

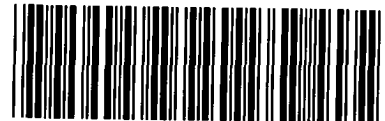
Registered number: SC488409

HULLEY & KIRKWOOD LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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HULLEY & KIRKWOOD LIMITED

COMPANY INFORMATION

Directors	J J Costello J G McInnes S McKinlay M O'Donnell D Stewart D Wood N Yemm
Registered number	SC488409
Registered office	Watermark Business Park Govan Road Glasgow Glasgow G51 2SE
Independent auditors	French Duncan LLP 133 Finnieston Street Glasgow G3 8HB
Bankers	The Royal Bank of Scotland plc 9 Clifton Place Glasgow G3 7JU
Solicitors	Pincent Masons Princes Exchange 1 Earl Grey Street Edinburgh EH3 9AQ

HULLEY & KIRKWOOD LIMITED

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HULLEY & KIRKWOOD LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2016

Business review

The financial results for the year to 30th June 2016 were satisfactory and reflected a good performance which met the targets set.

The business continued to receive and win commissions in competition as well as repeat business over the year and delivered some landmark projects which were recognised with industry awards.

The business has also continued to maintain an element of specialist work in the Middle East utilising our SFM and Specialist Gases divisions.

The performance of the company continues to be reviewed on an on-going basis using industry standard KPI's amended to provide more informative feedback, which is used to further develop the business.

The company also continues to develop its BIM capabilities utilising REVIT software in its project work.

The effect that the EU Referendum result will have on the UK construction industry is at present unclear, however the Directors remain confident that any effect it may have on the business will be managed accordingly and we will continue to maximise the opportunities available in the market as they arise.

Principal risks and uncertainties

The directors have taken steps to ensure that day to day risks are managed comprehensively by the group by ensuring it has appropriate contracts in place which are further supported by appropriate insurance cover. Comprehensive management reports are prepared on a monthly and quarterly basis; these reports are used to inform the Board on the financial and trading performance of the company and facilitate cash management.

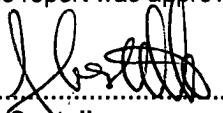
The group aims to mitigate liquidity risk by managing cash flow generation from its operations. Investment is carefully controlled, and forecasts and budgets are prepared and reviewed on a regular basis. The directors are satisfied that the group have adequate resources to enable it to meet its liabilities as they fall due for the foreseeable future.

The Directors remain confident that the business can maximise the opportunities that present themselves in the next twelve months and provide a strong financial performance over this period.

Financial key performance indicators

The key performance indicators are turnover and gross profit which are disclosed in the financial statements. Performance during the year is discussed within the business review above.

This report was approved by the board on 10 February 2017 and signed on its behalf.


.....
J J Castello
Director

HULLEY & KIRKWOOD LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2016

The directors present their report and the financial statements for the year ended 30 June 2016.

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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.

Results and dividends

The profit for the year, after taxation, amounted to £329,553 (2015 - loss £19,700)

Dividends of £286,600 were paid in the current year (2015: £140,000).

Directors

The directors who served during the year were:

J J Costello
J G McInnes
S McKinlay
M O'Donnell
D Stewart
D Wood
N Yemm

Future developments

The Group is constantly seeking to develop new opportunities to generate increased sales volume.

HULLEY & KIRKWOOD LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2016**

Disclosure of information to auditors

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

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Group since the year end.

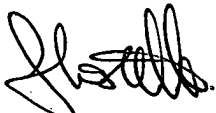
Going concern

The group manages its working capital and cash position closely to ensure that it has adequate resources to pay its debts as they fall due. As a consequence, the directors believe the group is well placed to manage its funding requirements. After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future.

Auditors

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

This report was approved by the board on 10 February 2017 and signed on its behalf.



