

Landell Mills Limited

**Directors' Report and Consolidated
Financial Statements**
Registered number 1574821

**For the Year Ended
31 December 2012**

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Contents

Director's report	1-2
Statement of director's responsibilities in respect of the Director's Report and the financial statements	3
Independent auditors' report to the members of Landell Mills Limited	4-5
Consolidated profit and loss account	6
Consolidated balance sheet	7
Company balance sheet	8
Notes	9-18

Group Directors' Report

The directors present their Annual Report and the audited Consolidated Financial Statements of Landell Mills Limited and its subsidiary undertaking ("the group") for the year ended 31st December 2012

Principal activities, business review and future developments

The principal activities of the group continue to be technical assistance and management consultancy to emerging markets in the areas of rural development, economic development and the environment. The firm was active in Africa, Asia, the Caribbean, South-Eastern Europe, the Middle East and the Pacific.

In 2012 the group's turnover was €13.9 million (2011: €12.2 million). Operating profit reduced to €370,000 compared to €580,000 in 2011.

The key risks and uncertainties facing the future development of the group include the ever-increasing competition in the market place, and the continuing threat to margins. Political and security risks are also a concern in some of the countries the group operates in, particularly Afghanistan at the current time. The directors have developed a range of strategies to address these and other risks faced by the group.

Financial results

The result for the year is shown in the profit and loss account on page 6 and can be summarised as follows:

	2012 €'000	2011 €'000
Turnover	13,930	12,162
Cost of sales	(11,894)	(10,051)
Gross profit	2,036	2,111
Operating profit	370	580

Dividend

The board has not paid a dividend during the year (2011: €Nil).

Director's report *(continued)*

Director and director's interests

The directors who held office during the year was as follows

Michael Boyd (Chairman)

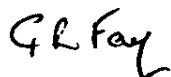
David Uglow

Simon Foxwell

Secretary Graham Fay

Auditors

Moore Stephens are deemed to be re-appointed under section 487(2) of the Companies Act 2006



G Fay
Secretary

Bryer-Ash Business Park
Bradford Road
Trowbridge
Wiltshire
BA14 8HE

Statement of director's responsibilities in respect of the Director's Report and the 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Independent auditors' report to the members of Landell Mills Limited

We have audited the consolidated financial statements of Landell Mills Limited for the year ended 31 December 2012 which comprise the Consolidated Profit and Loss Account, the Consolidated Balance Sheet and Parent Company Balance Sheet, and the related notes. The financial reporting framework that has been applied in their preparation is law applicable to the United Kingdom and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTOR AND AUDITORS

As explained more fully in the Director's Responsibilities Statement, 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

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 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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the Group and Parent company's affairs as at 31 December 2012 and of the group result for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been properly prepared in accordance with the requirements of the Companies Act 2006

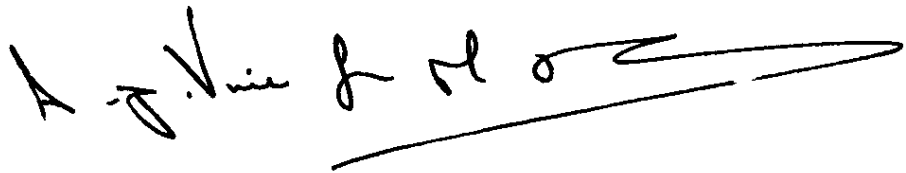
OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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



Andrew Vince (Senior Statutory Auditor)
For and on behalf of
MOORE STEPHENS
Chartered Accountants
& Statutory Auditors

30 Gay Street
Bath
BA1 2PA

17th June 2013 .

Consolidated profit and loss account
for the year ended 31 December 2012

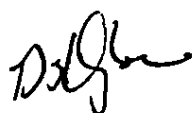
	<i>Note</i>	2012 €'000	2011 €'000
Turnover	2	13,930	12,162
Cost of sales		(11,894)	(10,051)
Gross profit		2,036	2,111
Operating expenses		(1,666)	(1,531)
Operating profit		370	580
Interest receivable and similar income	6	4	9
Interest payable and similar charges	7	(90)	(44)
Profit on ordinary activities before taxation	3	284	545
Tax on profit on ordinary activities	8	(38)	(117)
Profit for the financial year	16	246	428

All results arose from continuing operations. There were no gains or losses in either period other than those recognised in the profit and loss account and there was no difference between the above figures and the historical cost profits and losses.

