

# **Handley House Limited**

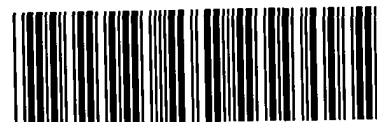
Annual Report and Financial Statements

Year Ended

31 December 2018

Company Number 09335386

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# Handley House Limited

## Company Information

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<b>Directors</b>	G S Cartledge T Cartledge
<b>Company secretary</b>	J Lord
<b>Registered number</b>	09335386
<b>Registered office</b>	Handley House Northgate Newark Nottinghamshire NG24 1EH
<b>Independent auditor</b>	BDO LLP Regent House Clinton Avenue Nottingham NG5 1AZ

# Handley House Limited

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# Handley House Limited

## Chairman's statement For the year ended 31 December 2018

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The chairman presents his statement for the period.

The Handley House group have posted a strong set of financial results for 2018 with turnover of £52.4m (2017 - £49.7m) delivering a profit before tax of £4.8m (2017 - £5.5m).

Growth in revenues of 6% allowed us to further invest in both our IT infrastructure as well as our geographic presence as we seek to strengthen our south east Asian capability through our Singapore office.

2018 saw us add a landscaping capability to the Handley House portfolio with the creation of our Uncommon Land business. This now allows us to offer a range of solutions from design solutions for the built environment, to wayfinding, graphic design and landscape.

The businesses remain agile enabling them to take advantage of opportunities, numerous collaborations and further expansion, and looks forward to continuing to deliver world-class projects designed by exceptionally talented staff in 2019 and beyond.



Name **G S Cartledge**  
Chairman

Date *29 July 2019*

# Handley House Limited

## Group strategic report For the year ended 31 December 2018

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### Introduction

The directors present their Group strategic report for the year ended 31 December 2018.

### Principal activity

The principal activity of the Group during the year was of architecture, masterplanning, interior, graphic, sign and wayfinding design. The principal activity of the company was that of a holding company.

### Business review

	2018	2017
Turnover	£52.4m	£49.7m
Profit before tax	£4.8m	£5.5m
Team numbers	430	489

The Benoy group have posted a strong set of financial results for 2018 with turnover growth of 6% to £52.4m (2017 - £49.7m) delivering a profit before tax of £4.8m (2017 - £5.5m).

The strategy of delivering a portfolio of high-profile projects and securing new projects in existing and new sectors and regions continues. Both Benoy, Uncommon Land and Holmes Wood remain committed to raising and maintaining consistent design quality across their global projects.

During the year the business continued to invest in both its IT capabilities as well as its geographic presence as it seeks to strengthen its south east Asian capability through the Singapore office.

Average team numbers during the year remained constant at 430.

The Group continues to operate with no external financing.

The Group generated operating cash of £5.3m (2017 - £3.1m) while net cash increased by £5.4m (2017 - decreasing by £5.9m) to £31.4m (2017 - £26.0m). These movements include dividends paid of £Nil (2017 - £7m) in the year.

The Group finished the year with net current assets of £40.2m (2017 - £34.4m) and net assets of £45.6m (2017 - £40.1m).

### Principal risks and uncertainties

The principal risks facing the Group include foreign exchange risk, and risks associated with trading in diverse overseas markets, including political and economic stability, along with the ability to continue to secure new projects and the delivery of existing projects via existing and new resources.

The Group's objective is to minimise risks and uncertainties to the level of the market place in which it operates and achieves this through its internal controls and review procedures.

# Handley House Limited

## Group strategic report (continued) For the year ended 31 December 2018

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### Financial key performance indicators

The Group monitor a number of key performance indicators including revenue, margin, cost control and cash generation. In addition turnover per employee amounted to £121,000 (2017 - £102,000).

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



**G S Cartledge**  
Director

Date: 29 July 2019

# **Handley House Limited**

## **Directors' report For the year ended 31 December 2018**

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The directors present their report and the financial statements for the year ended 31 December 2018.

### **Results and dividends**

The profit for the year, after taxation, amounted to £3,608,000 (2017 - £4,329,000).

