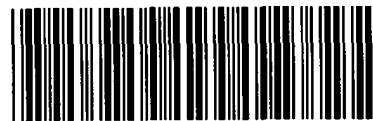

HULLEY & KIRKWOOD LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

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COMPANIES HOUSE

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
G51 2SE

Independent auditors

French Duncan LLP
Chartered Accountants and Statutory Auditors
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 2017

Business review

The financial results for the year to 30th June 2017 were satisfactory and reflected a good performance which met our targets.

The business continued to receive and win commissions in competition in a tight and uncertain market as well as repeat business over the year and delivered some landmark Projects which were recognised with industry awards. Notable being the Riverside Campus at City Of Glasgow College which was shortlisted for the RIBA Stirling Prize.

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 of Brexit from October 2016 onwards brought a degree of uncertainty to the market in both public and private sectors and was further exacerbated by the general election result in early June 2017. This resulted in a few projects being cancelled or stalled, and therefore in these circumstances the Directors were satisfied with the performance of the company and remain confident that going forward we will continue to maximise 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.

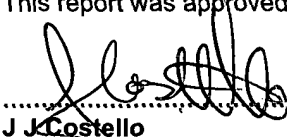
The group aims to mitigate liquidity risk by managing cash flow generation from its operations. Investment is carefully controlled, and forecasts and budgets are prepared and reviewed on a regular basis. The directors are satisfied that the group have adequate resources to enable it to meet its liabilities 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 27 March 2018 and signed on its behalf.


.....
J.J. Costello
Director

HULLEY & KIRKWOOD LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2017

The directors present their report and the financial statements for the year ended 30 June 2017.

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 and Company 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 to 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 £335,980 (2016 - £329,553).

Dividends of £226,350 were paid in the current year (2016: £286,600).

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 2017**

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.

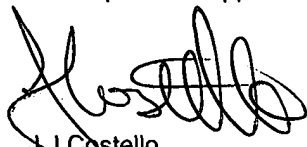
Going concern

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 27 March 2018 and signed on its behalf.



J. J. Costello
Director

HULLEY & KIRKWOOD LIMITED

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

Opinion

We have audited the financial statements of Hulley & Kirkwood Limited for the year ended 30 June 2017, set out on pages 7 to 33. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 June 2017 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

HULLEY & KIRKWOOD LIMITED

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report and the Directors' report.

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

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

HULLEY & KIRKWOOD LIMITED

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

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

French Duncan LLP

Paula Galloway (Senior statutory auditor)

for and on behalf of
French Duncan LLP

Chartered Accountants and Statutory Auditors

133 Finnieston Street
Glasgow
G3 8HB

Date: *28 March 2018*

HULLEY & KIRKWOOD LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017 £	2016 £
Turnover	4	11,004,837	10,765,498
Administrative expenses		(10,494,195)	(10,204,561)
Other operating income		56,903	-
Operating profit	5	567,545	560,937
Interest receivable and similar income	9	1,048	1,624
Interest payable and similar charges	10	(133,843)	(171,637)
Profit before taxation		434,750	390,924
Tax on profit	11	(98,770)	(61,371)
Profit for the financial year		335,980	329,553
Total comprehensive income for the year		335,980	329,553
Profit for the year attributable to:			
Owners of the parent Company		335,980	329,553
		335,980	329,553

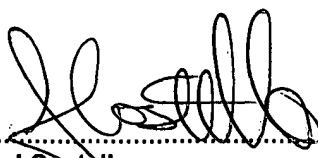
The notes on pages 14 to 33 form part of these financial statements.

