Registered No: 03799145

Coffey International Development Limited

Report and Financial Statements

30 June 2012

Directors
U B Meyerhans
R P Simpson
J M Douglas
G H Simpson

Secretary
Mrs J A Waldergrave

Auditor
KPMG LLP
Arlington Business Park
Theale
Reading
RG7 4SD

Registered Office
1 Northfield Road
Reading
Berkshire
RG1 8AH

Directors' report

The directors present their report and financial statements for the year ended 30 June 2012.

Results and dividends

The loss after taxation for the year was £(644,513) (2011 – loss of £(793,501)). The directors are satisfied with the performance of the company during the year. The directors do not recommend a final dividend (2011 – £nil).

Principal activity and review of the business

The principal activity of the company is business and management consultancy.

Key performance indicators

The senior management of the company focus on a number of key performance indicators. These include sales bookings and billings, the value of contracted annuity revenues, gross margins and staff utilisation. These, along with other measures, are monitored regularly with explanations sought for variances against expectations. Management have reviewed the key performance indicators during the year and are satisfied with the results.

Future developments

We are confident that the business is well positioned to benefit from increased levels of spend by our main client in the coming year and beyond. The main policy priorities of the UK Government in International Development are economic growth and governance, and security & justice which are key areas of our technical expertise.

In addition, a greater focus within International Development to deliver value for money and the ability to demonstrate the impact of Aid intervention fit well with our acquired evaluation business. However, confidence in the outlook is tempered by political uncertainty in the regions in which we currently operate.

A detailed review of the business is contained within the Directors Report and the Year in Review Report published in the 2012 Annual Report by Coffey International Limited, the ultimate parent company.

Principal risks and uncertainties

Discussed below are the company's major business risks, together with systems and initiatives in place to address them:

Market risk

The international development consultancy market is subject to fluctuations of demand by customers. These fluctuations are linked to the economic cycle and changes in the spending patterns of customers. In addition, the company works with a number of key vendors and it is important to maintain strong relationships and terms of business with these partners.

Operational risk

This relates to the risk of financial loss resulting from internal processes, people and systems. The company manages this risk through appropriate internal controls and proactive intervention, such as management reporting systems, insurances, business interruptions and disaster recovery planning.

Liquidity risk

This relates to the risk that the company is unable to fund its requirements because of insufficient banking facilities. The group manages liquidity risk via revolving credit facilities and long term debt.

Directors' report (continued)

Credit risk

This relates to the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. Group policies are aimed at minimising such losses and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures.

Directors

The directors who served during the year ended 30 June 2012 were:

Urs Beat Meyerhans	
Robert Paul Simpson	
Peter Russell Wilson	Resigned 28/05/2012
John Matheson Douglas	
Glen Harold Simpson	Appointed 30/11/2011

Going concern

The financial statements have been prepared on a going concern basis, which the directors believe to be appropriate for the following reasons. The Company is dependent for its working capital on funds provided to it by Coffey International Limited. Coffey International Limited has indicated that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company and in particular will not seek repayment of the amounts currently made available. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on the above the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Employees involvement

The company maintains a practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the company.

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retain them in order that their employment with the company may continue.

It is the policy of the company that training, career development and promotion opportunities be available to all employees.

Disclosure of information to the auditor

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

Directors' report (continued)

Auditor

A resolution to reappoint KPMG as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board

Urs Meyerhans
Director

Date: 19 March 2013

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

Independent auditor's report

to the members of Coffey International Development Limited

We have audited the financial statements of Coffey International Development Limited for the year ended 30 June 2012 set out on pages 8 to 25. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2012 and of its loss for the year then ended
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Independent auditor's report (continued)

to the members of Coffey International Development Limited

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Nicole Martin

Nicole Martin (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Arlington Business Park,
Theale,
Reading,
RG7 4SD

Date: 22nd March 2013

Profit and loss account

for the year ended 30 June 2012

	Notes	2012 £	2011 £
Turnover	2	18,770,729	17,239,762
Cost of sales		(16,771,091)	(15,328,210)
Gross profit		1,999,638	1,911,552
Administrative expenses (including exceptional costs of 2012 : £nil 2011 :(£345,370))	3	(2,847,826)	(2,946,485)
Other operating income		134,999	-
Operating loss	3	(713,189)	(1,034,933)
Interest receivable	6	4,042	-
Interest payable and similar charges	7	(184,726)	(59,846)
Loss on ordinary activities before taxation		(893,873)	(1,094,779)
Tax on loss on ordinary activities	8	249,360	301,278
Loss for the financial year		(644,513)	(793,501)

All results arose from continuing operations.

Balance sheet
at 30 June 2012

	Notes	2012 £	2011 £
Fixed assets			
Investments	9	454,805	454,805
Intangible fixed assets	10	5,953,036	5,193,062
Tangible assets	11	160,043	222,469
		6,567,884	5,870,336
Current assets			
Debtors	12	4,516,158	4,497,719
Cash at bank and in hand		688,393	1,586,139
		5,204,551	6,083,858
Creditors: amounts falling due within one year	13	(8,324,445)	(8,715,172)
Net current liabilities		(3,119,894)	(2,631,314)
Creditors: amounts falling due after one year	14	(3,066,189)	-
Total assets less current liabilities		381,801	3,239,022
Provisions for liabilities and charges	15	-	(2,187,382)
Net assets		381,801	1,051,640
Capital and reserves			
Called up share capital	17	102	102
Other reserves	18	41,146	66,472
Profit and loss account	18	340,553	985,066
Shareholders' funds	19	381,801	1,051,640

These financial statements were approved by the board of directors on 19 March 2013 and were signed on its behalf by:

Urs Meyerhans
Director

Notes to the financial statements

at 30 June 2012

1. Accounting policies

Basis of preparation

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

True and fair override

During the year ending 30 June 2010, the trade and net assets of the subsidiary undertakings were transferred to the company at their net book value. The cost of the company's investment in these subsidiary undertakings reflected the underlying value of the net assets at the time of acquisition. As a result of this transfer, the value of the company's investment in the subsidiary undertakings fell below the amount at which it was stated in the company's accounting records. The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 requires that the investment be written down accordingly and that the amount be charged as a loss in the company's profit and loss account. However, the directors consider that, as there had been no overall loss to the company, it would fail to give a true and fair view to charge the diminution to the company's profit and loss account for the year, and it should instead be reallocated to goodwill and the identifiable net assets transferred, so as to recognise in the company's balance sheet the effective cost to the company of those net assets and goodwill. The effect of this departure was to reclassify the cost of investment in excess of the net assets acquired of £5,555,820 to goodwill in the balance sheet as at 30 June 2010 and then to record £85,467 of amortisation reducing the carrying value of Goodwill and reflecting the charge in the profit and loss account for the year ended 30 June 2010. During the year ending 30 June 2012 a further £1,051,747 has been recorded in the balance sheet as goodwill in respect of deferred consideration which was paid in the year in respect of the initial acquisition of the subsidiary.