J J Costello
Director

HULLEY & KIRKWOOD LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HULLEY & KIRKWOOD LIMITED

We have audited the financial statements of Hulley & Kirkwood Limited for the year ended 30 June 2016, set out on pages 6 to 31. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in 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

As explained more fully in the Directors' responsibilities statement on page 2, 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 Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 30 June 2016 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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 those financial statements.

HULLEY & KIRKWOOD LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HULLEY & KIRKWOOD LIMITED
(CONTINUED)**

Matters on which we are required to report by exception

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

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

French Duncan LLP

Paula Galloway (Senior statutory auditor)

for and on behalf of

French Duncan LLP

Statutory Auditors and Chartered Accountants

133 Finnieston Street

Glasgow

G3 8HB

Date: *21 February 2017*

HULLEY & KIRKWOOD LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016**

	Note	2016 £	2015 £
Turnover	4	10,765,498	7,536,066
Administrative expenses		(10,204,561)	(7,352,347)
Operating profit	5	560,937	183,719
Interest receivable and similar income	9	1,624	3,910
Interest payable and similar charges	10	(171,637)	(144,928)
Profit before taxation		390,924	42,701
Tax on profit	11	(61,371)	(62,401)
Profit/(loss) for the year		329,553	(19,700)
 Total comprehensive income for the year		 329,553	 (19,700)
 Profit/(loss) for the year attributable to:			
Owners of the parent Company		329,553	(19,700)
		329,553	(19,700)

The statement of comprehensive income for 2015 reflect the results of the group for the period from incorporation of the company (8 October 2014) to 30 June 2015.

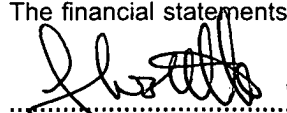
The notes on pages 12 to 31 form part of these financial statements.

HULLEY & KIRKWOOD LIMITED
REGISTERED NUMBER: SC488409

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2016

	Note	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Intangible fixed assets	14		2,380,855		2,669,443
Tangible assets	15		157,421		132,186
			<u>2,538,276</u>		<u>2,801,629</u>
Current assets					
Debtors: amounts falling due within one year	17	4,062,319		3,964,942	
Cash at bank and in hand	18	1,314,348		927,775	
		<u>5,376,667</u>		<u>4,892,717</u>	
Creditors: amounts falling due within one year	19	(4,944,491)		(4,227,110)	
Net current assets			<u>432,176</u>		<u>665,607</u>
Total assets less current liabilities			<u>2,970,452</u>		<u>3,467,236</u>
Creditors: amounts falling due after more than one year	20		(1,429,567)		(2,068,367)
Provisions for liabilities					
Provisions	24	(191,632)		(158,569)	
			<u>(191,632)</u>		<u>(158,569)</u>
Net assets			<u>1,349,253</u>		<u>1,240,300</u>
Capital and reserves					
Called up share capital	25	1,466,000		1,400,000	
Profit and loss account	26	(116,747)		(159,700)	
		<u>1,349,253</u>		<u>1,240,300</u>	

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10


 J.J. Costello
 Director

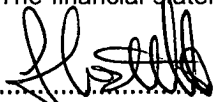
February 2017.

HULLEY & KIRKWOOD LIMITED
REGISTERED NUMBER: SC488409

COMPANY BALANCE SHEET
AS AT 30 JUNE 2016

	Note	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Investments	16		6,859,480		6,859,480
			<u>6,859,480</u>		<u>6,859,480</u>
Creditors: amounts falling due within one year	19	(1,275,668)		(3,511,622)	
Net current liabilities			<u>(1,275,668)</u>		<u>(3,511,622)</u>
Total assets less current liabilities			<u>5,583,812</u>		<u>3,347,858</u>
Creditors: amounts falling due after more than one year	20		(1,429,567)		(2,068,367)
Net assets			<u><u>4,154,245</u></u>		<u><u>1,279,491</u></u>
Capital and reserves					
Called up share capital	25		1,466,000		1,400,000
Profit and loss account	26		2,688,245		(120,509)
			<u><u>4,154,245</u></u>		<u><u>1,279,491</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10



J J Castello
 Director

February 2017.