HULLEY & KIRKWOOD LIMITED
REGISTERED NUMBER: SC488409

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2017

	Note	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Intangible assets	13		2,092,267		2,380,855
Tangible assets	14		188,257		157,421
			<u>2,280,524</u>		<u>2,538,276</u>
Current assets					
Debtors: amounts falling due within one year	16	3,875,788		4,062,319	
Cash at bank and in hand	17	1,357,537		1,314,348	
		<u>5,233,325</u>		<u>5,376,667</u>	
Creditors: amounts falling due within one year	18	(5,006,055)		(4,944,491)	
Net current assets			<u>227,270</u>		<u>432,176</u>
Total assets less current liabilities			<u>2,507,794</u>		<u>2,970,452</u>
Creditors: amounts falling due after more than one year	19		(791,391)		(1,429,567)
Provisions for liabilities					
Other provisions	23	(214,520)		(191,632)	
			<u>(214,520)</u>		<u>(191,632)</u>
Net assets			<u>1,501,883</u>		<u>1,349,253</u>
Capital and reserves					
Called up share capital	24		1,509,000		1,466,000
Profit and loss account	25		(7,117)		(116,747)
			<u>1,501,883</u>		<u>1,349,253</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27/3/18



J J Costello
 Director

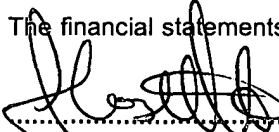
The notes on pages 14 to 33 form part of these financial statements.

HULLEY & KIRKWOOD LIMITED
REGISTERED NUMBER: SC488409

COMPANY BALANCE SHEET
AS AT 30 JUNE 2017

	Note	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Investments	15		6,859,480		6,859,480
			<u>6,859,480</u>		<u>6,859,480</u>
Creditors: amounts falling due within one year	18	(1,182,729)		(1,275,668)	
Net current liabilities			<u>(1,182,729)</u>		<u>(1,275,668)</u>
Total assets less current liabilities			<u>5,676,751</u>		<u>5,583,812</u>
Creditors: amounts falling due after more than one year	19		(791,391)		(1,429,567)
Net assets			<u><u>4,885,360</u></u>		<u><u>4,154,245</u></u>
Capital and reserves					
Called up share capital	24		1,509,000		1,466,000
Profit and loss account	25		3,376,360		2,688,245
			<u><u>4,885,360</u></u>		<u><u>4,154,245</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27/3/18



J J Castello
 Director

HULLEY & KIRKWOOD LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017**

	Called up share capital £	Profit and loss account £	Equity attributable to owners of parent Company £	Total equity £
At 1 July 2016	1,466,000	(116,747)	1,349,253	1,349,253
Comprehensive income for the year				
Profit for the year	-	335,980	335,980	335,980
Total comprehensive income for the year	-	335,980	335,980	335,980
Contributions by and distributions to owners				
Dividends: Equity capital	-	(226,350)	(226,350)	(226,350)
Shares issued during the year	43,000	-	43,000	43,000
Total transactions with owners	43,000	(226,350)	(183,350)	(183,350)
At 30 June 2017	1,509,000	(7,117)	1,501,883	1,501,883

**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 9 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
Total comprehensive income 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	66,000	(286,600)	(220,600)	(220,600)
At 30 June 2016	1,466,000	(116,747)	1,349,253	1,349,253

The notes on pages 14 to 33 form part of these financial statements.

HULLEY & KIRKWOOD LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 July 2016	1,466,000	2,688,245	4,154,245
Comprehensive income for the year			
Profit for the year	-	914,465	914,465
	-	914,465	914,465
Total comprehensive income for the year			
Contributions by and distributions to owners			
Dividends: Equity capital	-	(226,350)	(226,350)
Shares issued during the year	43,000	-	43,000
Total transactions with owners	43,000	(226,350)	(183,350)
At 30 June 2017	1,509,000	3,376,360	4,885,360

**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 year			
Profit for the year	-	3,095,354	3,095,354
	-	3,095,354	3,095,354
Total comprehensive income for the year			
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

The notes on pages 14 to 33 form part of these financial statements.