Dividends of £Nil were paid during the year (2017 - £3,500,000 paid).

### **Directors**

The directors who served during the year and up to the date of issue of this report were:

G S Cartledge  
T Cartledge

### **Financial risk management**

The Group's objective regarding financial risk management is to keep exposure to price risk, credit risk, liquidity risk, foreign exchange risk and cash flow risk to a minimum. The Group manages its cash flows in such a way that it does not rely on external funding. In the opinion of the directors' the exposure to such risks have been assessed and at present deemed to be at an acceptable level for the Group to continue to operate.

### **Employee involvement**

It is the policy of the Group to encourage and develop every employee to realise their maximum potential. Wherever possible, vacancies are filled from within the Group and adequate opportunities for internal promotion.

### **Disabled employees**

It is the policy of the Group, where possible, to give sympathetic consideration to disabled persons in their applications for employment within the Group.

### **Exemption from audit by parent guarantee**

The Group has agreed to guarantee the liabilities of its subsidiary, Handley House Property Limited (registered number 11170491) thereby allowing it to take exemption from audit under Section 479A of the Companies Act 2006.

### **Overseas branches**

The Company has overseas branches in existence during the year and at 31 December 2018.

# Handley House Limited

## Directors' report (continued) For the year ended 31 December 2018

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### Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

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



**G S Cartledge**  
Director

Date: 29 July 2019



# **Handley House Limited**

## **Directors' responsibilities statement For the year ended 31 December 2018**

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The directors are responsible for preparing the group strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group and Company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's 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.

# Handley House Limited

## Independent auditor's report to the members of Handley House Limited

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### Opinion

We have audited the financial statements of Handley House Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2018 which comprise the consolidated statement of comprehensive income, the consolidated and company statement of financial position, the consolidated and company statement of changes in equity, the consolidated statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2018 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of financial statements in the UK, including the FRC'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 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.

# Handley House Limited

## Independent auditor's report to the members of Handley House Limited (continued)

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### 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 auditor's report thereon. Our opinion on the financial statements does not cover the other 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.

### Opinions 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 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 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and directors' report.

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

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

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 and the Parent Company or to cease operations, or have no realistic alternative but to do so.

# Handley House Limited

## Independent auditor's report to the members of Handley House Limited (continued)

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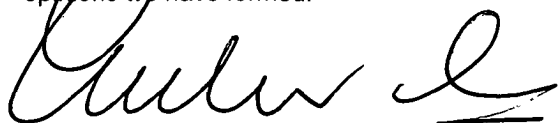
### Auditor's responsibilities for the audit of the financial statements

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 auditor's 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 at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

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



**Andrew Mair** (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Nottingham  
United Kingdom

*2 August 2019*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Handley House Limited

## Consolidated statement of comprehensive income For the year ended 31 December 2018

	Note	2018 £000	2017 £000
Turnover	4	52,432	49,655
Operating expenses		(47,685)	(44,244)
<b>Operating profit</b>	5	<b>4,747</b>	<b>5,411</b>
Interest receivable and similar income	9	67	49
<b>Profit before taxation</b>		<b>4,814</b>	<b>5,460</b>
Tax on profit	10	(1,206)	(1,131)
<b>Profit for the year</b>		<b>3,608</b>	<b>4,329</b>
Currency translation differences		1,915	(980)
<b>Other comprehensive income for the year</b>		<b>1,915</b>	<b>(980)</b>
<b>Total comprehensive income for the year</b>		<b>5,523</b>	<b>3,349</b>

The notes on pages 16 to 36 form part of these financial statements.