HULLEY & KIRKWOOD LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

	Called up share capital £	Profit and loss account £	Equity attributable to owners of parent Company £	Total equity £
At 1 July 2015	1,400,000	(159,700)	1,240,300	1,240,300
Comprehensive income for the year				
Profit for the year	-	329,553	329,553	329,553
Contributions by and distributions to owners				
Dividends: Equity capital	-	(286,600)	(286,600)	(286,600)
Shares issued during the year	66,000	-	66,000	66,000
Total transactions with owners	<u>66,000</u>	<u>(286,600)</u>	<u>(220,600)</u>	<u>(220,600)</u>
At 30 June 2016	<u>1,466,000</u>	<u>(116,747)</u>	<u>1,349,253</u>	<u>1,349,253</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015

	Called up share capital £	Profit and loss account £	Equity attributable to owners of parent Company £	Total equity £
Comprehensive income for the period				
Loss for the period	-	(19,700)	(19,700)	(19,700)
Contributions by and distributions to owners				
Dividends: Equity capital	-	(140,000)	(140,000)	(140,000)
Shares issued during the period	1,400,000	-	1,400,000	1,400,000
Total transactions with owners	<u>1,400,000</u>	<u>(140,000)</u>	<u>1,260,000</u>	<u>1,260,000</u>
At 30 June 2015	<u>1,400,000</u>	<u>(159,700)</u>	<u>1,240,300</u>	<u>1,240,300</u>

The notes on pages 12 to 31 form part of these financial statements.

HULLEY & KIRKWOOD LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 July 2015	1,400,000	(120,509)	1,279,491
Comprehensive income for the period			
Profit for the year	-	3,095,354	3,095,354
Contributions by and distributions to owners			
Dividends: Equity capital	-	(286,600)	(286,600)
Shares issued during the year	66,000	-	66,000
Total transactions with owners	66,000	(286,600)	(220,600)
At 30 June 2016	1,466,000	2,688,245	4,154,245

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015

	Called up share capital	Profit and loss account	Total equity
	£	£	£
Comprehensive income for the period			
Profit for the period	-	19,491	19,491
Contributions by and distributions to owners			
Dividends: Equity capital	-	(140,000)	(140,000)
Shares issued during the period	1,400,000	-	1,400,000
Total transactions with owners	1,400,000	(140,000)	1,260,000
At 30 June 2015	1,400,000	(120,509)	1,279,491

The notes on pages 12 to 31 form part of these financial statements.

HULLEY & KIRKWOOD LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

	2016 £	2015 £
Cash flows from operating activities		
Profit/ (loss) for the financial year	329,553	(19,700)
Adjustments for:		
Amortisation of intangible assets	288,588	216,441
Depreciation of tangible assets	73,210	62,457
Interest paid	171,637	144,928
Interest received	(1,624)	(3,910)
Taxation	61,371	62,401
(Increase) in debtors	(109,587)	(99,017)
Increase in creditors	350,768	1,250,692
Increase in provisions	33,063	1,917
Corporation tax received/(paid)	94,791	(215,021)
Net cash generated from operating activities	1,291,770	1,401,188
Cash flows from investing activities		
Purchase of fixed assets and subsidiary undertaking	(98,446)	(2,750,220)
Interest received	1,624	3,910
Bank balance acquired	-	2,562,235
Net cash used in investing activities	(96,822)	(184,075)
Cash flows from financing activities		
Issue of ordinary shares	66,000	-
Repayment of other loans	(416,138)	(4,410)
Dividends paid	(286,600)	(140,000)
Interest paid	(171,637)	(144,928)
Net cash used in financing activities	(808,375)	(289,338)
Net increase in cash and cash equivalents	386,573	927,775
Cash and cash equivalents at beginning of year	927,775	-
Cash and cash equivalents at the end of year	1,314,348	927,775
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,314,348	927,775
	1,314,348	927,775