Going concern

The financial statements have been prepared on a going concern basis, which the directors believe to be appropriate for the following reasons. The Company is dependent for its working capital on funds provided to it by Coffey International Limited. Coffey International Limited has indicated that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company and in particular will not seek repayment of the amounts currently made available. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on the above the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Statement of cash flows

Coffey International Limited, the ultimate parent company, has included a group statement of cash flows in its financial statements in accordance with Financial Reporting Standard No 1 (Revised). Accordingly, no statement of cash flows is included in these financial statements.

Goodwill

Goodwill arising on acquisitions is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over their estimated useful lives up to a maximum of 20 years. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Notes to the financial statements

at 30 June 2012

1. Accounting policies *(continued)*

Impairment

The carrying amounts of the Company's fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its income generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account unless it arises on a previously valued fixed asset. An impairment loss on a revalued fixed asset is recognised in the profit and loss account if it is caused by a clear consumption of economic benefits. Otherwise impairments are recognised in the statement of recognised gains and losses until the carrying amount reaches the assets depreciated historic cost.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is calculated to write down the cost of all tangible fixed assets by equal annual instalments over their estimated useful economic lives or lease term if shorter.

The rates generally applicable are:

Leasehold improvements	–	10 years
Fixtures and fittings	·	3 and 4 years

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax. In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion.

Deferred taxation

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

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

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

Provisions for liabilities

A provision is recognised when the company has a legal and constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligation.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction.

Exchange differences are taken into account in arriving at the operating loss.

Notes to the financial statements
at 30 June 2012

1. Accounting policies *(continued)*

Leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their estimated useful economic lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease. All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

Share-Based Payments

The share option programme allows employees to acquire shares of the ultimate parent company. The fair value of the options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options is measured using an options pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the number of share options that vest except where forfeiture is only due in share prices not achieving the threshold for vesting.

2. Turnover

The turnover and loss before tax, are attributable to the one principal activity of the Company.

An analysis of turnover is given below:

	2012	*2011*
	£	£
By geographical market		
United Kingdom	16,960,817	13,533,235
Overseas sales – Europe	980,193	2,534,580
Overseas sales – Rest of World	829,719	1,171,947
	18,770,729	17,239,762

3. Operating loss

This is stated after charging:

	2012	*2011*
	£	£
Auditor's remuneration – audit fees	23,750	32,000
– tax fees	5,950	-
– other	10,000	-
Operating lease rentals land and buildings	323,392	244,750
Depreciation – tangible assets owned	63,432	80,987
Amortisation of intangible assets	291,773	277,291
Foreign exchange losses	82,675	144,623
Exceptional items (see below)	-	345,370

Exceptional costs have been incurred during the prior year, whereby the company restructured the business following acquisitions of trade and assets from other group companies following the group restructure programme devolved from the head office in Sydney. The result of which has included redundancy costs of £345,370 which have been classified as exceptional due to their one off size and nature.

Notes to the financial statements
at 30 June 2012

4. Remuneration of directors

	2012	2011
	£	£
Directors' emoluments	157,249	197,807
Pensions	1,755	5,253
Compensation for loss of office	-	59,212
	159,004	262,272

The highest paid director received emoluments of £157,249. The directors do not spend a significant amount of their time managing Coffey International Development (UK) Limited and therefore it is not possible to apportion and disclose their emoluments based on time spent managing Coffey International Development Limited in 2012. The emoluments of Mr Urs Meyerhans, Mr John Douglas and Mr Robert Simpson are satisfied by another company. There is no director to whom retirement benefits are accruing under a defined contribution scheme.

5. Staff costs

	2012	2011
	£	£
Wages and salaries	3,560,092	3,937,014
Social security costs	365,415	430,961
Other pension costs	76,302	131,248
Equity settled share based payments	(25,326)	39,879
	3,976,483	4,539,102

The average number of persons employed by the company during the year were as follows:

	No.	No.
Management and administration	15	13
Operations	55	60
	70	73

6. Interest receivable

	2012	2011
	£	£
Bank interest	4,042	-

Notes to the financial statements

at 30 June 2012

7. Interest payable

	2012	*2011*
	£	*£*
Bank loans, overdrafts and other charges	29,327	331
Intercompany loan interest	155,399	59,515
	184,726	59,846

8. Tax

(a) Tax on loss on ordinary activities

The tax charge is made up as follows:

	2012	2011
	£	£
Current tax:		
United Kingdom corporation tax	-	-
Adjustment in respect of prior periods	(98,424)	(307,684)
Total current tax (credit)/charge	(98,424)	(307,684)
Deferred tax:		
Origination and reversal of timing differences	(132,381)	-
Adjustment in respect of prior periods	(18,555)	6,406
Tax credit on loss on ordinary activities	(249,360)	(301,278)

(b) Factors affecting tax charge for the year

	2012	*2011*
	£000	*£000*
Loss on ordinary activities before taxation	(893,873)	(1,094,779)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 25.5% (2011 27.5%)	(227,938)	(301,064)
Effects of:		
Expenses not deductible	79,638	63,001
Depreciation in excess of capital allowances	15,919	7,712
Unrelieved tax losses	-	230,351
Tax losses carried forward	132,381	-
Adjustment in respect of previous periods	(98,424)	(307,684)
Current tax for the year	(98,424)	(307,684)

Notes to the financial statements

at 30 June 2012

9. Investments

	Shares in subsidiary undertaking
	£
Cost and net book value	
At 1 July 2011 and 30 June 2012	454,805

	Country of incorporation	Class of shares	Proportion of shares held	Nature of business
Subsidiary undertakings				
The Evaluation Partnership Limited	England	Ordinary shares	100%	Dormant
Libra Advisory Group Limited	England	Ordinary shares	100%	Dormant

	2012	2011
	£	£
Capital and reserves - Subsidiary undertakings		
The Evaluation Partnership Limited	426,956	426,956
Libra Advisory Group Limited	27,849	27,849

On 31 December 2009, the trade and assets of The Evaluation Partnership Limited were hived up to the company, at which point The Evaluation Partnership Limited became dormant.