# Handley House Limited

Registered number: 09335386

## Consolidated statement of financial position As at 31 December 2018

	Note	2018 £000	2017 £000
<b>Fixed assets</b>			
Intangible assets	12	1,431	2,258
Tangible assets	13	4,138	3,548
		<u>5,569</u>	<u>5,806</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	15	25,180	27,783
Cash at bank and in hand	16	31,396	26,079
		<u>56,576</u>	<u>53,862</u>
Creditors: amounts falling due within one year	17	(16,399)	(19,448)
<b>Net current assets</b>		<u>40,177</u>	<u>34,414</u>
<b>Total assets less current liabilities</b>		<u>45,746</u>	<u>40,220</u>
Deferred taxation	19	(160)	(157)
<b>Net assets</b>		<u><u>45,586</u></u>	<u><u>40,063</u></u>
<b>Capital and reserves</b>			
Called up share capital	20	25	25
Capital redemption reserve	21	25	25
Profit and loss account	21	45,536	40,013
		<u><u>45,586</u></u>	<u><u>40,063</u></u>

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



**G S Cartledge**  
Director

Date: 29 July 2019

The notes on pages 16 to 36 form part of these financial statements.

# Handley House Limited

Registered number: 09335386

## Company statement of financial position As at 31 December 2018

	Note	2018 £000	2017 £000
<b>Fixed assets</b>			
Investments	14	25	25
<b>Current assets</b>			
Debtors: amounts falling due within one year	15	1,045	2,000
Cash at bank and in hand	16	17,955	4,000
<b>Net current assets</b>		<u>19,000</u>	<u>6,000</u>
<b>Total assets less current liabilities</b>		<u>19,025</u>	<u>6,025</u>
<b>Net assets</b>		<u>19,025</u>	<u>6,025</u>
<b>Capital and reserves</b>			
Called up share capital	20	25	25
Profit and loss	21	19,000	6,000
		<u>19,025</u>	<u>6,025</u>

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and Loss Account in these financial statements. The profit after tax of the parent Company for the year was £13,000,000 (2017 - £2,000,000).

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



**G S Cartledge**  
Director

Date: 29 July 2019

The notes on pages 16 to 36 form part of these financial statements.

# Handley House Limited

## Consolidated statement of changes in equity For the year ended 31 December 2018

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2018	25	25	40,013	40,063
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	3,608	3,608
Currency translation differences	-	-	1,915	1,915
<b>Total comprehensive income for the year</b>	-	-	5,523	5,523
<b>At 31 December 2018</b>	<b>25</b>	<b>25</b>	<b>45,536</b>	<b>45,586</b>

The notes on pages 16 to 36 form part of these financial statements.

## Consolidated statement of changes in equity For the year ended 31 December 2017

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2017	25	25	40,164	40,214
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	4,329	4,329
Currency translation differences	-	-	(980)	(980)
<b>Total comprehensive income for the year</b>	-	-	3,349	3,349
<b>Contributions by and distributions to owners</b>				
Dividends approved	-	-	(3,500)	(3,500)
<b>Total transactions with owners</b>	-	-	(3,500)	(3,500)
<b>At 31 December 2017</b>	<b>25</b>	<b>25</b>	<b>40,013</b>	<b>40,063</b>

The notes on pages 16 to 36 form part of these financial statements.



# Handley House Limited

## Company statement of changes in equity For the year ended 31 December 2018

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2018	25	6,000	6,025
<b>Comprehensive income for the year</b>			
Profit for the year	-	13,000	13,000
<b>Total comprehensive income for the year</b>	-	13,000	13,000
<b>At 31 December 2018</b>	<b>25</b>	<b>19,000</b>	<b>19,025</b>

The notes on pages 16 to 36 form part of these financial statements.

## Company statement of changes in equity For the year ended 31 December 2017

	Called up share capital £000	Profit and loss account £000	Total equity
At 1 January 2017	25	7,500	7,525
<b>Comprehensive income for the year</b>			
Profit for the year	-	2,000	2,000
<b>Total comprehensive income for the year</b>	-	2,000	2,000
<b>Contributions by and distributions to owners</b>			
Dividends approved	-	(3,500)	(3,500)
<b>Total transactions with owners</b>	-	(3,500)	(3,500)
<b>At 31 December 2017</b>	<b>25</b>	<b>6,000</b>	<b>6,025</b>

The notes on pages 16 to 36 form part of these financial statements.