HULLEY & KIRKWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1. General information

Hulley Kirkwood Limited is a limited company incorporated in Scotland. The registered office is Head Office, Watermark Business Park, Govan Road, Glasgow, G51 2SE.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention 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 group transitioned to FRS 102 from previously extant UK GAAP on 8 October 2014 (date of incorporation). The impact of the transition is on the disclosure in the financial statements, there was no impact on or change to the group's accounting policies.

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 judgement 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 Group 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 income and retained earnings from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

The Group's business activities, together with the factors likely to affect its future developments are disclosed in the Strategic Report and Director's Report. The group manages its working capital and cash position closely to ensure that it has adequate resources to pay its debts as they fall due. As a consequence, the directors believe the group is well placed to manage its funding requirements. After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future.

HULLEY & KIRKWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

2. Accounting policies (continued)

2.4 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.

2.5 Intangible assets

Intangible assets acquired separately from a business are capitalised at cost. Subsequent to initial recognition, intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised on a straight line basis to the Consolidated statement of income and retained earnings over their useful economic life of 10 years.

2.6 Tangible fixed assets

Tangible fixed assets 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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Fixtures and fittings	-	25% Reducing balance
Computer equipment	-	33% Straight line

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

2. Accounting policies (continued)

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.8 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.

2.9 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 Company's cash management.

2.10 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 and loans to related parties.

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 payables or receivables, 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.

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.

2.11 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 30 JUNE 2016**

2. Accounting policies (continued)

2.12 Foreign currency translation

Functional and presentation currency

The Group'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.

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.

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.

2.14 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.15 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Consolidated statement of income and retained earnings over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Consolidated statement of income and retained earnings over the remaining vesting period.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

2. Accounting policies (continued)

2.16 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated statement of comprehensive income on a straight line basis over the lease term.

2.17 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.

2.18 Interest income

Interest income is recognised in the Consolidated statement of comprehensive income using the effective interest method.

2.19 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 30 JUNE 2016

2. Accounting policies (continued)

2.20 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated statement of income and retained earnings, except that a change 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.

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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities reported at the balance sheet date and the amounts reported for revenue and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements and estimates have had the most significant effects on amounts recognised in the financial statements.

Depreciation

The estimates and assumptions made to determine asset lives require judgements to be made as regards useful lives and residual values. The useful lives and residual values of the company's fixed assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets. Historically, changes in useful lives have not resulted in material changes to the company's depreciation charge.

Revenue Recognition

Revenue on long term contracts for services is recognised according to the stage of completion reached on the contract by measuring a proportion of costs incurred for work performed to total estimated costs. Estimating the costs to completion and therefore the total contract costs is a key judgement in respect of revenue recognition on these contracts.

Long-term contracts

Judgement is also required in accounting for long-term contracts particularly as regards to profit recognition and the assessment of future losses on contracts.

Provisions

Provisions are recognised where the company has an obligation, as a result of a past event, that can be measured reliably. The recording of provisions is an area which requires the exercise of management judgement relating to the nature, timing and probability of the liability and typically the consolidated balance sheet includes provisions for doubtful debts.

4. Turnover

All turnover is attributable to the Company's principal activity of consulting engineering.

99% of the turnover arose within the United Kingdom with 1% arising in the Middle East.