On 5 March 2010, the trade and assets of Libra Advisory Group Limited were hived up to the company, at which point Libra Advisory Group Limited became dormant.

Notes to the financial statements
at 30 June 2012

10. Intangible fixed assets

	Goodwill
	£
Cost:	
At 1 July 2011	5,555,820
Additions	1,051,747
At 30 June 2012	6,607,567
Amortisation:	
At 1 July 2011	362,758
Charge for the year	291,773
At 30 June 2012	654,531
Net book value:	
At 30 June 2012	5,953,036
At 30 June 2011	5,193,062

Notes to the financial statements

at 30 June 2012

11. Tangible fixed assets

	Leasehold improvements	*Fixtures and fittings*	*Total*
	£	*£*	*£*
Cost:			
At 1 July 2011	174,720	297,138	471,858
Additions	-	1,006	1,006
At 30 June 2012	174,720	298,144	472,864
Depreciation:			
At 1 July 2011	59,696	189,693	249,389
Charge for the year	17,472	45,960	63,432
At 30 June 2012	77,168	235,653	312,821
Net book value:			
At 30 June 2012	97,552	62,491	160,043
At 30 June 2011	115,024	107,445	222,469

12. Debtors

	2012	*2011*
	£	*£*
Trade debtors	2,711,533	1,782,132
Amounts owed by fellow subsidiary undertakings	235,626	277,071
Other debtors	76,578	49,302
Deferred taxation	150,936	-
Prepayments and accrued income	1,341,485	2,389,214
	4,516,158	4,497,719

Included in the above are the following amounts which are due after more than one year:

	2012	*2011*
	£	*£*
Deferred tax assets	150,936	-

Notes to the financial statements

at 30 June 2012

12. Debtors *(continued)*

The movement in the deferred taxation account during the year was

	2012	2011
	£	£
Balance brought forward	-	6,406
Profit and loss account movement arising during the year	150,936	(6,406)
Balance carried forward	150,936	-

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2012	2011
	£	£
Losses	150,936	-

As at 30 June 2012, deferred tax assets relating to losses and accelerated capital allowances with a tax value of £142,064 (2011:£217,775) and £15,987 (2011: £1,088) respectively were unrecognised due to uncertainty to their future use.

13. Creditors: amounts falling due within one year

	2012	2011
	£	£
Trade creditors	489,270	1,402,217
Amounts owing to fellow group undertakings	6,597,715	5,614,680
Taxation and social security	111,406	155,867
Other creditors	35,542	48,601
Accruals and deferred income	1,090,512	1,493,807
	8,324,445	8,715,172

14. Creditors: amounts falling due after one year

	2012	2011
	£	£
Amounts owing to fellow group undertakings	3,066,189	-

Notes to the financial statements
at 30 June 2012

15. Provisions for liabilities and charges

	2012	*2011*
	£	£
Provisions	-	2,187,382

16. Share based payments

Expenses arise from equity-based payments. Equity-based payments include employee participation in either the Coffey Rewards Share Plan or the Coffey Rewards Option Plan, which are Coffey International Limited 'Group' schemes.

Shares and options issued under both plans are accounted for as equity settled share-based payments as required by FRS20 - *'Share based payment'*. They are deemed to be equity settled share-based payments for employee services. An expense has been recognised for the fair value of the shares or options, and is recognised on a straight line basis, over the vesting period attaching to the shares or options.

Vendor share based payments

In addition, certain executives have participated as vendors in business acquisitions entered into by the Group during prior years. In each instance, the individual was not an executive of the Group prior to the acquisition. Due to the nature of certain acquisition terms, payments or benefits received by individuals are considered to be remuneration earned subsequent to the business acquisition date.

In some instances, a component of the equity-based acquisition consideration is deferred and contingent upon the individual remaining an employee for a three to five year period. This component of the acquisition consideration is considered to be a share-based payment for accounting purposes as required by FRS20 *'Share based payment'*, and is excluded from the acquisition accounting and included as remuneration. The Board of Directors considers that these arrangements are aligned with the Group's and Shareholder interests as they either reward individuals for contributing to the performance of the Group or encourage executives to remain with the Group post-acquisition.

a. Coffey Rewards Share Plan (formerly Coffey International Limited Employee Leveraged Share Plan)

The Coffey Rewards Share Plan was approved by special resolution at the Annual General Meeting of Coffey International Limited held on 21 November 1995 and later amended at the Annual General Meeting of the Company in November 2007.

The Coffey Rewards Share Plan entitles nominated employees in the Group (including Executive Directors) to purchase shares, subject to vesting, in Coffey International Limited (ASX Code COF) funded by way of interest free limited recourse loans from Coffey International Limited.

The loans arising from the issue of shares under the Share Plan are limited recourse in nature and accordingly provide equity upside opportunity to the individual without equity downside price risk. The loan reduces over the life of the arrangement by the value of dividends paid per instrument. In respect of options, the full exercise price of the options being exercised is required for delivery to the Company before issue of shares to the individual occurs.

Notes to the financial statements

at 30 June 2012

16. Share based payments (continued)

As the limited-recourse loan is used only with newly issued shares, rather than with shares bought on market, Shareholders are not exposed to any cash loss risk arising from the limited-recourse loan. For accounting purposes, the arrangements are considered to be an option whereby the employee effectively has the option to repay the remaining loan balance in order to take ownership of the shares after the vesting conditions have been satisfied. Due to their limited recourse nature, the arrangements are not considered a loan for related party disclosure purposes.

All shares issued to the Coffey Rewards Share Plan rank equally with all other fully-paid ordinary shares on issue.

Vesting Conditions

The number of shares ultimately vesting depends on the level of achievement of the service and performance hurdles attached to each grant. Maximum shares are vested only when 100% of each measure is achieved. The service condition requires that the participants must remain employed by the Group at the time of vesting. The performance measures are based on the Operating Earnings Per Share (OEPS) annualised compound growth rate over three years and Total Shareholder Return (TSR) compared to the ASX 300 Accumulation Index performance over the same period. These vesting conditions are subject to certain exceptions as set out in the plan's trust deed.