HULLEY & KIRKWOOD LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017**

	2017 £	2016 £
Cash flows from operating activities		
Profit for the financial year	335,980	329,553
Adjustments for:		
Amortisation of intangible assets	288,588	288,588
Depreciation of tangible assets	83,946	73,210
Research and development tax credits receivable	(56,903)	-
Interest paid	133,843	171,637
Interest received	(1,048)	(1,624)
Tax charge	98,770	61,371
Decrease/(increase) in debtors	177,955	(109,587)
Increase in creditors	255,629	350,768
Increase in provisions	22,888	33,063
Corporation tax received/(paid)	(194,920)	94,791
Net cash generated from operating activities	1,144,728	1,291,770
Cash flows from investing activities		
Government grants received	56,903	-
Purchase of fixed assets	(114,782)	(98,446)
Interest received	1,048	1,624
Net cash used in investing activities	(56,831)	(96,822)
Cash flows from financing activities		
Issue of ordinary shares	43,000	66,000
Repayment of other loans	(727,515)	(416,138)
Dividends paid	(226,350)	(286,600)
Interest paid	(133,843)	(171,637)
Net cash used in financing activities	(1,044,708)	(808,375)
Net increase in cash and cash equivalents	43,189	386,573
Cash and cash equivalents at beginning of year	1,314,348	927,775
Cash and cash equivalents at the end of year	1,357,537	1,314,348

HULLEY & KIRKWOOD LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	£	£
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,357,537	1,314,348
	<u>1,357,537</u>	<u>1,314,348</u>

HULLEY & KIRKWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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 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 2017

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.

HULLEY & KIRKWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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.

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 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 debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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.

2.12 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Consolidated statement of comprehensive income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated statement of comprehensive income in the same period as the related expenditure.

HULLEY & KIRKWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

2. Accounting policies (continued)

2.13 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 and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated statement of comprehensive income.

2.14 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.

2.15 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.

2.16 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.

HULLEY & KIRKWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

2. Accounting policies (continued)

2.17 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.

2.18 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.

2.19 Interest income

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

2.20 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.

HULLEY & KIRKWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

2. Accounting policies (continued)

2.21 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.

HULLEY & KIRKWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

3. Judgements 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 and Amortisation

The estimates and assumptions made to determine the depreciation charge requires judgements to be made as regards asset 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 or amortisation 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.

4. Turnover

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

All turnover arose within the United Kingdom.

HULLEY & KIRKWOOD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

5. Operating profit

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	83,946	73,210
Amortisation of intangible assets, including goodwill	288,588	288,588
Exchange differences	661	(33,924)
Operating lease rentals:		
-plant and machinery	240,922	259,998
-other operating leases	474,049	482,492
Defined contribution pension cost	460,701	395,250
Research and development tax credits receivable	(56,903)	-

6. Auditors' remuneration

	2017 £	2016 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	19,400	20,985
Fees payable to the Group's auditor and its associates in respect of:		
All other services	9,633	2,600
	9,633	2,600

HULLEY & KIRKWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

7. Employees

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

	2017 £	2016 £
Wages and salaries	6,403,987	6,102,004
Social security costs	654,730	640,865
Cost of defined contribution scheme	460,701	395,250
	<u>7,519,418</u>	<u>7,138,119</u>

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

	2017 No.	2016 No.
Directors	7	8
Engineers	128	119
Administration	17	18
	<u>152</u>	<u>145</u>

8. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	732,600	751,558
Amounts receivable under long-term incentive schemes	78,102	75,038
Company contributions to defined contribution pension schemes	59,500	59,500
	<u>870,202</u>	<u>886,096</u>

During the year retirement benefits were accruing to 7 directors (2016 - 7) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £128,748 (2016 - £117,537).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £8,500 (2016 - £8,500).

