Registered Number: 05976343

Foster + Partners Group Limited

Annual Report & Consolidated Financial Statements

For the year ended 30 April 2017

Registered Office:

Riverside Three Albert Wharf
22 Hester Road
London
SW11 4AN

Foster + Partners Group Limited

Annual report and consolidated financial statements for the year ended 30 April 2017

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Foster + Partners Group Limited

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Directors and professional advisors

BOARD OF DIRECTORS	Lord Foster of Thames Bank, OM D B Nelson M A Streets V Ganzi S Miners
REGISTERED OFFICE	Riverside Three Albert Wharf, 22 Hester Road, London, SW11 4AN
BANKERS	Lloyds TSB Bank plc Threadneedle Street Branch 39 Threadneedle Street, London, EC2R 8AU
SOLICITORS	DWF Fishburns 60 Fenchurch Street, London, EC3M 4AD Travers Smith 10 Snow Hill, London, EC1A 2AL
INDEPENDENT AUDITORS	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place, London, WC2N 6RH
REGISTERED NUMBER	05976343

Chairman's statement
For the year ended 30 April 2017

In the past, my Chairman's report, which prefaces these annual accounts, has drawn a relationship between our design achievements and our financial results – a kind of cause and effect. This year that narrative has been moved into the strategic report that follows, which leaves me clear to address wider and serious concerns that will affect our future and that of others.

We survive and prosper in a highly competitive global environment by our ability to attract the best young talent from around the world. From the twenty four thousand CVs received last year we selected two hundred and twenty four candidates on the basis of excellence, regardless of their country of birth.

The outcome is a highly mobile team of some thirteen hundred – representing seventy seven nationalities, speaking sixty eight languages and with an average age of thirty six. Some thirty nine percent of us are European and in the new language of Brexit, thirty eight percent are British with the remaining twenty three percent from the rest of the world.

We are proud of our diversity and value the cultural and economic strengths that follow from it. It feeds our network of studios in twenty two cities, across fifteen countries and on five continents. By value, ninety percent of our revenue is generated beyond our shores – even the ten percent related to our UK projects is often funded by investors from our overseas interests.

In the nineteen eighties, the site of our present operation was a run-down and dangerous quarter of London. The Riverside studio and apartment complex that my family created has pioneered the regeneration of the area and is the site of our present campus as well as the Royal College of Art, Albion Riverside and Vivienne Westwood's fashion base, to name but a few. This transformation has its roots in our ability to export design skills. Next to Wandsworth Council, we are the largest single employer in the Borough and a quarter of our team live within its boundaries.

Our story is mirrored by many others in the field of design and the visual arts. We thrive and contribute to the wealth of London by virtue of our ability to attract the best graduates from beyond our island nation. That is a strength and should be recognised as such. London, wonderfully, is a melting pot for international expertise and needs to maintain that edge. It is already under threat. Politics and morality aside, we owe it to future generations to look outwards, not inwards and to positively encourage the influx of talent. That attitude is inextricably linked to our shared economic future as well as that of Foster + Partners.

Norman Foster
Founder + Chairman
5th July 2017

Strategic Report
For the year ended 30 April 2017

Business Description

Foster + Partners is the leading global design practice covering every aspect of design including; architecture, interior and product design, engineering, project management, research and sustainability, urban design, master-planning, and workplace consultancy. We pursue innovative solutions to current day and future demands including but not limited to conserving environmental resources, creating signature buildings and enhancing the local environment in which our projects are located.

Foster + Partners is unique in the world as a design practice. For example, its six studios relate to a Design Board, created and chaired by Lord Foster. We are constantly challenging; in our integrated design services; in new technologies – sustainable modelling, materials selection, 3D printing and through our research based approach to creative urban and building design all informed by hard analysis.

Founded five decades ago in 1967 the practice has key offices in London, Abu Dhabi, Beijing, Dubai, Hong Kong, Madrid, New York, San Francisco and Shanghai. Our projects are geographically diversified with projects outside the UK generating 90% of revenues (see note 4 to the financial statements). Through the extensive use of technology and with the oversight of the design board, the London campus retains control of the design process and houses approximately 80% of the Group's employees.