Company balance sheet
at 31 December 2012

	Note	2012 €'000	2011 € 000
Fixed assets			
Tangible assets	9	25	8
Financial assets - investment	10	9	-
		<u>34</u>	<u>8</u>
Current assets			
Debtors	11	9,015	9,707
Cash at bank and in hand		2,628	1,183
		<u>11,643</u>	<u>10,890</u>
Creditors: amounts falling due within one year	12	<u>(8,314)</u>	<u>(7,679)</u>
Net current assets		<u>3,329</u>	<u>3,211</u>
Total assets less current liabilities		<u>3,363</u>	<u>3,219</u>
Creditors amounts falling due after more than one year	13	<u>(178)</u>	<u>(283)</u>
Net assets		<u>3,185</u>	<u>2,936</u>
Capital and reserves			
Called up share capital	15	782	782
Capital redemption reserve	16	142	142
Profit and loss account	16	2,261	2,012
		<u>3,185</u>	<u>2,936</u>
Shareholders' funds	17	<u>3,185</u>	<u>2,936</u>

These financial statements were approved by the board of directors on the 14th June 2013 and were signed on its behalf by



David Uglov
Director

Consolidated balance sheet
at 31 December 2012

	<i>Note</i>	2012	2011
		€'000	€'000
Fixed assets			
Tangible assets	9	25	8
Financial assets – investment		-	-
		<u>25</u>	<u>8</u>
Current assets			
Debtors	11	8,977	9,707
Cash at bank and in hand		2,629	1,183
		<u>11,606</u>	<u>10,890</u>
Creditors – amounts falling due within one year	12	<u>(8,271)</u>	<u>(7,679)</u>
Net current assets		<u>3,335</u>	<u>3,211</u>
Total assets less current liabilities		<u>3,360</u>	<u>3,219</u>
Creditors' amounts falling due after more than one year	13	(178)	(283)
Net assets		<u>3,182</u>	<u>2,936</u>
Capital and reserves			
Called up share capital	15	782	782
Capital redemption reserve	16	142	142
Profit and loss account	16	2,258	2,012
Shareholder's funds	17	<u>3,182</u>	<u>2,936</u>

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

The financial statements have been prepared on a going concern basis in accordance with applicable accounting standards and under the historical cost accounting rules

Basis of consolidation

The group has consistently applied all relevant accounting standards. The group consolidated financial statements include the financial statements of the company and all subsidiary undertakings made up to 31 December 2012. The results of subsidiary undertakings acquired or incorporated during the year are included in the consolidated profit and loss account from the date of acquisition or incorporation. All intercompany transactions are eliminated on consolidation.

In the company's financial statements, investments in subsidiaries are stated at cost less any provisions for impairment in value.

Long term contracts

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Office equipment	-	3 to 10 years straight line
------------------	---	-----------------------------

Cash flow statement

Under the provisions of FRS 1 (revised 1996), the company has not prepared a cash flow statement because, as a wholly owned subsidiary of Landell Mills Limited, it satisfies the exemption criteria. A Group cash flow statement is included in the financial statements of the ultimate parent company, UFT Limited.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Notes (continued)

1 Accounting policies (continued)

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Taxation

The charge for taxation is based on the result for the year. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19 'Deferred Taxation'.

2 Segmental information

The table below sets out information for each of the company's industry segments and geographic areas of operation.

	Turnover	
	2012 €'000	2011 €'000
By activity		
Consultancy and project management	13,930	12,162
	13,930	12,162
By geographical area:		
United Kingdom	4	17
Africa	4,505	4,433
Asia	8,298	6,297
Europe	1,123	1,415
	13,930	12,162

Notes (continued)

3 Profit /(loss) on ordinary activities before taxation

	2012 €'000	2011 €'000
<i>Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting):</i>		
Auditors' remuneration		
- audit of these financial statements	20	20
- other services – taxation	2	2
Depreciation and other amounts written off tangible fixed assets	11	11
Exchange Losses / (Gains)	11	(44)
Hire of other assets – operating leases	65	69
	<u> </u>	<u> </u>

4 Remuneration of directors

	2012 €'000	2011 €'000
Directors' emoluments	231	260
	<u> </u>	<u> </u>

The highest paid director's remuneration was €117,000

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows

	Number of employees	
	2012	2011
Head office staff	24	21
Overseas staff	2	2
	<u> </u>	<u> </u>
	26	23
	<u> </u>	<u> </u>

Notes (continued)

5 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows

	2012 €'000	2011 €'000
Wages and salaries	992	861
Social security costs	86	79
Other pension costs (note 20)	15	10
	<u>1,093</u>	<u>950</u>

6 Interest receivable and similar income

	2012 €'000	2011 €'000
Bank interest	<u>4</u>	<u>9</u>

7 Interest payable and similar charges

	2012 €'000	2011 €'000
On bank loans and overdrafts	35	16
Other finance charges	55	28
	<u>90</u>	<u>44</u>

Notes (continued)