HULLEY & KIRKWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

9. Interest receivable

	2017 £	2016 £
Other interest receivable	1,048	1,624
	<u>1,048</u>	<u>1,624</u>

10. Interest payable and similar charges

	2017 £	2016 £
Other loan interest payable	19,398	20,526
Other interest payable	114,445	151,111
	<u>133,843</u>	<u>171,637</u>

11. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profit for the year	127,891	137,961
Adjustments in respect of previous periods	(37,697)	(88,801)
	<u>90,194</u>	<u>49,160</u>
Total current tax	<u>90,194</u>	<u>49,160</u>
Deferred tax		
Origination and reversal of timing differences	8,576	12,211
Total deferred tax	<u>8,576</u>	<u>12,211</u>
Taxation on profit on ordinary activities	<u>98,770</u>	<u>61,371</u>

HULLEY & KIRKWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 - lower than) the standard rate of corporation tax in the UK of 19.75% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	434,750	390,924
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.75% (2016 - 20%)	85,863	78,185
Effects of:		
Expenses not deductible for tax purposes	80,879	69,656
Adjustments to tax charge in respect of prior periods including R&D tax credits	(68,672)	(88,801)
Other differences leading to an increase (decrease) in the tax charge	700	2,331
Total tax charge for the year	98,770	61,371

12. Dividends

	2017 £	2016 £
Dividend paid on equity capital	226,350	286,600
	226,350	286,600

HULLEY & KIRKWOOD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

13. Intangible assets

Group

	Goodwill £
Cost	
At 1 July 2016 and 30 June 2017	2,885,884
Amortisation	
At 1 July 2016	505,029
Charge for the year	288,588
At 30 June 2017	793,617
Net book value	
At 30 June 2017	2,092,267
At 30 June 2016	2,380,855

HULLEY & KIRKWOOD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

14. Tangible fixed assets

Group

	Fixtures and fittings £	Computer equipment £	Total £
Cost			
At 1 July 2016	104,915	188,174	293,089
Additions	-	114,782	114,782
At 30 June 2017	<u>104,915</u>	<u>302,956</u>	<u>407,871</u>
Depreciation			
At 1 July 2016	36,494	99,174	135,668
Charge for the year	17,106	66,840	83,946
At 30 June 2017	<u>53,600</u>	<u>166,014</u>	<u>219,614</u>
Net book value			
At 30 June 2017	<u>51,315</u>	<u>136,942</u>	<u>188,257</u>
At 30 June 2016	<u>68,421</u>	<u>89,000</u>	<u>157,421</u>

HULLEY & KIRKWOOD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

15. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

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

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 July 2016 and 30 June 2017	6,859,480
Net book value	
At 30 June 2017 and 30 June 2016	6,859,480

16. Debtors

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade debtors	2,942,524	3,270,310	-	-
Other debtors	87,532	27,289	-	-
Prepayments and accrued income	282,874	302,219	-	-
Amounts recoverable on long term contracts	550,456	441,523	-	-
Deferred taxation	12,402	20,978	-	-
	3,875,788	4,062,319	-	-

HULLEY & KIRKWOOD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

17. Cash and cash equivalents

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Cash at bank and in hand	1,357,537	1,314,348	-	-
	<u>1,357,537</u>	<u>1,314,348</u>	<u>-</u>	<u>-</u>

18. Creditors: Amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Other loans	769,806	859,145	769,806	859,145
Payments received on account	318,421	321,930	-	-
Trade creditors	307,555	302,022	-	-
Amounts owed to group undertakings	-	-	321,386	340,843
Corporation tax	39,225	143,951	-	-
Other taxation and social security	1,039,781	1,079,756	-	-
Other creditors	1,644,614	1,554,939	-	-
Accruals and deferred income	886,653	682,746	91,537	75,680
	<u>5,006,055</u>	<u>4,944,489</u>	<u>1,182,729</u>	<u>1,275,668</u>

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

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Other loans	791,391	1,429,567	791,391	1,429,567
	<u>791,391</u>	<u>1,429,567</u>	<u>791,391</u>	<u>1,429,567</u>