5. Operating profit

The operating profit is stated after charging:

	2016	2015
	£	£
Depreciation of tangible fixed assets	73,210	62,457
Amortisation of intangible assets, including goodwill	288,588	216,441
Exchange differences	(33,924)	-
Other operating lease rentals	669,012	528,639
Defined contribution pension cost	395,250	325,554

HULLEY & KIRKWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

6. Auditors' remuneration

	2016 £	2015 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	20,985	11,250
Fees payable to the Group's auditor and its associates in respect of:		
All other services	2,600	16,190
	2,600	16,190

7. Employees

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

	2016 £	2015 £
Wages and salaries	6,048,083	4,254,652
Social security costs	640,865	489,215
Cost of defined contribution scheme	395,250	325,554
	7,084,198	5,069,421

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

	2016 No.	2015 No.
Directors	8	8
Engineers	119	112
Administration	18	18
	145	138

HULLEY & KIRKWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

8. Directors' remuneration

	2016 £	2015 £
Remuneration	751,558	775,370
Company pension contributions to defined contribution pension schemes	5,667	92,070
	<u>757,225</u>	<u>867,440</u>

During the year retirement benefits were accruing to 7 directors (2015 - 8) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £117,537 (2015 - £73,856).

9. Interest receivable

	2016 £	2015 £
Other interest receivable	1,624	3,910
	<u>1,624</u>	<u>3,910</u>

10. Interest payable and similar charges

	2016 £	2015 £
Other loan interest payable	20,526	24,419
Other interest payable	151,111	120,509
	<u>171,637</u>	<u>144,928</u>

HULLEY & KIRKWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

11. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profit for the year	137,961	60,796
Adjustments in respect of previous periods	(88,801)	-
	<u>49,160</u>	<u>60,796</u>
Total current tax	<u>49,160</u>	<u>60,796</u>
Deferred tax		
Origination and reversal of timing differences	12,211	1,605
Total deferred tax	<u>12,211</u>	<u>1,605</u>
Taxation on profit on ordinary activities	<u>61,371</u>	<u>62,401</u>

Factors affecting tax charge for the year/period

The tax assessed for the year/period is lower than (2015 - *lower than*) the standard rate of corporation tax in the UK of 20% (2015 - 20.75%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>390,924</u>	<u>42,701</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.75%)	78,185	8,860
Effects of:		
Fixed asset differences	-	2,164
Expenses not deductible for tax purposes	69,656	52,205
Adjustments to tax charge in respect of prior periods including R&D tax credits	(88,801)	-
Other differences leading to an increase (decrease) in the tax charge	2,331	(828)
Total tax charge for the year/period	<u>61,371</u>	<u>62,401</u>

HULLEY & KIRKWOOD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

12. Dividends

	2016	2015
	£	£
Dividend paid on equity capital	286,600	140,000
	286,600	140,000

13. 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 £3,095,354 (2015 - £19,491).

HULLEY & KIRKWOOD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

14. Intangible assets

Group

	Intangible Asset £
Cost	
At 1 July 2015 and 30 June 2016	2,885,884
Amortisation	
At 1 July 2015	216,441
Charge for the year	288,588
At 30 June 2016	505,029
Net book value	
At 30 June 2016	2,380,855
At 30 June 2015	2,669,443

On 10 October 2014 the company acquired H&K 2014 Limited for a total consideration of £6,859,480, satisfied by a cash consideration of £2,750,220, issue of loan notes totalling £2,709,260 and by the issue of 1,400,000 ordinary shares of £1 at £1 per share. Intangible assets totalling £2,885,884 were acquired. The directors consider that this value is attributable to the Hulley & Kirkwood brand name. The brand will be amortised over 10 years which the directors consider to be its useful economic life.

HULLEY & KIRKWOOD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

15. Tangible fixed assets**Group**

	Fixtures and fittings £	Computer equipment £	Total £
Cost			
At 1 July 2015	76,218	118,425	194,643
Additions	28,697	69,749	98,446
At 30 June 2016	<u>104,915</u>	<u>188,174</u>	<u>293,089</u>
Depreciation			
At 1 July 2015	15,489	46,969	62,458
Charge for the year	21,005	52,205	73,210
At 30 June 2016	<u>36,494</u>	<u>99,174</u>	<u>135,668</u>
Net book value			
At 30 June 2016	<u>68,421</u>	<u>89,000</u>	<u>157,421</u>
At 30 June 2015	<u>60,730</u>	<u>71,456</u>	<u>132,186</u>