Review of the year

This has been a significant year in the evolution of the practice. Having grown profitability (see Financial Overview and Key Performance Indicators below) and repaid significant amounts of bank debt in the year the partnership model created within the 2014 restructuring is now bearing fruit in the form of a first partnership payment payable to all partners. This has been achieved a year earlier than anticipated in the 2014 business plan despite increased global uncertainty. The practice is delighted to have added a further 11 Senior Partners including its first female senior partner.

The practice retains the top spot in the AJ100 survey of the UKs largest practices for the sixth year running and was shortlisted for a further 4 awards, gaining a commendation for Best Use of Technology for its 'Listening to London' initiative. Norman Foster was voted 'most admired architect living or dead' by peers in both the AJ100 and BD World Architecture surveys once again. The practice was awarded Top Employer Award 2017, and CHRO of the Year Sustainable Workforce award in recognition of the emphasis placed on the wellbeing and development of our people. Two of our young architects gained the inaugural RIBA Journal 'Rising Stars' award and a young lighting designer is one of Lighting Design Award's 40 under Forty.

Strategic Report
For the year ended 30 April 2017 (continued)

It has been an unprecedented year for awards having recently won our 50th in just 12 months. This has brought our total up to 800. The biggest winner has been Maggie's Cancer Centre in Manchester which has won 13 ranging from the Wood and Brick Awards to RIBA's regional awards to Manchester's Chamber of Commerce awards and it is shortlisted for several more. Other projects to be feted include Crossrail Place which has received 9 awards as well as the UAE Pavilion, ME Hotel London, Buenos Aires' Casa de Gobierno and South Beach, Singapore. During the year our Quartermile mixed use development in Edinburgh on the Royal Infirmary site won its 30th award for excellence.

We have celebrated the opening and completion of 13 buildings and projects this year in the USA, China and South East Asia, Europe, Mexico and the UAE. Three Apple flagships were opened in London's Regent Street, Dubai Mall, where the entire façade is imagined as a Kinetic art installation with moving wings to modify the harsh winter sun, and in Singapore, the first flagship store in the country. Xiao Jin Wan University in Shenzhen has already won awards for its innovative and sustainable use of local materials and the Hankook Tire Company opened The Technodome, its global research and development headquarters as well as education and accommodation facilities for its future workforce. We have completed a major mixed use development and cultural centre at the Bund Finance Centre in Shanghai as well as the headquarters for Citic Bank in Hangzhou in China. At the other end of the scale a small sports café pavilion and spectator canopies were opened in time for the Skiing championships in St Moritz, using traditional timber in an innovative and highly engineered way. In the USA the first phase of the Iowa Children's Hospital, our largest healthcare building to date, was opened as well as our residential tower at 551 West 21 Street in New York. In London the Principal Place office building is ready for occupation by Amazon. We have over 60 projects currently under construction in 32 countries around the world.

In Philadelphia the Penn University hospital pavilion has broken ground while our 59-story Comcast Innovation and Technology tower in downtown has topped out and is on course to open in the coming year. On the USA west coast work has begun on the Oceanwide towers in San Francisco's downtown area and the new Apple Park has begun to install its first people in Cupertino ahead of final completion later this year. Construction has begun on the Varso tower in Warsaw, the tallest tower in Poland, the new headquarters for Ferring Pharmaceuticals in Copenhagen and the major urban remodelling of Slussen in central Stockholm. We have also launched designs for the Red Hook Complex on Brooklyn's waterfront.

We have won several competitions including the Prado Hall of Realms in Madrid, the Upper Orwell Crossings project for Ipswich and a major hotel complex for a sensitive and key site in Makkah, Saudi Arabia. We are shortlisted for another sensitive project, the Holocaust Memorial to be sited alongside London's Palace of Westminster and will be refurbishing the iconic Snowdon Aviary of 1962 at the ZSL London Zoo to house Colobus monkeys. In Australia we have secured two major projects, the Circular Quay development for Lendlease and the new Metro system both in the city of Sydney and continue to work on the award winning mixed use Central Park masterplan.

Strategic Report
For the year ended 30 April 2017 (continued)

Financial Overview and Key Performance Indicators

The group continues to perform strongly, and although turnover fell to £244.8m (2016: £257.1m) and gross profit to £107.1m (2016: £119.0m), EBITDA before partnership payment and exceptionals[1] grew to £46.7m (2016: £41.1m). The average head count decreased to 1,425 (2016: 1,480) with turnover per employee remaining high in the UK for architects according to industry surveys.