# Handley House Limited

## Consolidated statement of cash flows For the year ended 31 December 2018

	2018 £000	2017 £000
<b>Cash flows from operating activities</b>		
Profit for the financial year	3,608	4,329
<b>Adjustments for:</b>		
Amortisation of intangible assets	627	627
Depreciation of tangible assets	1,308	1,273
Loss on disposal of tangible assets	-	14
Interest receivable	(67)	(49)
Taxation charge	1,206	1,131
Decrease/(increase) in debtors	3,292	(4,687)
(Decrease)/increase in creditors	(3,844)	2,773
Increase/(decrease) in provisions	-	(699)
Corporation tax paid	(867)	(1,598)
<b>Net cash generated from operating activities</b>	<b>5,263</b>	<b>3,114</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(1,869)	(1,790)
Interest received	67	49
<b>Net cash from investing activities</b>	<b>(1,802)</b>	<b>(1,741)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	-	(7,000)
<b>Net cash used in financing activities</b>	<b>-</b>	<b>(7,000)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3,461</b>	<b>(5,627)</b>
Cash and cash equivalents at beginning of year	26,079	31,994
Foreign exchange gains and losses	1,856	(288)
<b>Cash and cash equivalents at the end of year</b>	<b>31,396</b>	<b>26,079</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	31,396	26,079
	<b>31,396</b>	<b>26,079</b>

The notes on pages 16 to 36 form part of these financial statements.

# Handley House Limited

## Notes to the financial statements For the year ended 31 December 2018

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### 1. General information

Handley House Limited is a company, limited by shares, incorporated in England & Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the Group and Company's operations and principal activities is set out in the group strategic report.

### 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 judgment in applying the Group's accounting policies (see note 3).

#### Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the year has been presented as reconciliations for the group and parent company would have been identical;
- No cash flow statement has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole;
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

The following principal accounting policies have been consistently applied:

#### 2.2 Basis of consolidation

The consolidated financial statements present the results of Group and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full. The results of subsidiaries acquired during the year are included from the effective date of acquisition.

# Handley House Limited

## Notes to the financial statements For the year ended 31 December 2018

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### 2. Accounting policies (continued)

#### 2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

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.

Amounts which have yet to be invoiced to customers but which are considered recoverable are included within debtors as amounts recoverable on contracts.

Where cumulative amounts invoiced to customers exceed work done, the excess is included in creditors as payments received on account.

#### 2.4 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.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

#### 2.5 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 statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

# Handley House Limited

## Notes to the financial statements For the year ended 31 December 2018

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### 2. Accounting policies (continued)

#### 2.6 Intangible assets

##### Goodwill

Goodwill represents the difference between amounts paid or payable on a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets (including separately identifiable intangible assets) and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the consolidated statement of comprehensive income over its useful economic life of 5 years.

##### Customer relationships

Customer relationships are measured at cost less accumulated amortisation and accumulated impairment losses. Customer relationships are amortised on a straight line basis to the consolidated statement of comprehensive income over their useful economic lives of 4 years.

At each reporting date the Group assesses whether there are any indicators of impairment. If such indicators exist, the recoverable amount of the asset is determined by reference to the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount

#### 2.7 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.

Expenditure is capitalised where it is directly related to an asset under construction. Assets under construction comprise assets which, at the balance sheet date, have yet to be brought into use.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives,

The estimated useful lives are as follows:

Freehold property	- 2% straight line
Leasehold improvements	- over the period of the lease
Motor vehicles	- 25% straight line
Furniture, fittings and equipment	- 10 - 50% 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..

#### 2.8 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

# **Handley House Limited**

## **Notes to the financial statements For the year ended 31 December 2018**

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### **2. Accounting policies (continued)**

#### **2.9 Debtors**

Short term debtors are measured at transaction price, less any impairment.

#### **2.10 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.

# Handley House Limited

## Notes to the financial statements For the year ended 31 December 2018

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### 2. Accounting policies (continued)

#### 2.11 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors.

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 the 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.

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

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group expects to receive in cash.

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

#### 2.12 Creditors

Short term creditors are measured at the transaction price.