HULLEY & KIRKWOOD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

20. Loans

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Amounts falling due within one year				
Other loans	769,806	859,145	769,806	859,145
	<u>769,806</u>	<u>859,145</u>	<u>769,806</u>	<u>859,145</u>
Amounts falling due 1-2 years				
Other loans	275,406	635,711	275,406	635,711
	<u>275,406</u>	<u>635,711</u>	<u>275,406</u>	<u>635,711</u>
Amounts falling due 2-5 years				
Other loans	515,985	793,856	515,985	793,856
	<u>515,985</u>	<u>793,856</u>	<u>515,985</u>	<u>793,856</u>
	<u>1,561,197</u>	<u>2,288,712</u>	<u>1,561,197</u>	<u>2,288,712</u>

HULLEY & KIRKWOOD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

21. Financial instruments

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	3,580,512	3,739,122	-	-
	<u>3,580,512</u>	<u>3,739,122</u>	<u>-</u>	<u>-</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(4,674,147)	(5,150,349)	(1,974,120)	(2,705,235)
	<u>(4,674,147)</u>	<u>(5,150,349)</u>	<u>(1,974,120)</u>	<u>(2,705,235)</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, accruals, payments received on account and loans.

22. Deferred taxation

Group

	2017 £	2016 £
At beginning of year	20,978	33,189
Charged to profit or loss	(8,576)	(12,211)
At end of year	<u>12,402</u>	<u>20,978</u>

	Group 2017 £	Group 2016 £
Accelerated capital allowances	1,457	13,371
Other timing differences	10,945	7,607
	<u>12,402</u>	<u>20,978</u>

HULLEY & KIRKWOOD LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

23. Provisions**Group**

	Annuity provision £	Dilapidation provision £	Total £
At 1 July 2016	42,263	149,369	191,632
Charged to profit or loss	-	27,888	27,888
Utilised in year	(5,000)	-	(5,000)
At 30 June 2017	37,263	177,257	214,520

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.

24. Share capital

	2017 £	2016 £
Shares classified as equity		
Allotted, called up and fully paid		
1,509,000 (2016 - 1,466,000) Ordinary shares of £1 each	1,509,000	1,466,000

During 2015/16 the company issued share options to a number of employees, 43,000 of these options were exercised during the year ended 30 June 2017.

25. 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 2017

26. Share based payments

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

	Weighted average exercise price (pence) 2017	Number 2017	<i>Weighted average exercise price (pence) 2016</i>	<i>Number 2016</i>
Granted during the year	100	89,000	100	155,000
Exercised during the year	100	(43,000)	100	(66,000)
Outstanding at the end of the year	100	46,000	100	89,000

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.

27. 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.

28. 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 £460,701 (2016 - £395,250).

HULLEY & KIRKWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

29. Commitments under operating leases

At 30 June 2017 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2017 £	Group 2016 £
Land and Buildings		
Not later than 1 year	370,821	442,364
Later than 1 year and not later than 5 years	1,112,463	1,769,456
	<u>1,483,284</u>	<u>2,211,820</u>
	Group 2017 £	Group 2016 £
Other		
Not later than 1 year	197,064	187,586
Later than 1 year and not later than 5 years	161,227	224,690
	<u>358,291</u>	<u>412,276</u>

30. Related party transactions

During the year, directors advanced £367,959 (2016 - £341,953), accrued interest net of tax of £57,867 (2016 - £93,056) and withdrew £393,085 (2016 - £489,209). The balance due to the directors at 30 June 2017 is £644,215 (2016 - £611,474).

In addition another director advanced £130,833 (2016 - £30,000) to the company, accrued interest net of tax £15,396 (2016 - £19,541) and withdrew £102,546 (2016 - £175,883). The balance due at 30 June 2017 is £42,585 (2016 - £1,098 due from).

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 £611,591 (2016 - £363,798) due from other related parties. Rentals of £449,618 (2016 - £378,118) were paid to other related parties.