If the vesting conditions for the Share Plan are met, the arrangement vests, allowing the individual the choice to settle the remaining exercise price and take ownership of the shares available to them under the grant or to leave the current arrangement in place and repay the loan through dividends earned.

Loyalty grants are subject only to the three-year service condition.

Allocations of shares are determined by the Directors and the loan incurred by the employee is calculated as the market value of the Company shares at the date of acquisition multiplied by the number of shares acquired on their behalf.

b. Coffey Rewards Share Option Plan

The Coffey Rewards Option Plan (Option Plan) implemented during the 2009 financial year, entitles nominated employees in the Group to be granted options to acquire shares on exercise, subject to vesting, in the Coffey International Limited entity. Certain executives selected to participate in the Coffey Rewards Plan, by virtue of their country of residency, are unable to participate in the Coffey Rewards Share Plan; to accommodate this restriction, the Company has invited those executives to participate in the Option Plan.

Allocations of options are determined by the Directors and the exercise price for each option is calculated as the market value of the Company's shares at the date of grant. Details of recent grants for issue of options under the scheme to eligible employees are shown below.

The options issued under the scheme are subject to a minimum three year vesting condition during which period the employee must remain employed by the Group (subject to certain conditions as set out in the Plan Rules).

The vesting conditions and performance hurdles in respect of the options are identical to those applying to the Share Plan.

Notes to the financial statements

at 30 June 2012

16. Share based payments (continued)

Coffey Rewards Option Plan – summary of long-term rewards issues

Plan year	Grant date	Vesting date		No. of participants at issue date	No. of participants at 30 Jun-12	Vesting conditions
2010	Dec 2010	Nov 2013	Incentive & Service	7	4	20% Service 40% OEPS + Service 40% TSR + Service

Options Issued

Details of the options issued not yet vested at balance sheet date under the Coffey Rewards Option Plan are as follows:

Date of issue	Minimum vesting conditions	Number of participants	Number of options	Expiry date	Exercise price
28-Nov-08		2	28,689	28-Nov-18	$1.58
22-Dec-09		3	90,426	30-Nov-14	$2.070
3-Dec-10	3 years continuous service	4	148,472	03-Dec-15	$1.042
Total		4	267,587		

Notes to the financial statements
at 30 June 2012

16. Share based payments (continued)

The weighted average share price and number of equity-shares accounted for as options, is as follows:

	Weighted average exercise price 2012	Number of options 2012	Weighted average exercise price 2011	Number of options 2011
Outstanding 1 July 2011	Aus$1.48	435,586	Aus$1.83	243,934
Forfeited	Aus$1.55	(167,999)		-
Exercised		-		-
Granted		-	Aus$1.04	191,652
Outstanding at 30 June	Aus$1.50	267,587	Aus$1.48	435,586
Exercisable at 30 June	Aus$1.58	28,689		

c. Valuation – Coffey Rewards Share Plan And Coffey Rewards Option Plan

The valuation methodology used to determine the option-based payment expense is identical to that applying to shares and is set out below.

The Directors obtained an independent valuation of the shares in the Coffey Rewards Share Plan and the options in the Coffey Rewards Option Plan.

The independent valuer was CRA Plan Managers Pty Ltd. The reports were prepared on the basis that the shares granted in the plan required valuation as options, with an exercise price equal to the loan repayment value plus the net present value of expected dividends over the vesting period.

The valuation methodology used to determine the share-based payment expense was the Monte Carlo simulation model. The model took into account the exercise price of the option, the life of the option, the current price of the underlying shares, the expected volatility of the share price, the dividends expected on the shares and the risk-free interest rate for the life of the option. The expected life of the instrument was deemed to be the period from grant date to first available exercise date plus 12 months.

Notes to the financial statements

at 30 June 2012

16. Share based payments (continued)

The model inputs were as follows for the options and shares subject to valuation for the purposes of share-based payment expense in 2012:

Instruments	**Options**
Date of issue	**3-Dec-10**
Date of valuation report	**8-Jun-11**
	Incentive & Service
Risk-free rate	5.19%
Standard deviation	50%
Share price at effective date	$1.035
Exercise price (low repayment)	$1.042
Annualised dividend yield	6.3%
Number of options or shares	267,587
Performance conditions	OEPS and TSR vesting conditions
Fair value of the share-based payment	OEPS Tranche: $0.31 TSR Tranche: $0.26

d. Expenses arising from share-based payment transactions

Total expenses (including forfeitures) arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	2012	2011
	£	£
Shares (forfeited)/issued under Coffey Rewards Share Plan	(25,326)	39,879
Shares issued through business combinations	-	-
Total Profit/loss (credit)/expense	(25,326)	39,879

17. Issued share capital

		2012		2011
Allotted, called up and fully paid	No.	£	No.	£
Ordinary share of £1 each	102	102	102	102

Notes to the financial statements
at 30 June 2012

18. Reserves

	Other Reserve £	Profit and loss account £
Balance brought forward	66,472	985,066
Loss for the year	-	(644,513)
Recognition of equity settled share-based payments in the year	(25,326)	-
Balance carried forward	41,146	340,553

19. Shareholders funds

	2012 £	*2011* £
Opening shareholders' funds	1,051,640	1,805,262
Loss for the financial period	(644,513)	(793,501)
Recognition of equity settled share based	(25,326)	39,879
Net decrease in shareholders' funds	(669,839)	(753,622)
Closing shareholders' funds	381,801	1,051,640

Notes to the financial statements
at 30 June 2012

20. Commitments and contingencies

(a) Operating leases

Minimum annual rentals under non-cancellable operating leases which expire:

	2012	*2011*
	£	£
Land and buildings:		
Within one year	94,150	-
Within two to five years	-	352,200
	94,150	352,200
Plant, machinery and motor cars:		
Within one year	2,067	-
Within two to five years	112,316	21,594
	114,383	21,594

21. Related party transactions

The company has not disclosed related party transactions with group entities as permitted by the exemption under Financial Reporting Standard No. 8.

22. Ultimate parent undertaking and controlling party

The immediate parent company of Coffey International Development Limited is Coffey International Development Holdings Ltd, a company incorporated in the United Kingdom. The ultimate holding company and controlling party is Coffey International Limited, a company incorporated in Australia.