	2017	2016	2015
	£'000	£'000	£'000
Group turnover	244,826	257,127	205,229
EBITDA before exceptional items and before partnership payment[1]	46,664	41,036	51,730
Partnership payment[1]	7,000	-	-
EBITDA before exceptional items[2]	39,664	41,036	51,730
Turnover per employee	172	174	160
Average number of employees (no.)	1,425	1,480	1,284

The consolidated income statement is set out on page 15 and shows a pre-tax profit of £25.2m (2016: £28.0m) and a post-tax profit of £15.5m (2016: £20.9m) for the year. It is proposed that the profit for the financial year of £15.5m (2016: profit £20.9m) is transferred to reserves. It is proposed that a dividend be paid to C ordinary shareholders of £1.5m (2016: Nil).

As at 30 April 2017, the Group had cash of £21.9m (2016: £17.1m). Total net debt as of 30 April 2017 was £93.9m (2016: £130.3m). Total net debt comprises bank loans and the A ordinary shares less cash balances (note 17). Total net bank debt at 30 April 2017 was £64.1m (2016: £97.2m)

Corporate Social and Environmental Responsibility

Chloe Loader from the University of Lincoln has been awarded the Norman Foster RIBA Travelling Scholarship for 2017 for her proposal 'Emerging Cities: Sustainable Master-Planning in the Global South' by a jury including Eva Jiricna, Simone de Gale and the RIBA President Jane Duncan. The £7,000 award will fund her travels to Curitiba in Brazil, Mumbai and Jakarta to compare how the cities have developed successful urban models, despite large influxes of rural migrants.

Teaming up with Branch Technology the Foster + Partners California team has been awarded first place in the NASA and Bradley University 3D - Printed Habitat Challenge Phase 2, following success in the Mars habitation competition. The competition envisions a future where autonomous machines will help construct extra-terrestrial shelters for human habitation. This will

[1] Partnership payments are described in more detail in Note 8

[2] EBITDA refers to operating profit before depreciation. Operating profit was £33.8m for the year (2016: £37.4m). The depreciation and amortisation charge for the year was £3.8m (2016: £3.6m). Operating expenses of £2.1m (2016: £nil) were classified as exceptional items due to their size and non-recurring nature. Detailed disclosure of these costs can be found in note 5 of these financial statements.

Strategic Report
For the year ended 30 April 2017 (continued)

also aid the development of technologies that advance fabrication capabilities on Earth. Our research teams have also won funding for the LASIMM European Union's Horizon 2020 research and innovation programme looking at novel approaches towards metal based 3D printing. We will collaborate with nine leading organisations to explore this potential using additive and subtractive manufacturing processes. This fits well with the practice's history having been an early adopter of 3D printing and rapid prototyping technology.

The practice hosted a 'Green Sky Thinking' event which discussed interdisciplinary rationale in healthcare buildings moderated by the AJ Sustainability Editor, Hattie Hartman and featuring Maggie's CEO Laura Lee. In November 2016 we attended the COP22 hosting the Urban and Rural Areas Resilience Programme 'Oasis Cities', an initiative headed by our Sustainability team, producing an illustrative guide to the Paris Agreement set out at COP21, receiving widespread endorsement.

We were proud to once again support the Bartlett School of Architecture in their 175th year where we were headline sponsors for their Summer Graduate School. As our sponsorship and giving is for the purpose of furthering education in architecture and urban planning we have supported several university schools of architecture, a programme for teaching architects to help emergency building programmes in Haiti, as well as one off endeavours such as the Live Music Sculpture which filled the GLA City Hall's ramped atrium chamber by budding young composer Sam Bordoli.

The architecture Biennale featured a full-scale prototype for a droneport, built on site in the Arsenale in Venice presented by the Norman Foster Foundation. The proposal is to create a network of droneports to deliver medical supplies and other necessities to areas of Africa that are difficult to access due to a lack of roads or other infrastructure and the ambition is that every small town in Africa and in other emerging economies will have its own droneport by 2030.