# Handley House Limited

## Notes to the financial statements For the year ended 31 December 2018

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### 2. Accounting policies (continued)

#### 2.13 Foreign currency translation

##### Functional and presentation currency

The Company's functional and presentational currency is GBP.

##### Transactions and balances

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

At each period end foreign currency monetary items are translated into Sterling 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.

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

The balance sheets of overseas branches, after eliminating the impact of any intra-branch receivables or payables, are translated into sterling at the rate ruling at the year end date. The profit and loss accounts are translated into sterling at an average rate for the year. Exchange differences arising on retranslation of net assets of branches at the beginning of the year and results for the year are shown as movements on reserves and are recognised within other comprehensive income in the year.

#### 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 and where these remain unpaid are included within creditors at year end.

#### 2.15 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 statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are made, they are charged to the provision carried in the statement of financial position.



# Handley House Limited

## Notes to the financial statements For the year ended 31 December 2018

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### 2. Accounting policies (continued)

#### 2.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax.

Tax is recognised in the consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

# Handley House Limited

## Notes to the financial statements For the year ended 31 December 2018

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

In the process of applying the Group's accounting policies, the directors are required to make certain judgements, estimates and assumptions that they believe are reasonable based on the information available. The significant judgements and estimates relate to the following:

#### **Revenue recognition on service contracts**

The Group uses the percentage of completion method in accounting for its service contracts. Use of the percentage of completion method requires the Group to estimate the value of the services performed to date as a proportion of the total services to be performed. The estimation of the revenue by reference to the stage of completion can involve considerable judgement and the Group reviews these estimates and assumptions as each contract progresses. Details of amounts recoverable on contracts and payments received on account are disclosed in notes 15 and 17.

#### **Impairment of intangible fixed assets**

The directors determine whether there are indicators of impairment of the Group's intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash generating unit, the viability and expected future performance of that unit.

The carrying amount of intangible fixed assets by each class is included in note 12.

#### **Useful lives of property, plant and equipment**

Depreciation is provided so as to write down the assets to their residual values over their estimated useful lives as set out in the Group's accounting policy. The selection of these estimated lives requires the exercise of management judgement. Useful lives are regularly reviewed and should management's assessment of useful lives change then depreciation charges in the financial statements would be revised and carrying amounts of property, plant and equipment would change accordingly. The carrying amount of property, plant and equipment by each class is included in note 13.

#### **Recoverability of trade debtors**

At each reporting date, trade debtors are assessed for recoverability. The bad debt provision is assessed by the directors based on their knowledge of each specific customer, having regard to previous payment patterns and other relevant information. If there is any evidence of impairment, the carrying amount is reduced to its recoverable amount. The impairment loss is recognised immediately in the statement of comprehensive income. See note 15.

# Handley House Limited

## Notes to the financial statements For the year ended 31 December 2018

### 4. Turnover

The turnover is attributable to architecture and design.

Analysis of turnover by country of destination:

	2018 £000	2017 £000
United Kingdom	8,102	10,387
Rest of Europe	3,351	4,399
Rest of the world	40,979	34,869
	<b>52,432</b>	<b>49,655</b>

### 5. Operating profit

The operating profit is stated after charging:

	2018 £000	2017 £000
Depreciation of tangible fixed assets	1,308	1,273
Amortisation of intangible assets, including goodwill	627	627
Loss on disposal of tangible assets	-	13
Exchange differences	1,167	(361)
Other operating lease rentals	3,221	4,299
Defined contribution pension cost	824	1,063

Due to the nature of the business cost of sales and administrative expenses are combined as operating expenses.