The smallest undertaking into which the results of the company are consolidated is Coffey International Limited, and the largest undertaking into which the results of the company are consolidated is Coffey International Limited. Copies of financial statements for Coffey International Limited can be obtained from the company's registered office at Level 10, 1 Market St, Sydney NSW 2000 Australia

The company has not disclosed related party transactions with group entities as permitted by the exemption under Financial Reporting Standard No. 8.

Coffey International Development Limited

Report and Financial Statements

30 June 2013

Registered No: 03799145

Directors
U B Meyerhans
R P Simpson
J M Douglas
G H Simpson

Secretary
Mrs J A Waldergrave

Auditor
KPMG LLP
Arlington Business Park
Theale
Reading
RG7 4SD

Registered Office
1 Northfield Road
Reading
Berkshire
RG1 8AH

Directors' report

The directors present their report and financial statements for the year ended 30 June 2013.

Results and dividends

The profit after taxation for the year was £65,848 (2012 £(644,513)). The directors are satisfied with the performance of the company during the year. The directors do not recommend a final dividend (2012 – £nil).

Principal activity and review of the business

The principal activity of the company is business and management consultancy.

Key performance indicators

The senior management of the company focus on a number of key performance indicators. These include sales bookings and billings, the value of contracted annuity revenues, gross margins and staff utilisation. These, along with other measures, are monitored regularly with explanations sought for variances against expectations. Management have reviewed the key performance indicators during the year and are satisfied with the results.

Future developments

We are confident that the business is well positioned to benefit from increased levels of spend by our main client in the coming year and beyond. The main policy priorities of the UK Government in International Development are economic growth and governance, and security & justice which are key areas of our technical expertise.

In addition, a greater focus within International Development to deliver value for money and the ability to demonstrate the impact of Aid intervention fit well with our acquired evaluation business. However, confidence in the outlook is tempered by political uncertainty in the regions in which we currently operate.

A detailed review of the business is contained within the Directors Report and the Year in Review Report published in the 2013 Annual Report by Coffey International Limited, the ultimate parent company.

Principal risks and uncertainties

Discussed below are the company's major business risks, together with systems and initiatives in place to address them:

Market risk

The international development consultancy market is subject to fluctuations of demand by customers. These fluctuations are linked to the economic cycle and changes in the spending patterns of customers. In addition, the company works with a number of key vendors and it is important to maintain strong relationships and terms of business with these partners.

Operational risk

This relates to the risk of financial loss resulting from internal processes, people and systems. The company manages this risk through appropriate internal controls and proactive intervention, such as management reporting systems, insurances, business interruptions and disaster recovery planning.

Liquidity risk

This relates to the risk that the company is unable to fund its requirements because of insufficient banking facilities. The group manages liquidity risk via revolving credit facilities and long term debt.

Directors' report (continued)

Credit risk

This relates to the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. Group policies are aimed at minimising such losses and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures.

Directors

The directors who served during the year ended 30 June 2013 were:

Urs Beat Meyerhans

Robert Paul Simpson

John Matheson Douglas

Political and Charitable Donations

No Charitable or Political donations were made during the financial year.

Going concern

The financial statements have been prepared on a going concern basis, which the directors believe to be appropriate for the following reasons. The Company is dependent for its working capital on funds provided to it by Coffey International Limited. Coffey International Limited has indicated that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company and in particular will not seek repayment of the amounts currently made available. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on the above the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Employees involvement

The company maintains a practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the company.

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retain them in order that their employment with the company may continue.

It is the policy of the company that training, career development and promotion opportunities be available to all employees.

Disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' report (continued)

Auditor

A resolution to reappoint KPMG as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board

Urs Meyerhans
Director

Date: 28 February 2014

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

Independent auditor's report

to the members of Coffey International Development Limited

We have audited the financial statements of Coffey International Development Limited for the year ended 30 June 2013 set out on pages 8 to 24. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2013 and of its profit for the year then ended
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Independent auditor's report (continued)

to the members of Coffey International Development Limited

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Nicole Martin (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Arlington Business Park,
Theale,
Reading,
RG7 4SD

Date:

Profit and loss account

for the year ended 30 June 2013

	Notes	2013 £	2012 £
Turnover	2	24,138,558	18,770,729
Cost of sales		(20,596,056)	(16,771,091)
Gross profit		3,542,502	1,999,638
Administrative expenses	3	(3,637,484)	(2,847,826)
Other operating income		-	134,999
Operating loss	3	(94,982)	(713,189)
Interest receivable and foreign exchange gain	6	226,979	4,042
Interest payable and foreign exchange loss	7	(145,156)	(184,726)
Loss on ordinary activities before taxation		(13,159)	(893,873)
Tax on loss on ordinary activities	8	79,007	249,360
Profit/(loss) for the financial year		65,848	(644,513)

All results arose from continuing operations.

Notes on page 10 to 24 form part of the financial statements.

There are no recognised gains or losses for the year other than the retained profit shown in note 17.

Balance sheet

at 30 June 2013

	Notes	*2013* £	*2012* £
Fixed assets			
Investments	9	454,805	454,805
Intangible fixed assets	10	5,617,481	5,953,036
Tangible assets	11	133,418	160,043
		6,205,704	6,567,884
Current assets			
Debtors	12	7,365,523	4,516,158
Cash at bank and in hand		348,021	688,393
		7,713,544	5,204,551
Creditors: amounts falling due within one year	13	(10,613,718)	(8,324,445)
Net current liabilities		(2,900,174)	(3,119,894)
Creditors: amounts falling due after one year	14	(2,831,489)	(3,066,189)
Total assets less current liabilities		474,041	381,801
Net assets		474,041	381,801
Capital and reserves			
Called up share capital	16	102	102
Profit and loss account	17	473,939	381,699
Shareholders' funds	18	474,041	381,801

Notes on page 10 to 24 form part of the financial statements.

These financial statements were approved by the board of directors on 28 February 2014 and were signed on its behalf by:

Urs Meyerhans
Director

Notes to the financial statements

at 30 June 2013

1. Accounting policies

Basis of preparation

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

True and fair override

During the year ending 30 June 2010, the trade and net assets of the subsidiary undertakings were transferred to the company at their net book value. The cost of the company's investment in these subsidiary undertakings reflected the underlying value of the net assets at the time of acquisition. As a result of this transfer, the value of the company's investment in the subsidiary undertakings fell below the amount at which it was stated in the company's accounting records. The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 requires that the investment be written down accordingly and that the amount be charged as a loss in the company's profit and loss account. However, the directors consider that, as there had been no overall loss to the company, it would fail to give a true and fair view to charge the diminution to the company's profit and loss account for the year, and it should instead be reallocated to goodwill and the identifiable net assets transferred, so as to recognise in the company's balance sheet the effective cost to the company of those net assets and goodwill. The effect of this departure was to reclassify the cost of investment in excess of the net assets acquired of £5,555,820 to goodwill in the balance sheet as at 30 June 2010 and then to record £85,467 of amortisation reducing the carrying value of Goodwill and reflecting the charge in the profit and loss account for the year ended 30 June 2010. During the year ending 30 June 2012 a further £1,051,747 was recorded in the balance sheet as goodwill in respect of deferred consideration which was paid in that year in respect of the initial acquisition of the subsidiary.