Norman Foster has curated a major exhibition at the Design Museum, 'Cartier in Motion', entirely supported by Foster + Partners design teams including the Industrial Designers, Film and Communications teams who produced the installation. It is hoped that it will tour to other parts of the world over the next few years. The planning department of Wuhan, a major city in China, has embraced our strategy for urban renewal and invited the practice to create an exhibition 'A Sustainable Future' in the Big House arts complex about urban design, focussing on our work for Wuhan in the context of our major urban projects round the world. Hearst celebrated its 10th year with 'Building with History' a retrospective look at the practice's myriad work related to historic structures in the US, Europe and beyond. The Maggie's Culture Crawl also made its annual stop on its charity night walk to visit the Foster + Partners studio during London Open House weekend.

Strategic Report
For the year ended 30 April 2017 (continued)

Principal risks

The management of the business and the execution of the Group's strategy are subject to a number of risks. These include but are not limited to:

- Attracting and retaining staff of the appropriate calibre
- The global demand for construction projects
- Competition within the sector
- Treasury and financial risks

Each of these risks is addressed under the relevant heading below.

Attracting and retaining staff

The Group mitigates staff related risks through its commitment to creating an environment that will attract, retain and motivate employees of high calibre, taking into account the specific requirements of the Group's businesses.

The Group's commitment to training and development is endorsed in the form of a Performance and Development Review Scheme, which forms part of the ongoing process of employee development.

Global demand for construction projects

The Group mitigates the risk of fluctuating global demand by constantly monitoring the pipeline of work (contracted projects and potential projects) including analysis by region, work type and value and projecting the demand for staff of the appropriate technical ability accordingly. This monitoring process, coupled with feedback from clients, potential clients and other key business contacts, provides management with a sense of the competitive environment with which to influence, as necessary, business decisions. Trading results, projections and economic indicators are continually monitored which allows for speedy action when required.

Competition risk

The Group mitigates the risks of competition by delivering leading edge designs, utilising the latest materials, recruiting the highest quality staff and continually broadening its geographic footprint.

Treasury and financial risk management

The Group's operations expose it to a variety of financial risks that include interest rate risk, foreign exchange risk, credit risk and liquidity risk.

Treasury policies are designed to manage the main financial risks faced by the Group in relation to funding, investment and hedging. These policies ensure that the borrowings and investments are with high quality counterparties; are limited to specific instruments; the exposure to any one counterparty or type of instrument is controlled; and the Group's exposure to interest rate movements is maintained within set limits. To mitigate interest rate risk the treasury function enters into derivatives transactions, principally interest rate caps. The purpose of these transactions is to manage the interest rate risks arising from the Group's underlying business

Strategic Report
For the year ended 30 April 2017 (continued)

operations. No transactions of a purely speculative nature are undertaken. The Board monitors the Group's financing through its regular review of trading performance and authorises all significant transactions.

Foreign exchange risk arises because the Group earns a proportion of its revenue and carries significant levels of trade debtors in non-Sterling currencies (largely the US Dollar) whereas the majority of the Group's cost base is in Sterling. This risk is mitigated by adopting conservative exchange rates when calculating the Sterling equivalent of foreign currency denominated revenues and by denominating a portion of bank debt in US Dollars. The Group further manages its exposure to foreign exchange movements by converting those significant foreign currency cash balances in excess of future cash outflows in the same foreign currency, into Sterling as soon as practicable. The Group does not hold any financial instruments designed to manage fluctuations in foreign exchange rates.

Credit risk is mitigated by adopting a policy of requesting fees in advance for its projects in addition to regular project reviews and constant monitoring of trade receivables.

Liquidity risk is managed by regular cash and bank covenant forecasting. At 30 April 2017 the Group had access to unutilised revolving credit facilities of £18.4m which can be utilised to address short term cash requirements. The Group remains focussed on liquidity and retains sufficient cash headroom so as to be able to address short term adverse cash fluctuations.

The Board reviews and agrees policies for managing each of the above risks and the policies on treasury and financial risks are summarised in note 27 to the financial statements.

On behalf of the Board:

M A Streets
Managing Partner & Director
5th July 2017

Directors' report
For the year ended 30 April 2017

The directors present their Group annual report and the audited consolidated financial statements of the Company and the Group for the year ended 30 April 2017.

The results for the year, together with the comparative figures for the year ended 30 April 2016, have been prepared under International Financial Reporting Standards ("IFRS") as adopted by the European Union.