### 6. Auditor's remuneration

	2018 £000	2017 £000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	3	2
Fees payable to the Group's auditor and its associates for the audit of the company's annual financial statements	1	1
<b>Fees payable to the Group's auditor and its associates in respect of:</b>		
The auditing of accounts of associates of the Group pursuant to legislation	32	31
Other services supplied pursuant to such legislation	1	1
Other services relating to taxation	12	12

# Handley House Limited

## Notes to the financial statements For the year ended 31 December 2018

### 7. Employees

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

	<b>Group 2018 £000</b>	<b>Group 2017 £000</b>	<b>Company 2018 £000</b>	<b>Company 2017 £000</b>
Wages and salaries	<b>23,779</b>	25,403	-	-
Social security costs	<b>1,261</b>	1,986	-	-
Cost of defined contribution scheme	<b>1,400</b>	1,063	-	-
	<b>26,440</b>	28,452	-	-

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

	<b>2018 No.</b>	<b>2017 No.</b>
Professional staff	<b>357</b>	423
Administration	<b>73</b>	66
	<b>430</b>	489

The Company has no employees other than the directors, who did not receive any remuneration (2017 - £NIL).

### 8. Directors' remuneration

	<b>2018 £000</b>	<b>2017 £000</b>
Directors' emoluments	<b>798</b>	787
Contributions to defined contribution pension schemes	<b>20</b>	17

During the year retirement benefits were accruing to 1 directors (2017 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £545,000 (2017 - £535,000).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £20,000 (2017 - £17,000).

# Handley House Limited

## Notes to the financial statements For the year ended 31 December 2018

### 9. Interest receivable

	2018 £000	2017 £000
Other interest receivable	67	49

### 10. Taxation

	2018 £000	2017 £000
<b>Corporation tax</b>		
UK corporation tax charge on profit for the year	181	732
Adjustments in respect of previous periods	(52)	-
<b>Foreign tax</b>		
Foreign tax on income for the year	1,074	436
<b>Total current tax</b>	<b>1,203</b>	<b>1,168</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	3	(37)
<b>Total deferred tax</b>	<b>3</b>	<b>(37)</b>
<b>Taxation on profit</b>	<b>1,206</b>	<b>1,131</b>

# Handley House Limited

## Notes to the financial statements For the year ended 31 December 2018

### 10. Taxation (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017 - higher than) the standard rate of corporation tax relevant to the group of 15.85% (2017 - 17.97%). The differences are explained below:

	2018 £000	2017 £000
Profit before tax	<b>4,814</b>	5,460
Profit multiplied by standard blended rate of corporation tax of 15.85% (2017 - 17.97%)	<b>763</b>	981
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	<b>172</b>	147
Adjustments to tax charge in respect of prior periods	<b>(52)</b>	-
Non-taxable income	<b>(9)</b>	-
Unrecognised tax losses	<b>134</b>	3
Tax rate differences	<b>146</b>	-
Brought forward tax losses utilised	<b>52</b>	-
<b>Total tax charge for the year</b>	<b>1,206</b>	1,131

The Group's tax charge is influenced by the profile of profits earned in the different tax jurisdictions in which the Group operates. The current tax charge for the year is calculated based on the current tax rates prevailing in the respective jurisdictions. The standard rate of tax used of 15.85% (2017 - 17.97%) has been calculated using an average rate of tax which has been weighted in proportion to the accounting profits applicable in these jurisdictions.

#### Factors that may affect future tax charges

Reductions in the UK Corporation tax rate from 20% to 17% (19% effective from 1 April 2017 and 17% effective from 1 April 2020) have been substantively enacted. This will impact the company's future tax charge accordingly. The deferred tax at 31 December 2018 has been calculated based on the rates substantively enacted at the date of the statement of financial position. The deferred tax provision (note 21) has been calculated using an average tax rate of 17% (2017 - 17%) which is weighted in proportion to the enacted of substantively enacted tax rates prevailing in the jurisdictions in which the Group operates.

# Handley House Limited

## Notes to the financial statements For the year ended 31 December 2018

### 11. Dividends

	2018 £000	2017 £000
Dividends approved and paid in the year of £Nil (2017 - £140 approved and paid) per share	-	3,500

### 12. Intangible assets

#### Group

	Customer relationships £000	Goodwill £000	Total £000
<b>Cost</b>			
At 1 January 2018	800	2,137	2,937
Return of deferred consideration not payable	-	(200)	(200)
At 31 December 2018	800	1,937	2,737
<b>Amortisation</b>			
At 1 January 2018	217	462	679
Charge for the year	200	427	627
At 31 December 2018	417	889	1,306
<b>Net book value</b>			
At 31 December 2018	383	1,048	1,431
At 31 December 2017	583	1,675	2,258

# **Handley House Limited**

## **Notes to the financial statements For the year ended 31 December 2018**

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### **12. Intangible assets (continued)**

#### **Customer relationships**

The useful life of customer relationships is estimated to be 4 years based on the attrition rate of acquired customers.