Going concern

The financial statements have been prepared on a going concern basis, which the directors believe to be appropriate for the following reasons. The Company is dependent for its working capital on funds provided to it by Coffey International Limited. Coffey International Limited has indicated that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company and in particular will not seek repayment of the amounts currently made available. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on the above the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Statement of cash flows

Coffey International Limited, the ultimate parent company, has included a group statement of cash flows in its financial statements in accordance with Financial Reporting Standard No 1 (Revised). Accordingly, no statement of cash flows is included in these financial statements.

Goodwill

Goodwill arising on acquisitions is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over their estimated useful lives up to a maximum of 20 years. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Notes to the financial statements

at 30 June 2013

1. Accounting policies *(continued)*

Impairment

The carrying amounts of the Company's fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its income generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account unless it arises on a previously valued fixed asset. An impairment loss on a revalued fixed asset is recognised in the profit and loss account if it is caused by a clear consumption of economic benefits. Otherwise impairments are recognised in the statement of recognised gains and losses until the carrying amount reaches the assets depreciated historic cost.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is calculated to write down the cost of all tangible fixed assets by equal annual instalments over their estimated useful economic lives or lease term if shorter.

The rates generally applicable are:

Leasehold improvements	–	10 years
Fixtures and fittings	–	3 and 4 years

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax. In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion.

Deferred taxation

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

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

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

Provisions for liabilities

A provision is recognised when the company has a legal and constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligation.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction.

Exchange differences are taken into account in arriving at the operating loss.

Notes to the financial statements
at 30 June 2013

1. Accounting policies *(continued)*

Leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their estimated useful economic lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease. All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

Share-Based Payments

The share option programme allows employees to acquire shares of the ultimate parent company. The fair value of the options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options is measured using an options pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the number of share options that vest except where forfeiture is only due in share prices not achieving the threshold for vesting.

2. Turnover

The turnover and loss before tax, are attributable to the one principal activity of the Company.

An analysis of turnover by origin is given below:

	2013	*2012*
	£	£
By geographical market		
United Kingdom	21,554,239	16,960,817
Overseas sales – Europe	1,653,564	980,193
Overseas sales – Rest of World	930,755	829,719
	24,138,558	18,770,729

3. Operating loss

This is stated after charging:

		2013	*2012*
		£	£
Auditor's remuneration	- audit fees	24,050	23,750
	- tax fees	2,409	5,950
	- other	7,887	10,000
Operating lease rentals – land and buildings		332,344	323,392
Depreciation – tangible assets owned		40,833	63,432
Amortisation of intangible assets		335,555	291,773

Notes to the financial statements

at 30 June 2013

4. Remuneration of directors

The directors spend their time working for all of the companies that make up the Coffey International PTY group and therefore it is not possible to apportion and disclose their emoluments based on time spent managing Coffey International Development Limited in 2013. The emolument of Mr Urs Meyerhans, Mr R P Simpson and Mr J M Douglas is satisfied by another company. There is no director to whom retirement benefits are accruing under a defined contribution scheme.

5. Staff costs

	2013	*2012*
	£	*£*
Wages and salaries	3,028,686	3,560,092
Social security costs	573,412	365,415
Other pension costs	88,017	76,302
Equity settled share based payments	26,392	(25,326)
	3,716,507	3,976,483

The average number of persons employed by the company during the year were as follows:

	No.	*No.*
Management and administration	20	15
Operations	58	55
	78	70

6. Interest receivable

	2013	*2012*
	£	*£*
Bank interest	421	4,042
Net unrealised foreign exchange gain	226,558	-
	226,979	4,042

7. Interest payable

	2013	*2012*
	£	*£*
Net unrealised foreign exchange loss	-	29,327
Intercompany loan interest	145,156	155,399
	145,156	184,726

Notes to the financial statements

at 30 June 2013

8. Tax

(a) Tax on loss on ordinary activities

The tax charge is made up as follows:

	2013	2012
	£	£
Current tax:		
United Kingdom corporation tax	-	-
Adjustment in respect of prior periods	-	(98,424)
Total current tax credit	-	(98,424)
Deferred tax:		
Origination and reversal of timing differences	34,857	(132,381)
Adjustment in respect of prior periods	(113,864)	(18,555)
Tax credit on loss on ordinary activities	(79,007)	(249,360)

(b) Factors affecting tax charge for the year

	2013	*2012*
	£	*£*
Loss on ordinary activities before taxation	(13,159)	(893,873)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.75% (25.5% 2012)	(3,125)	(227,938)
Effects of:		
Expenses not deductible	31,193	79,638
Depreciation in excess of capital allowances	6,789	15,919
Utilisation of tax losses	(34,857)	-
Tax losses carried forward	-	132,381
Adjustment in respect of previous periods	-	(98,424)
Current tax for the year	-	(98,424)

Notes to the financial statements

at 30 June 2013

9. Investments

	Shares in subsidiary undertaking
	£
Cost and net book value	
At 1 July 2012 and 30 June 2013	454,805

	Country of incorporation	Class of shares	Proportion of shares held	Nature of business
Subsidiary undertakings				
The Evaluation Partnership Limited	England	Ordinary shares	100%	Dormant
Libra Advisory Group Limited	England	Ordinary shares	100%	Dormant

	2013	2012
	£	£
Capital and reserves - Subsidiary undertakings		
The Evaluation Partnership Limited	426,956	426,956
Libra Advisory Group Limited	27,849	27,849

On 31 December 2009, the trade and assets of The Evaluation Partnership Limited were hived up to the company, at which point The Evaluation Partnership Limited became dormant.

On 5 March 2010, the trade and assets of Libra Advisory Group Limited were hived up to the company, at which point Libra Advisory Group Limited became dormant.