8 Taxation

	2012 €'000	2011 €'000
UK corporation tax at 24% (2011 26.5%)	43	111
Double taxation relief	(14)	-
Deferred tax (note 14)	9	6
	<u>38</u>	<u>117</u>

Factors affecting the tax charge for the current period

The current tax charge (2011 credit) for the period is lower (2011 lower) than the standard rate of corporation tax in the UK of 26.5% (2011 26.5%). The differences are explained below

	2012 €'000	2011 €'000
<i>Current tax reconciliation</i>		
Profit/(loss) on ordinary activities before tax	279	545
Profit/(loss) on ordinary activities at 24.5% (2011 26.5%)	68	144
<i>Effects of</i>		
Expenses not deductible for tax purposes	7	-
Double taxation relief	(24)	-
Chargeable gains	-	-
Capital allowances in excess of depreciation	(8)	(4)
Utilisation of tax losses	-	-
ACT movement not provided for	-	(29)
Other short term timing differences	-	-
Current tax charge / (credit) for year	<u>43</u>	<u>111</u>

Notes (continued)

9 Tangible fixed assets

	Group & Company
	Office equipment €'000
Cost	
At beginning of year	25
Additions	28
Disposals	-
Fully depreciated items written off	(17)
At end of year	36
Depreciation	
At beginning of year	17
Charge for year	11
Disposals	-
Fully depreciated items written off	(17)
At end of year	11
Net book value	
At 31 December 2012	25
At 31 December 2011	8

10 Investment in Subsidiary

	Investment in subsidiary undertaking €'000
Company	
Addition	9
Net book value	
At beginning of year	-
Impairment provision	-
At end of year	9

Details of the subsidiary undertaking is as follows

Subsidiary undertaking	Country of incorporation	Date of incorporation	Registered office address	Principal activity	Proportion of ordinary shares held	Issued share capital
Landell Mills Limited	Afghanistan	22/04/2012	House No 811 Street 17, District 6 Kart-e-She, Kabul	Management consultancy	100%	12,000 ordinary Shares of \$1 each

Notes (continued)

11 Debtors

	Group		Company	
	2012 €'000	2011 €'000	2012 €'000	2011 €'000
Trade debtors	3,154	3,747	3,150	3,747
Amounts recoverable under contracts	3,026	3,094	3,026	3,094
Prepayments and accrued income	103	145	103	145
VAT recoverable	88	53	88	53
Deferred tax (note 14)	10	19	10	19
Corporation tax recoverable	20	-	28	-
Amounts owed by group undertakings	2,576	2,649	2,610	2,649
	<u>8,977</u>	<u>9,707</u>	<u>9,015</u>	<u>9,707</u>

All debtors are due within one year

12 Creditors: amounts falling due within one year

	Group		Company	
	2012 €'000	2011 €'000	2012 €'000	2011 €'000
Bank loan and overdraft	105	353	105	353
Trade creditors	1,040	981	1,040	981
Taxation and social security	31	19	31	19
Corporation tax	-	52	-	52
Other creditors	10	5	10	5
Accruals and deferred income	3,164	2,715	3,207	2,715
Amounts invoiced in advance	2,732	2,618	2,732	2,618
Amounts owed to group undertakings	1,189	936	1,189	936
	<u>8,271</u>	<u>7,679</u>	<u>8,314</u>	<u>7,679</u>

The company's bank loan and overdraft are secured by fixed and floating charges over the assets of the company

13 Creditors: amounts falling due after more than one year

	Group		Company	
	2012 €'000	2011 €'000	2012 €'000	2011 €'000
Bank Loan	<u>178</u>	<u>283</u>	<u>178</u>	<u>283</u>

The maturity profile of the group's borrowings at 31 December 2012 is as follows

Repayable by instalments

	Within one year €'000	Between one and five years €'000	Total €'000
Bank Overdraft	-	-	-
Bank Loan	105	178	283
	<u>105</u>	<u>178</u>	<u>283</u>

Notes (continued)

14 Deferred tax assets

The movement in deferred taxation during the current and previous year are as follows

	2012 €'000	2011 €'000
At beginning of year	19	25
Deferred tax credit / (charge) for the year (note 8)	(9)	(6)
At end of year	<u>10</u>	<u>19</u>

	2012 Provided €'000	2012 Unprovided €'000	2011 Provided €'000	2011 Unprovided €'000
Accelerated capital allowances	10	-	19	-
Short term timing differences	-	-	-	-
Unutilised trading losses	-	-	-	-
Unutilised property losses	-	-	-	-
	<u>10</u>	<u>-</u>	<u>19</u>	<u>-</u>