#### **Goodwill**

Goodwill is being amortised over the directors' estimate of its useful life of 5 years. This estimate is based on a variety of factors including the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed and the legal, regulatory or contractual provisions that could limit its useful life.



# Handley House Limited

## Notes to the financial statements For the year ended 31 December 2018

### 13. Tangible fixed assets

#### Group

	Freehold property £000	Leasehold improvements £000	Motor vehicles £000	Furniture, fittings and equipment £000	Total £000
<b>Cost</b>					
At 1 January 2018	-	3,084	128	7,266	10,478
Additions	1,045	216	-	608	1,869
Disposals	-	-	-	(41)	(41)
Exchange adjustments	-	58	-	142	200
At 31 December 2018	1,045	3,358	128	7,975	12,506
<b>Depreciation</b>					
At 1 January 2018	-	2,096	121	4,713	6,930
Charge for the year	-	552	6	750	1,308
Disposals	-	-	-	(41)	(41)
Exchange adjustments	-	54	-	117	171
At 31 December 2018	-	2,702	127	5,539	8,368
<b>Net book value</b>					
At 31 December 2018	1,045	656	1	2,436	4,138
At 31 December 2017	-	988	7	2,553	3,548

Freehold property includes land of £250,000 (2017 - £Nil). The property was acquired from a subsidiary company, Handley House Property Limited, from G S Cartledge (see note 24). Handley House Property Limited rents the property to Benoy Limited.

The company has no tangible fixed assets.

# Handley House Limited

## Notes to the financial statements For the year ended 31 December 2018

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### 14. Fixed asset investments

#### Company

	Investments in subsidiary companies £000
<b>Cost and net book value</b>	
At 1 January 2018	25
At 31 December 2018	<u>25</u>

# Handley House Limited

## Notes to the financial statements For the year ended 31 December 2018

### 14. Fixed asset investments (continued)

#### Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Benoy (Shanghai) Limited	Suite 1501, One ICC, 999 Huai Hai Road Middle, Shanghai, China 200031	Architecture and design	Ordinary	100%
Benoy Australia Pty Ltd	Level 30, Collins Place, 35 Collins Street, Melbourne, Australia	Dormant	Ordinary	100%
The Holmes Wood Consultancy Limited	Handley House, North Gate, Newark, Nottinghamshire, England, NG24 1EH	Design consultants	Ordinary	100%
Holmes Wood Design Limited	Handley House, North Gate, Newark, Nottinghamshire, England, NG24 1EH	Dormant	Ordinary	100%
Benoy US Inc.	5792 West Jefferson Blvd, Los Angeles, California 90016, United States of America	Architecture and design	Ordinary	100%
Benoy US of New York Inc.	Handley House, North Gate, Newark, Nottinghamshire, England, NG24 1EH	Architecture and design	Ordinary	100%
Benoy Limited	Handley House, North Gate, Newark, Nottinghamshire, England, NG24 1EH	Architecture and design	Ordinary	100%
Handley House Property Limited	Handley House, North Gate, Newark, Nottinghamshire, England, NG24 1EH	Investment property	Ordinary	100%

Benoy Limited and Handley House Property Limited are the only subsidiary undertakings that are held directly.

The Group has agreed to guarantee the liabilities of its subsidiary, Handley House Property Limited (registered number 11170491) thereby allowing it to take exemption from audit under Section 479A of the Companies Act 2006.