Notes to the financial statements
at 30 June 2013

10. Intangible fixed assets

	Goodwill
	£
Cost:	
At 1 July 2012 and 30 June 2013	6,607,567
Amortisation:	
At 1 July 2012	654,531
Charge for the year	335,555
At 30 June 2013	990,086
Net book value:	
At 30 June 2013	5,617,481
At 30 June 2012	5,953,036

Notes to the financial statements
at 30 June 2013

11. Tangible fixed assets

	Leasehold improvements	*Fixtures and fittings*	*Total*
	£	*£*	*£*
Cost:			
At 1 July 2012	174,720	298,144	472,864
Additions		14,403	14,403
Disposals	-	(16,093)	(16,093)
At 30 June 2013	174,720	296,454	471,174
Depreciation:			
At 1 July 2012	77,168	235,653	312,821
Charge for the year	17,472	23,361	40,833
Disposals		(15,898)	(15,898)
At 30 June 2013	94,640	243,116	337,756
Net book value:			
At 30 June 2013	80,080	53,338	133,418
At 30 June 2012	97,552	62,491	160,043

12. Debtors

	2013	*2012*
	£	*£*
Trade debtors	3,844,224	2,711,533
Amounts owed by fellow subsidiary undertakings	305,348	235,626
Other debtors	130,092	76,578
Deferred taxation	301,979	150,936
Prepayments and accrued income	2,783,880	1,341,485
	7,365,523	4,516,158

Included in the above are the following amounts which are due after more than one year:

	2013	*2012*
	£	*£*
Deferred tax assets	201,319	150,936

Notes to the financial statements

at 30 June 2013

12. Debtors *(continued)*

The movement in the deferred taxation account during the year was

	2013	*2012*
	£	*£*
Balance brought forward	150,936	-
Reclassified from creditors	72,036	-
Profit and loss account movement arising during the year	79,007	150,936
Balance carried forward	301,979	150,936

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2013	*2012*
	£	*£*
Losses	301,979	150,936

Management have concluded that the deferred tax assets relating to losses at the 30 June 2013 are recoverable.

A reduction in the UK corporation tax rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. The effect of this change is that profits arising in 2012 are taxable at a rate of approximately 24.5%. The deferred tax asset as at 30 June 2013 has been calculated based on the rate of 23% substantively enacted at the balance sheet date.

The March 2013 Budget announced that the rate will further reduce to 20% by 2015 in addition to the planned reduction to 21% by 2014 previously announced in the December 2012 Autumn Statement. These further reductions in the main UK corporation tax rate were substantively enacted on 2 July 2013. The rate (currently 23%) will reduce to 21% from 1 April 2014 and to 20% from 1 April 2015. This will further reduce the company's future current tax charge and reduce the company's deferred tax asset accordingly.

Notes to the financial statements

at 30 June 2013

13. Creditors: amounts falling due within one year

	2013	*2012*
	£	*£*
Trade creditors	1,574,696	489,270
Amounts owing to fellow group undertakings	7,209,964	6,597,715
Taxation and social security	101,268	111,406
Other creditors	-	35,542
Accruals and deferred income	1,727,790	1,090,512
	10,613,718	8,324,445

14. Creditors: amounts falling due after one year

	2013	*2012*
	£	*£*
Amounts owing to fellow group undertakings	2,831,489	3,066,189

15. Share based payments

Expenses arise from equity-based payments. Equity-based payments include employee participation in either the Coffey Rewards Share Plan or the Coffey Rewards Option Plan.

Shares and options issued under both plans are accounted for as equity-settled share-based payments as required by FRS20 – '*Share based payment*'. They are deemed to be equity-settled share-based payments for employee services. An expense has been recognised for the fair value of the shares or options, and is recognised on a straight-line basis, over the vesting period attaching to the shares or options.

Vendor share-based payments

In addition, certain Executives have participated as vendors in business acquisitions entered into by the Group during prior years. In each instance, the individual was not an Executive of the Group prior to the acquisition. Due to the nature of certain acquisition terms, payments or benefits received by individuals are considered to be remuneration earned subsequent to the business acquisition date.

In some instances, a component of the equity-based acquisition consideration is deferred and contingent on the individual remaining an employee for a three-to-five-year period. This component of the acquisition consideration is considered to be a share-based payment for accounting purposes (pursuant to FRS20 – *Share based payment*) and is excluded from the acquisition accounting and included as remuneration. The Board of Directors considers that these arrangements are aligned with the Group's and Shareholder interests as they either reward individuals for contributing to the performance of the Group or encourage Executives to remain with the Group post-acquisition.

a) Coffey Rewards Share Plan (formerly Coffey International Limited Employee Leverage Share Plan)

The Coffey Rewards Share Plan was approved by special resolution at the Annual General Meeting (AGM) of the Company held on 21 November 1995 and later amended at the AGM of the Company in November 2007.

Notes to the financial statements

at 30 June 2013

15. Share based payments (continued)

The Coffey Rewards Share Plan entitles nominated employees in the Group (including Executive Directors) to purchase shares, subject to vesting, in Coffey International Limited (ASX code: COF) funded by way of interest-free limited recourse loans from Coffey International Limited.

The loans arising from the grant of shares under the Share Plan are limited recourse in nature and accordingly provide equity upside opportunity to the individual without equity downside price risk. The loan reduces over the life of the arrangement by the value of dividends paid per instrument. In respect of options, the full exercise price of the options being exercised is required for delivery to the Company before issue of shares to the individual occurs.

For accounting purposes, the arrangements are considered to be an option whereby the employee effectively has the option to repay the remaining loan balance to take ownership of the shares after the vesting conditions have been satisfied. Due to their limited recourse nature, the arrangements are not considered a loan for related party disclosure purposes.

All shares issued to the Coffey Rewards Share Plan rank equally with other fully-paid ordinary shares on issue.

Vesting Conditions

The number of shares ultimately vesting depends on the level of achievement of the service and performance hurdles attached to each grant. Maximum shares are vested only when 100% of each measure is achieved. The service condition requires that the participants must remain employed by the Group at the time of vesting. The performance measures are based on the earnings per share (EPS) annualised compound growth rate over three years and total shareholder return (TSR) compared to the ASX 300 Accumulation Index performance over the same period. These vesting conditions are subject to certain exceptions as set out in the Share Plan's trust deed.