The Group has subsidiaries in Hong Kong, USA, Spain, Turkey, India, China, Germany, the Netherlands, Singapore, Brazil, Sweden, Malaysia, Thailand, Mexico and Australia as well as the United Kingdom. The Group generates revenue from projects located in the Middle East, North America, Asia, the United Kingdom, Continental Europe, South America, Africa and Australasia as set out in Note 4 to the financial statements.

Going concern

These financial statements have been prepared on a going concern basis. The directors have reviewed the Group's financial position, projections and cash flows for the foreseeable future. The process involved considering the critical assumptions which underpin the projections for operating profit, interest and taxation in addition to the projections for working capital flows, tax, debt, interest and capital expenditure flows. The directors are confident that the Group remains a going concern for the foreseeable future.

Dividends

During the year, Foster + Partners Group Limited paid a dividend of £2.45 (2016: 58p) per share to 3i Group plc. Under IFRS the A ordinary shares held by 3i Group plc are classified as debt, and the payment of the dividend, which was £0.8m (2016: £0.2m) in aggregate, has accordingly been classified as interest in the financial statements.

The directors propose the payment of a dividend of £1.5m to the holders of the C ordinary shares (2016: £nil). The directors do not propose the payment of a dividend to the holders of the B ordinary shares (2016: £nil).

Research and development

The Group commits resources to research in many areas including, but not limited to, the development of sustainable environments, the application of the latest materials and advanced computer modelling.

Employee Involvement

Employees are regularly communicated with and consulted by means of established communication channels such as monthly partner breakfast meetings, the group's intranet and email.

The Group has a firm policy of non-discrimination on grounds of gender, race, disability or other irrelevant factors.

The Group recognises its duties to make proper provision for the health, safety and welfare at work of its employees.

Directors' report
For the year ended 30 April 2017 (continued)

Disabled persons

Full and fair consideration is given to applications for employment made by disabled persons having regard to their particular aptitudes and abilities. Appropriate training is arranged for disabled persons, including re-training for alternative work of employees who become disabled, to promote their career development within the organisation.

Foreign branches

Foster + Partners Limited, an indirect subsidiary undertaking, has branches registered in the Republic of Ireland, Argentina, Qatar, Abu Dhabi, Saudi Arabia, Vietnam, Dubai, China, Japan and South Korea.

Future developments

The practice intends to continue to invest, to innovate, to influence and ultimately to deliver high quality designs for our clients, all made possible through the effort and dedication of our employees.

Directors

The directors of the Company during the year and up to the date of approval of these financial statements were:

Lord Foster of Thames Bank, OM
D B Nelson
M A Streets
V Ganzi *(Non-executive)*
S Miners *(Non-executive)*

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the group financial statements and IFRSs as adopted by the European Union have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and

Directors' report
For the year ended 30 April 2017 (continued)

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and company's auditors are aware of that information.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

On behalf of the Board:

M A Streets
Managing Partner & Director
5th July 2017

Registered No. 5976343

Independent auditors' report to the members of Foster + Partners Group Limited

Report on the financial statements

Our opinion

In our opinion:

- Foster + Partners Group Limited's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 30 April 2017 and of the group's profit and the group's and the company's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report & Consolidated Financial Statements (the "Annual Report"), comprise:

- the Consolidated statement of financial position and Company statement of financial position as at 30 April 2017;
- the Consolidated income statement and Consolidated statement of comprehensive income for the year then ended;
- the Consolidated statement of cash flows and Company statement of cash flows for the year then ended;
- the Consolidated statement of changes in equity and Company statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law and, as regards the company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter 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 Strategic Report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' report have been prepared in accordance with applicable legal requirements.

Independent auditors' report to the members of Foster + Partners Group Limited (continued)

In addition, in light of the knowledge and understanding of the group, the company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 10, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and

Independent auditors' report to the members of Foster + Partners Group Limited (continued)

- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' report, we consider whether those reports include the disclosures required by applicable legal requirements.

