	Expenses not deductible for tax purposes	12,424	19,288
	Decelerated / (accelerated) capital allowances	(2,936)	2,865
	Group relief claimed for nil payment	(457,678)	(422,077)
	Over / (Under)provision in respect of previous year	9,615	(24,979)
	Tax charge for period (note 7 (a))	9,615	(24,979)
8	INTANGIBLE FIXED ASSETS		Goodwill £
	Cost		
	At 1 January 2008		422,917
	Transfer to Archial Architects Limited		(422,917)
	At 31 December 2008		-
	Amortisation		
	At 1 January 2008		25,000
	Charge for the period		25,000
	Transfer to Archial Architects Limited		(50,000)
	At 31 December 2008		-
	Net book value		
	At 31 December 2008		-



Parr Architects Limited  
(formerly SMC Parr Architects Limited)  
NOTES TO FINANCIAL STATEMENTS  
for the year ended 31 December 2008

At 1 January 2008

397,917

Goodwill arose on the incorporation of the business of The Parr Partnership.

9	TANGIBLE FIXED ASSETS	Land and Buildings Leasehold £	Fixtures Fittings & Equipment £	Total £
	Cost			
	At 1 January 2008	115,045	521,840	636,885
	Additions	-	13,436	13,436
	Transfer to Archial Architects Limited	(115,045)	(535,276)	(650,321)
	At 31 December 2008	-	-	-
	Depreciation			
	At 1 January 2008	41,724	276,795	318,519
	Charge for the period	10,998	64,620	75,618
	Transfer to Archial Architects Limited	(52,722)	(341,415)	(394,137)
	At 31 December 2008	-	-	-
	Net book value			
	At 31 December 2008	-	-	-
	At 1 January 2008	73,321	245,045	318,366

10	FIXED ASSETS INVESTMENTS	Unlisted Investments £
	Cost	
	At 1 January 2008	15,800
	Transfer to Archial Architects Limited	(15,800)
	At 31 December 2008	-
	Net book value	
	At 31 December 2008	-

# Parr Architects Limited

## (formerly SMC Parr Architects Limited)

NOTES TO FINANCIAL STATEMENTS  
for the year ended 31 December 2008

At 1 January 2008

15,800

11	DEBTORS	2008 £	2007 £
	Trade debtors	-	1,568,745
	Amounts due by group undertakings	4,496,242	384,329
	Amounts recoverable on contracts	-	480,563
	Other debtors	-	33,051
	Prepayments and accrued income	-	102,237
	Deferred Tax (note 13)	-	3,166
		<u>4,496,242</u>	<u>2,572,091</u>
12	CREDITORS: amounts falling due within one year	2008 £	2007 £
	Trade creditors	-	160,816
	Payments on Account	-	331,729
	Corporation tax	-	81,206
	Other taxes and social security costs	-	528,789
	Accruals and deferred income	-	301,181
		<u>-</u>	<u>1,403,721</u>
13	DEFERRED TAX ASSET	2008 £	2007 £
	Provision for deferred taxation:		
	Balance as at 1 January 2008	3,166	271
	Profit and loss credit	17,343	2,895
	Transfer to Archial Architects Limited	(20,509)	
	Balance as at 31 December 2008	<u>-</u>	<u>3,166</u>

The deferred tax asset relates to depreciation in excess of capital allowances. The deferred tax asset was transferred to Archial Architects Limited.

### 14 PENSION COSTS

#### Defined contribution

The company operates a defined contribution group personal pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund, now transferred to Archial Architects Limited

2008	2007
	-16-

Parr Architects Limited  
(formerly SMC Parr Architects Limited)  
NOTES TO FINANCIAL STATEMENTS  
for the year ended 31 December 2008

		£	£		
	Contributions payable by the company for the period	37,484	19,082		
15	SHARE CAPITAL	2008 £	2007 £		
	Authorised 100,000 Ordinary Shares of £1 each	100,000	100,000		
	Allotted, called up and fully paid 10,000 Ordinary Shares of £1 each	10,000	10,000		
16	PROFIT AND LOSS ACCOUNT	2008 £	2007 £		
	1 January 2008	1,711,785	350,830		
	Profit for the financial period	1,580,324	1,360,955		
	31 December 2008	3,292,109	1,711,785		
17	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS				
		Share capital	Capital contribution reserve	Profit and loss reserve	Total
		£	£	£	£
	Opening equity shareholders' funds	10,000	1,223,474	1,711,785	2,945,259
	Profit for the financial period	-	-	1,580,324	1,580,324
	Capital Contribution	-	(29,341)	-	(29,341)
	Closing equity shareholders' funds	10,000	1,194,133	3,292,109	4,496,242

The capital contribution reserve relates to share based payment credit recorded during the period.

Parr Architects Limited  
(formerly SMC Parr Architects Limited)  
NOTES TO FINANCIAL STATEMENTS  
for the year ended 31 December 2008

18 FINANCIAL COMMITMENTS

At 31 December 2008 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2008:

	Land and buildings 2008 £	Other 2008 £	Land and buildings 2007 £	Other 2007 £
Operating leases which expire:				
Within one year	53,500	72,914	102,650	16,486
Between two and five years	165,042	40,968	115,765	53,820
	<hr/> 218,542	<hr/> 113,882	<hr/> 218,415	<hr/> 70,306

These obligations will be met by Archial Architects Limited from 1 January 2009 onwards when it takes over trading activity from Parr Architects Limited and other group subsidiaries.

19 CONTINGENT LIABILITY

The company is party to a cross guarantee in connection with group banking arrangements. Archial Group Plc and all of its wholly owned subsidiaries participate in the group facility. At 31 December 2008, there was £14.475m owed by the group under this cross guarantee (2007: £16.350m).

20 RELATED PARTY TRANSACTIONS

The company is exempt under FRS 8 from disclosing related party transactions with parent and fellow subsidiary undertakings as it is a subsidiary of a company which holds at least 90% of the voting rights and whose consolidated financial statements are publicly available.

21 ULTIMATE HOLDING COMPANY

The Company's ultimate parent company and controlling party is Archial Group plc, formerly known as SMC Group plc. Archial Group plc is incorporated in the United Kingdom. Copies of the parent company's financial statements are publicly available via the Archial Group plc website.

22 POST BALANCE SHEET EVENTS

On 31 December 2008, Archial Group plc restructured the trading business, which resulted in the transfer of Parr Architects Limited (formerly SMC Parr Architects Limited) net assets into a new group operating entity structure, which will continue with the business of SMC Parr Architects Limited from 1 January 2009. On 5 January 2009, SMC Group plc changed its name to Archial Group plc.