If the vesting conditions for the Share Plan are met, the arrangement vests, allowing the individual the choice to settle the remaining exercise price and take ownership of the shares available to them under the grant, or the leave the current arrangement in place and repay the loan through dividends earned.

Loyalty grants are subject only to the three-year service condition.

Allocations of shares are determined by the Directors and the loan incurred by the employee is calculated as the market value of the Company shares at the date of acquisition multiplied by the number of shares acquired on their behalf.

b) Coffey Rewards Share Option Plan

The Coffey Rewards Share Option Plan (Option Plan) implemented during the 2009 financial year, entitles nominated employees in the Group to be granted options to acquire shares on exercise, subject to vesting, in the Coffey International Limited entity. By virtue of their country of residency, certain Executives selected to participate in the Coffey Rewards Plan, are unable to participate in the Coffey Rewards Share Plan; to accommodate this restriction, the Company has invited those Executives to participate in the Option Plan.

Allocations of options are determined by the Directors and the exercise price for each option is calculated as the market value of the Company's shares at the date of grant. Details of recent grants for issue of options under the scheme to eligible employees are shown below.

The options issued under the scheme are subject to a minimum three-year vesting condition during which period the employee must remain employed by the Group (subject to certain conditions as set out in the Plan Rules).

The vesting conditions and performance hurdles in respect of the options are identical to those applying to the Coffey Rewards Share Plan.

Notes to the financial statements

at 30 June 2013

15. Share based payments (continued)

Plan year	Grant date	Vesting date		No. of participants at Issue date	No. of participants at 30 Jun-13	Vesting conditions
2010	Dec 2010	Nov 2013	Incentive & service	7	4	20% Service 40% OEPS+ Service 40% TSR+ Service

Coffey Rewards Option Plan – summary of long-term rewards issues

Options Issued

Details of the options issued not yet vested at balance sheet date under the Coffey Rewards Option Plan are as follows:

Date of issue	Minimum vesting conditions	Number of Participants	Number of options	Expiry date	Exercise price
3-Dec-10	3 years continuous service	4	29,694	03-Dec-15	$1.042

The weighted average share price and number of equity-shares accounted for as options, is as follows:

	Weighted average exercise price 2013	Number of Options 2013	Weighted average exercise price 2012	Number of Options 2012
Outstanding 1 July 2012	Aus$1.22	195,247	Aus$1.48	435,586
Forfeited	Aus$1.04	(118,778)	Aus$1.55	(167,999)
Exercised		-		-
Granted		-		-
Outstanding at 30 June	Aus$1.49	76,469	Aus$1.22	267,587
Exercisable at 30 June	Aus$1.77	46,775	Aus$1.58	28,869

Notes to the financial statements

at 30 June 2013

15. Share based payments (continued)

c) Valuation – Coffey Rewards Share Plan and Coffey Rewards Option Plan

The valuation methodology used to determine the option-based payment expense is identical to that applying to shares, and is set out below.

The Directors obtained an independent valuation of the shares in the Coffey Rewards Share Plan and the options in the Coffey Rewards Option Plan.

The independent valuer was CRA Plan Managers Pty Ltd. The reports were prepared on the basis that the shares granted in the plan required valuation as options, with an exercise price equal to the loan repayment value plus the net present value of expected dividends over the vesting period.

The valuation methodology used to determine the share-based payment expense was the Monte-Carlo simulation model. As required by FRS20 – *Share based payment*, the model took into account the exercise price of the option, the life of the option, the current price of the underlying shares, the expected volatility of the share price, the dividends expected on the shares and the risk-free interest rate for the life of the option. The expected life of the instrument was deemed to be the period from grant date to first available exercise date plus 24 months.

The model inputs were as follows for the options and shares subject to valuation for the purposes of share-based payment expense in 2013:

Instruments	**Options**
Date of issue	**3-Dec-10**
Date of valuation report	**8-Jun-11**
	Incentive & Service
Risk-free rate	5.19%
Standard deviation	50%
Share price at effective date	$1.035
Exercise price (low repayment)	$1.042
Annualised dividend yield	6.3%
Number of options or shares	267,587
Performance conditions	OEPS and TSR vesting conditions
Fair value of the share-based payment	OEPS Tranche: $0.31 TSR Tranche: $0.26

d) Expenses arising from share-based payment transactions

Total expenses (including forfeitures) arising from share-based payment transactions recognised during the period as part of employee benefit expense were:

	2013	2012
Shares expense under Coffey Rewards Share Plan	(26,392)	(25,326)
Total Profit/loss (credit)/expense	(26,392)	(25,326)

Notes to the financial statements
at 30 June 2013

16. Issued share capital

		2013		2012
Allotted, called up and fully paid	No.	£	No.	£
Ordinary share of £1 each	102	102	102	102

17. Profit and loss account

	£
Balance at 1 July 2012	381,699
Profit for the year	65,848
Recognition of equity share expense	26,392
Balance at 30 June 2013	473,939

18. Shareholders funds

	2013	*2012*
	£	*£*
Balance at 1 July	381,801	1,051,640
Profit/(loss) for the financial period	65,848	(644,513)
Recognition of equity share expense	26,392	(25,326)
Balance at 30 June	474,041	381,801

19. Commitments and contingencies

(a) Operating leases

Minimum annual rentals under non-cancellable operating leases which expire:

	2013	*2012*
	£	*£*
Land and buildings:		
Within one year	335,034	94,150
Within two to five years	1,154,115	-
	1,489,149	94,150
Plant, machinery and motor cars:		
Within one year	193,293	2,067
Within two to five years	333,160	112,316
	526,453	114,383

Notes to the financial statements

at 30 June 2013

20. Related party transactions

The company has not disclosed related party transactions with group entities as permitted by the exemption under Financial Reporting Standard No. 8.

21. Ultimate parent undertaking and controlling party

The immediate parent company of Coffey International Development Limited is Coffey International Development Holdings Ltd, a company incorporated in the United Kingdom. The ultimate holding company and controlling party is Coffey International Limited, a company incorporated in Australia.

The smallest undertaking into which the results of the company are consolidated is Coffey International Limited, and the largest undertaking into which the results of the company are consolidated is Coffey International Limited. Copies of financial statements for Coffey International Limited can be obtained from the company's registered office at Level 10, 1 Market St, Sydney NSW 2000 Australia

The company has not disclosed related party transactions with group entities as permitted by the exemption under Financial Reporting Standard No. 8.