Adri Loubser

Adri Loubser (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
5th July 2017

Consolidated income statement and statement of comprehensive income
For the year ended 30 April 2017

	Note(s)	2017 £'000	2016 £'000
Revenue	4	244,826	257,127
Cost of sales		(137,679)	(138,151)
Gross profit		107,147	118,976
Administrative expenses		(71,254)	(81,547)
Administrative expenses – exceptional items	5	(2,100)	-
Total administrative expenses		(73,354)	(81,547)
Operating profit before depreciation and exceptional items		39,664	41,036
Depreciation and amortisation	10, 12	(3,771)	(3,607)
Exceptional items	5	(2,100)	-
Operating profit on ordinary activities before interest and taxation	6	33,793	37,429
Finance income	7	324	125
Finance costs	7	(8,931)	(9,567)
Finance costs – net		(8,607)	(9,442)
Profit before income tax		25,186	27,987
Income tax expense	9	(9,659)	(7,046)
Profit for the year attributable to owners of the company		15,527	20,941
Other comprehensive income:			
Currency translation differences		1,077	358
Total other comprehensive income		1,077	358
Total comprehensive income attributable to owners of the company		16,604	21,299

The notes on pages 22 to 55 are an integral part of these consolidated financial statements.

The company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent company income statement.

The loss for the parent company for the year was £1,415,000 (2016: loss £1,775,000).

Consolidated statement of financial position
As at 30 April 2017

	Note	30 April 2017 £'000	30 April 2016 £'000
Assets			
Non-current assets			
Goodwill	11	150,000	150,000
Intangible assets	10	1,240	464
Property, plant and equipment	12	5,106	7,600
Deferred income tax assets	9	1,312	915
Derivative financial instruments	19	20	92
		157,678	159,071
Current assets			
Trade and other receivables	15	83,536	88,085
Income tax asset	9	24	589
Cash and cash equivalents	17	21,927	17,129
		105,487	105,803
Total assets		263,165	264,874
Liabilities			
Current liabilities			
Borrowings	18	(4,513)	(8,983)
Trade and other payables	20	(94,058)	(81,259)
		(98,571)	(90,242)
Non-current liabilities			
Borrowings	18	(111,324)	(138,485)
Provisions for liabilities and charges	22	(951)	(432)
		(112,275)	(138,917)
Total liabilities		(210,846)	(229,159)
Net assets		52,319	35,715
Equity			
Share capital	23	1,200	1,200
Other reserves	24	(29,000)	(38,768)
Non-controlling interest		10	10
Retained earnings		80,109	73,273
Total equity		52,319	35,715

The accompanying notes on pages 22 to 55 form an integral part of these financial statements. The consolidated financial statements on pages 15 to 18 were approved by the Board of Directors on 5th July 2017.

Signed on behalf of the Board of Directors of Foster + Partners Group Limited (Registered no. 05976343)

Lord Foster of Thames Bank, OM
Director

M A Streets
Director

Consolidated statement of changes in equity
For the year ended 30 April 2017

	Note(s)	Share capital £'000	Non-controlling interest £'000	Treasury share reserve £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
Balance at 1 May 2015	23 & 24	**1,200**	**10**	**(849)**	**(38,768)**	**51,974**	**13,567**
Comprehensive income							
Profit for the year		-	-	-	-	20,941	20,941
Currency translation differences		-	-	-	-	358	358
Total comprehensive income for the year		-	-	-	-	**21,299**	**21,299**
Transactions with owners							
Other transactions with owners		-	-	849	-	-	849
Total transactions with owners		-	-	849	-	-	849
Balance at 30 April 2016	23 & 24	**1,200**	**10**	**-**	**(38,768)**	**73,273**	**35,715**
Comprehensive income							
Profit for the year		-	-	-	-	15,527	15,527
Currency translation differences		-	-	-	-	1,077	1,077
Total other comprehensive income for the year		-	-	-	-	**16,604**	**16,604**
Transfer to retained earnings	24	-	-	-	9,768	(9,768)	-
Other transactions with owners		-	-	-	-	-	-
Total transactions with owners		-	-	-	9,768	(9,768)	-
Balance at 30 April 2017	23 & 24	**1,200**	**10**	**-**	**(29,000)**	**80,109**	**52,319**

The accompanying notes on pages 22 to 55 form an integral part of these financial statements.