HULLEY & KIRKWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

16. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
H&K 2014 Limited	Scotland	Ordinary	100 %	Holding company
Hulley and Kirkwood Consulting Engineers Limited	Scotland	Ordinary	100 %	Consulting engineers

Company

Investments
in
subsidiary
companies
£

Cost or valuation

At 1 July 2015 and 30 June 2016 6,859,480

Net book value

At 30 June 2016 and 30 June 2015 6,859,480

On 10 October 2014 the company acquired H&K 2014 Limited for a total consideration of £6,859,480, satisfied by a cash consideration of £2,750,220, issue of loan notes totaling £2,709,260 and by the issue of 1,400,000 ordinary shares of £1 at £1 per share. H&K 2014 Limited is the holding company of Hulley and Kirkwood Consulting Engineers Limited.

17. Debtors

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Trade debtors	3,270,310	3,067,318	-	-
Other debtors	27,289	75,109	-	-
Prepayments and accrued income	302,219	312,883	-	-
Amounts recoverable on long term contracts	441,523	476,443	-	-
Deferred taxation	20,978	33,189	-	-
	<u>4,062,319</u>	<u>3,964,942</u>	<u>-</u>	<u>-</u>

HULLEY & KIRKWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

18. Cash and cash equivalents

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Cash at bank and in hand	1,314,348	927,775	-	-
	<u>1,314,348</u>	<u>927,775</u>	<u>-</u>	<u>-</u>

19. Creditors: Amounts falling due within one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Other loans	859,145	636,483	859,145	636,483
Payments received on account	321,930	331,841	-	-
Trade creditors	302,022	302,015	-	-
Amounts owed to group undertakings	-	-	340,843	2,818,901
Corporation tax	143,951	-	-	-
Taxation and social security	1,079,756	973,281	-	-
Other creditors	1,554,939	1,507,587	-	-
Accruals and deferred income	682,748	475,903	75,680	56,238
	<u>4,944,491</u>	<u>4,227,110</u>	<u>1,275,668</u>	<u>3,511,622</u>

20. Creditors: Amounts falling due after more than one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Other loans	1,429,567	2,068,367	1,429,567	2,068,367
	<u>1,429,567</u>	<u>2,068,367</u>	<u>1,429,567</u>	<u>2,068,367</u>

HULLEY & KIRKWOOD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

21. Loans

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Amounts falling due within one year				
Other loans	859,145	636,483	859,145	636,483
	<u>859,145</u>	<u>636,483</u>	<u>859,145</u>	<u>636,483</u>
Amounts falling due 1-2 years				
Other loans	635,711	636,484	635,711	636,484
	<u>635,711</u>	<u>636,484</u>	<u>635,711</u>	<u>636,484</u>
Amounts falling due 2-5 years				
Other loans	793,856	1,191,303	793,856	1,191,303
	<u>793,856</u>	<u>1,191,303</u>	<u>793,856</u>	<u>1,191,303</u>
Amounts falling due after more than 5 years				
Other loans	-	240,580	-	240,580
	<u>-</u>	<u>240,580</u>	<u>-</u>	<u>240,580</u>
	<u><u>2,288,712</u></u>	<u><u>2,704,850</u></u>	<u><u>2,288,712</u></u>	<u><u>2,704,850</u></u>

HULLEY & KIRKWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

22. Financial instruments

	Group 2016 £	Group 2015 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	3,739,122	3,618,870
	<u>3,739,122</u>	<u>3,618,870</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(4,828,421)	(4,990,335)
	<u>(4,828,421)</u>	<u>(4,990,335)</u>

Financial assets measured at amortised cost comprise trade debtors, other debtors and amounts recoverable on long term contracts.