15 Called up share capital

	Authorised 2012 €'000	2011 €'000	Allotted, called up and fully paid 2012 €'000	2011 €'000
£1 ordinary shares				
Ordinary	376	376	149	149
A ordinary	70	70	70	70
£1 cumulative redeemable				
B Preference shares	177	177	63	63
£1 cumulative redeemable				
C Preference shares	500	500	500	500
	<u>1,123</u>	<u>1,123</u>	<u>782</u>	<u>782</u>

The A ordinary shares attract a dividend of 10.6% of the adjusted net profit for the financial year, subject to a minimum dividend being 8% of the paid up value of those shares. The shares rank behind C Preference shares on a winding up and holders will receive an amount equal to the subscription price together with a sum equal to the arrears and or accruals of any dividend before participating with the Ordinary share in the distribution of the surplus. The shareholders of the A Ordinary shares have the right to convert their shares into Ordinary shares. The conversion will be on a one for one basis. The shareholders of the company have waived their right to conversion and the shareholders have waived their rights to dividends.

The B Preference shares were redeemable at par by the company in 10 equal half yearly instalments from 30 June 1997. An annual dividend is payable at 3% over bank base rate on the winding up and holders will receive the amount paid up together with a sum equal to the arrears and or accruals of the Preference dividend. The company has waived its right to redemption and the shareholders have waived their rights to dividends.

Notes (continued)

The C Preference shares were redeemable at the option of the company at any date up to 30 June 1997 by giving 14 days notice to the shareholders. From 30 June 1997 the shares are redeemable in 10 equal half yearly instalments. An annual dividend of 10 % of the paid up value of the shares is payable 6 monthly. This increases to 12% if redemption has not occurred in accordance with prescribed timetable. On a winding up the holders will receive the amount paid up together with a sum equal to the arrears and or accruals of the Preference dividend. The company has waived its right to redemption and the shareholders have waived their rights to dividends.

B and C Preference shares do not carry voting rights except upon the happening of one or more of the events as described in section 3.4 of the company's New Articles of Association.

16 Reserves

In accordance with the Companies Act, 2006, a separate profit and loss account for the company has not been presented. The movement on the Group and Company profit and loss account is as detailed below.

	Group		Company	
	Capital redemption reserve €'000	Profit and loss account €'000	Capital redemption reserve €'000	Profit and loss account €'000
At beginning of year	142	2,012	142	2,012
Profit for the year (page 6)	-	246	-	249
At end of year	142	2,258	142	2,261

17 Reconciliation of movement in shareholder's funds

	Group		Company	
	2012 €'000	2011 €'000	2012 €'000	2011 €'000
Profit for the financial year	246	428	249	428
Opening shareholder's funds	2,936	2,508	2,936	2,508
Closing shareholder's funds	3,182	2,936	3,185	2,936

18 Contingent liabilities

Security has been given to HSBC in respect of the Landell Mills UK facility by way of an unlimited multilateral guarantee dated 22 September 2011. The company has also given counter indemnities of €8,013,138 (2011 €7,227,355) in respect of guarantees given by its bankers to third parties.

Notes (continued)

19 Commitments

There were capital commitments at 31 December 2012 of €Nil (2011 €Nil)

Operating lease commitments

The company has commitments under non-cancellable operating leases to make annual payments as follows

	2012 Land and buildings €'000	2011 Land and buildings €'000
Expiring		
Between one and five years	32	52
After five years	-	-
	2012 Other operating leases €'000	2011 Other operating leases €'000
Expiring between one and five years	10	18

20 Pension scheme

It is the policy of the company to provide individual retirement funds on behalf of certain employees. The company makes payments into the individual retirement funds which are defined contribution schemes managed by independent insurance companies; the individuals concerned are entitled to make additional contributions. The company's contributions to the funds are charged against profits in the year in which they are made.

Pension costs charged during the year ended 31 December 2012 amounted to €15,000 (2011 €10,000). There were no prepaid or outstanding pension contributions at either year end.

21 Controlling Party

The company is a wholly owned subsidiary undertaking of Landell Mills Limited, a company incorporated in the Republic of Ireland, which prepare consolidated financial statements that are available from the company's registered office, 3 Clanwilliam Terrace, Dublin 2. The company's reporting currency is the Euro.

The ultimate controlling party from 18 December 2009 was UFT Limited who purchased 96% of the share capital of Landell Mills Limited. During 2010 UFT increased its purchase by a further 1% and now holds 97% of the share capital of Landell Mills Limited. UFT Limited is owned by David Uglow and Simon Foxwell and will be preparing consolidated accounts for the period end 31 December 2012.

22 Related party disclosures

Michael Boyd is a director of Malachite Limited. The company received €13,770 (2011 €17,677) from Malachite Limited in the year, in respect of consultancy services. The Directors are not aware of any other related party transactions that have occurred during the year.