Consolidated statement of cash flows
For the year ended 30 April 2017

	Note	2017 £'000	2016 £'000
Cash flows from operating activities			
Cash generated from operations	25	63,183	37,648
Exceptional items		-	(5,818)
Interest received		27	25
Interest paid (including dividends on A ordinary shares)		(5,808)	(5,892)
Income tax paid		(9,492)	(8,578)
Net cash generated from operating activities		47,910	17,385
Cash flows from investing activities			
Purchase of intangible assets	10	(151)	-
Purchase of tangible assets	12	(1,868)	(4,546)
Net cash used in investing activities		(2,019)	(4,546)
Cash flows from financing activities			
Costs associated with borrowings		(354)	(275)
Repayments of borrowings		(37,000)	(5,621)
Redemption of A ordinary shares		(4,000)	(4,000)
Net cash used in financing activities		(41,354)	(9,896)
Net increase in cash and cash equivalents		4,537	2,943
Cash and cash equivalents at beginning of year	17	17,129	13,828
Exchange gains and losses		261	358
Cash and cash equivalents at end of year	17	21,927	17,129

The accompanying notes on pages 22 to 55 form an integral part of these financial statements.

Company statement of financial position
As at 30 April 2017

	Note(s)	30 April 2017 £'000	30 April 2016 £'000
Assets			
Non-current assets			
Investments	13	38,819	38,819
Loans to group companies	16	1,359	1,274
		40,178	40,093
Current assets			
Trade and other receivables	15	1,200	1,200
Cash and cash equivalents	17	2	2
		1,202	1,202
Total assets		41,380	41,295
Liabilities			
Current Liabilities	18,20	(16,955)	(12,602)
Non-current liabilities			
Loans from group companies	21	(281)	(276)
Borrowings	18	(25,312)	(28,170)
		(25,593)	(28,446)
Total liabilities		(42,548)	(41,048)
Net (liabilities) / assets		(1,168)	247
Equity			
Share capital	23	1,200	1,200
Other reserves	24	(29,000)	(38,768)
Retained earnings		26,632	37,815
Total equity		(1,168)	247

The accompanying notes on pages 22 to 55 form an integral part of these financial statements.

The primary statements of the parent company on pages 19 to 21 were approved by the Board of Directors on 5th July 2017.

Signed on behalf of the Board of Directors:

Lord Foster of Thames Bank, OM
Director

M A Streets
Director

Company statement of changes in equity
For the year ended 30 April 2017

	Note(s)	Share capital £'000	Treasury share reserve £'000	Other reserve £'000	Retained earnings £'000	Total Equity £'000
Balance at 1 May 2015	23 & 24	1,200	(849)	(38,768)	39,590	1,173
Comprehensive loss						
Loss for the year		-	-	-	(1,775)	(1,775)
Total comprehensive loss		-	-	-	(1,775)	(1,775)
Transactions with owners						
Other transactions with owners		-	849	-	-	849
Total transactions with owners		-	849	-	-	849
Balance at 30 April 2016	23 & 24	1,200	-	(38,768)	37,815	247
Comprehensive loss						
Loss for the year		-	-	-	(1,415)	(1,415)
Total comprehensive loss		-	-	-	(1,415)	(1,415)
Transfer to retained earnings	24	-	-	9,768	(9,768)	-
Other transactions with owners		-	-	-	-	-
Total transactions with owners		-	-	9,768	(9,768)	-
Balance at 30 April 2017	23 & 24	1,200	-	(29,000)	26,632	(1,168)

The accompanying notes on pages 22 to 55 form an integral part of these financial statements.

Company statement of cash flows
For the year ended 30 April 2017

	Notes	2017 £'000	2016 £'000
Cash flows from operating activities			
Cash generated from operations	25	4,810	-
Interest paid (including dividends on A shares)		(810)	-
Net cash generated from operating activities		4,000	-
Cash flows from financing activities			
Redemption of A ordinary shares		(4,000)	-
Net cash used in financing activities		(4,000)	-
Net movement in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of year	17	2	2
Cash and cash equivalents at end of year	17	2	2

The accompanying notes on pages 22 to 55 form an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 30 April 2017

1 General information

Foster + Partners Group Limited ('the Company') is incorporated and domiciled in England and Wales under the Companies Act 2006. The company is a private limited company limited by shares. The address of the registered office is Riverside Three, 22 Hester Road, London, SW11 4AN. The principal activities of the company and its subsidiaries ('the Group') are disclosed in the Strategic report.