# Handley House Limited

## Notes to the financial statements For the year ended 31 December 2018

### 15. Debtors

	<b>Group 2018 £000</b>	<b>Group 2017 £000</b>	<b>Company 2018 £000</b>	<b>Company 2017 £000</b>
Trade debtors	19,897	22,349	-	-
Amounts owed by group undertakings	-	-	1,045	2,000
Amounts recoverable on contracts	1,971	1,544	-	-
Other debtors	571	692	-	-
Corporation tax recoverable	1,608	1,944	-	-
Prepayments and accrued income	1,133	1,254	-	-
	<b>25,180</b>	<b>27,783</b>	<b>1,045</b>	<b>2,000</b>

The impairment loss recognised in the Group consolidated statement of comprehensive income in respect of bad and doubtful debts was £1,197,000 (2017 - £444,000). Trade debtors are presented net of a provision for doubtful debts of £4,660,000 (2017 - £4,973,000).

### 16. Cash and cash equivalents

	<b>Group 2018 £000</b>	<b>Group 2017 £000</b>	<b>Company 2018 £000</b>	<b>Company 2017 £000</b>
Cash at bank and in hand	31,396	26,079	17,955	4,000

### 17. Creditors: Amounts falling due within one year

	<b>Group 2018 £000</b>	<b>Group 2017 £000</b>
Payments received on account	8,154	10,238
Trade creditors	4,274	5,520
Taxation and social security	603	997
Other creditors	702	326
Accruals and deferred income	2,666	2,367
	<b>16,399</b>	<b>19,448</b>

# Handley House Limited

## Notes to the financial statements For the year ended 31 December 2018

### 18. Financial instruments

	Group 2018 £000	Group 2017 £000
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	53,835	52,608
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	(7,642)	(8,213)

Financial assets measured at amortised cost comprise cash at bank and in hand, trade debtors, amounts recoverable on contracts, amounts owed by group undertakings and other debtors.

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

### 19. Deferred taxation

#### Group

	2018 £000
At beginning of year	(157)
Charged to profit or loss	(3)
<b>At end of year</b>	<b>(160)</b>

	Group 2018 £000	Group 2017 £000
Accelerated capital allowances	(55)	(52)
Fair value adjustments	(105)	(105)
	<b>(160)</b>	<b>(157)</b>

A deferred tax asset in the Group of £627,000 (2017 - £529,000) arising in Singapore has not been recognised on the basis that there is insufficient evidence in the trading forecasts that it is probable that future profits will be available against which the unused tax losses can be utilised.

The company had no deferred tax assets or liabilities.

# Handley House Limited

## Notes to the financial statements For the year ended 31 December 2018

### 20. Share capital

	2018 £000	2017 £000
<b>Allotted, called up and fully paid</b>		
25,000 (2017 - 25,000) Ordinary shares of £1.00 each	25	25

### 21. Reserves

#### Capital redemption reserve

Non-distributable reserve representing the nominal value of own shares that have been acquired by the company and cancelled.

#### Profit and loss account

Profit and loss reserves are all other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

### 22. Pension commitments

The Group operates a defined contribution 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 £824,000 (2017 - £1,063,000). Contributions totalling £Nil (2017 - £Nil) were payable to the fund at the balance sheet date.

### 23. Commitments under operating leases

At 31 December 2018 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2018 £000	Group 2017 £000
Not later than 1 year	2,708	1,744
Later than 1 year and not later than 5 years	5,330	903
Later than 5 years	62	-
	<b>8,100</b>	<b>2,647</b>

The Company had no commitments under operating leases.

# Handley House Limited

## Notes to the financial statements For the year ended 31 December 2018

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### 24. Related party transactions

Dividends of £Nil (2017 - £7,000,000) were paid during the year to G S Cartledge, a company director and his family.

During the year a freehold property was acquired from G S Cartledge for an arms length consideration of £1,045,000.

Key management personnel represent the directors of the company and it's principal subsidiary, Benoy Limited as they alone have the authority and responsibility for planning, directing and controlling the activities of the group. During the year, the key management personnel remuneration included within staff costs is as follows:

	2018 £000	2017 £000
Wages and salaries	798	787
Company pension contributions	20	17
Employer's national insurance	103	104
	<u>921</u>	<u>908</u>

### 25. Controlling party

The ultimate controlling party is G S Cartledge, a director of the company.