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

23. Deferred taxation

Group

	2016 £	2015 £
At beginning of year	33,189	-
Charged to the profit or loss	(12,211)	(1,605)
Arising on business combinations	-	34,794
At end of year	<u>20,978</u>	<u>33,189</u>

	Group 2016 £	Group 2015 £
Accelerated capital allowances	12,927	25,138
Other timing differences	8,051	8,051
	<u>20,978</u>	<u>33,189</u>

HULLEY & KIRKWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

24 Provisions

Group

	Annuity provision £	Dilapidation provision £	Total £
At 1 July 2015	40,252	118,317	158,569
Charged to the statement of comprehensive income	-	31,052	31,052
Unwinding of discount	2,011	-	2,011
At 30 June 2016	42,263	149,369	191,632

Annuity Provision

Full provision has been made for the group's obligations to pay annuities to certain employees, former employees and their dependants in accordance with accounting standards and has been discounted. The provision is expected to be fully utilised by 2022.

25. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
1,466,000 (2015 - 1,400,000) Ordinary shares of £1 each	<u>1,466,000</u>	<u>1,400,000</u>

During 2015/16 the company issued share options to a number of employees, 66,000 of these options were exercised during the year ended 30 June 2016.

26. Reserves

Profit and loss account

The profit and loss account represents accumulated profits and losses of the company less distributions made to shareholders.

HULLEY & KIRKWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

27. Share based payments

At the year end the following Ordinary share options were in issue:

	Weighted average exercise price (pence) 2016	Number 2016	Weighted average exercise price (pence) 2015	Number 2015
Granted during the year	100	155,000	100	-
Exercised during the year	100	(66,000)	100	-
Outstanding at the end of the year	100	89,000	100	-

Share options are granted to Directors and employees of the Company. The exercise price of the option is equal to the market price of the shares on the date of grant. The options vest in three tranches over three years.

The fair value of the options is estimated at the grant date using the market value of the shares. In the current year the fair value of options is not considered to be material.

28. Contingent liabilities

The group has granted a bond and floating charge over the group's whole assets and undertakings along with a guarantee for £2,947,000 to The Royal Bank of Scotland plc in relation to loans provided to a related company, Hulley Property Company Limited.

29. Pension commitments

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £395,250 (2015 - £325,554).

HULLEY & KIRKWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

30. Commitments under operating leases

At 30 June 2016 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2016 £	<i>Group 2015 £</i>
Land and Buildings		
Not later than 1 year	442,364	442,364
Later than 1 year and not later than 5 years	1,769,456	1,769,456
Later than 5 years	-	442,364
	<u>2,211,820</u>	<u>2,654,184</u>

	Group 2016 £	<i>Group 2015 £</i>	Company 2016 £	<i>Company 2015 £</i>
Other				
Not later than 1 year	187,586	174,788	-	-
Later than 1 year and not later than 5 years	224,690	258,162	-	-
	<u>412,276</u>	<u>432,950</u>	<u>-</u>	<u>-</u>

31. Transactions with directors

During the year, J J Costello advanced £30,000 (2015 - £340,000) to the company, accrued interest net of tax £19,541 (2015 - £10,372) and withdrew £175,883 (2015 - £243,065). The balance due from J J Costello at 30 June 2016 is £1,098.21 (2015 - £125,244 due to).

32. Related party transactions

During the year, directors advanced £341,953 (2015 - £1,725,209), accrued interest net of tax of £93,056 (2015 - £51,003) and withdrew £489,209 (£1,283,252). The balance due to the directors at 30 June 2016 is £613,514 (2015 - £667,714).

The directors who have authority and responsibility for planning, directing and controlling the activities of the Company are considered to be key management personnel. Remuneration paid to key management personnel has been disclosed within note 8 to the financial statements.

Included in creditors is £363,798 (2015 - £171,343) due from other related parties. Rentals of £378,118 (2015 - £283,589) were paid to other related parties.

HULLEY & KIRKWOOD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**