2 Summary of significant accounting policies

The principle accounting policies applied in the preparation of these consolidated financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of Foster + Partners Group Limited have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"), IFRS IC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial instruments at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

2.1.1 Going concern

These financial statements have been prepared on a going concern basis. The directors have reviewed the Group's financial position, projections and cash flows for a period of at least one year from signing the financial statements. The process involved considering the critical assumptions which underpin the projections for operating profit, interest and taxation in addition to the projections for working capital flows, tax, debt, interest and capital expenditure flows. The directors are confident that the Group will not be in breach of its banking covenants and will be able to meet its liabilities as they fall due. Accordingly, the directors have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements.

2.1.2 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

No new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1 May 2016 have had a material impact on the group or parent company.

2 Summary of significant accounting policies (continued)

2.1.2 Changes in accounting policy and disclosures (continued)

(b) New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 May 2017, and have not been applied in preparing these consolidated financial statements:

IFRS 9, 'Financial instruments' (effective for the financial year beginning on 1 May 2018). This standard replaces IAS 39. The new standard addresses the classification, measurement and recognition of financial assets and financial liabilities;

IFRS 15, 'Revenue from contracts with customers' (effective for the financial year beginning on 1 May 2018). This new standard replaces all existing revenue recognition standards. The standard establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Management is in the process of assessing the impact of this new standard on revenue and other financial statement areas;

IFRS 16, 'Leases' (effective for the financial year beginning on 1 May 2019). This new standard replaces IAS 17. A key change arising from this new standard is that most operating leases will be accounted for on the balance sheet for lessees.

The Group is yet to assess the full impact of the above new standards and amendments to standards and interpretations.

2.2 Consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. Acquisition costs are expensed as incurred. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Investments in subsidiaries in the company are accounted for at cost less impairment.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation.

2 Summary of significant accounting policies (continued)

2.2 Consolidation (continued)

The accounting reference date of the Company and its subsidiary undertakings is 30 April, apart from Foster and Partners Mimarlik Musavirlik Limited, Foster + Partners Architects (Tianjin) Co., Ltd, F+P Architects New York Inc, Foster and Partners Mexico S.A de C.V. and FP-FREE, S. de R.L. de C.V. which have 31 December as their accounting reference date in line with local regulatory requirements. Foster + Partners Sweden AB, has a year end of 31 August.

2.3 Goodwill and other intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. As permitted by IFRS 1, goodwill arising on acquisitions prior to 1 May 2009 (the date of transition to IFRS) has been grandfathered at the UK GAAP carrying value at that date.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Any identified impairments would be charged directly to the income statement. Impairment losses on goodwill are not reversed.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash generating units that are expected to benefit from the business combination in which the goodwill arose.

(b) Other intangible assets

Licences are shown at historical cost. Licences acquired in a business combination are recognised at fair value at the acquisition date. Licences are deemed to have an indefinite useful life and are tested annually for impairment and carried at cost less accumulated impairment losses. Any identified impairments would be charged directly to the income statement.

(c) Software licences

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. These costs are depreciated on a straight line basis over their estimated useful lives, being three years.

Computer software which is integral to a related item of hardware equipment is capitalised as part of that equipment.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

2 Summary of significant accounting policies (continued)

2.3 Goodwill and other intangible assets (continued)

At each statement of financial position date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

2.4 Property, plant and equipment

Property, plant and equipment is stated at cost or their fair value at acquisition less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided so as to write off the cost, or valuation, less any residual value, on a straight-line basis over the expected useful economic lives of the assets concerned by applying the following annual rates:

Motor vehicles	25% per annum
Fixtures and fittings	12.5%-33.3% per annum

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised as 'Gains on disposal of fixed assets' in the income statement.

2.5 Cash and cash equivalents

Cash and cash equivalents shown in the statement of financial position includes cash, short-term deposits and other short-term highly liquid investments with an original maturity of three months or less.

2.6 Current and deferred income taxes

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2 Summary of significant accounting policies (continued)

2.6 Current and deferred income taxes (continued)

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.7 Investments

Investments in subsidiaries are stated at cost less provision for any impairment. Impairment reviews are performed whenever there has been an indication of potential impairment.

2.8 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'Sterling' (£), which is the company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(c) Group companies

The results and financial position of all Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

2 Summary of significant accounting policies (continued)

2.8 Foreign currency translation (continued)

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowing and other currency instruments designated as hedges of such investment, are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

2.9 Financial instruments

Financial assets and liabilities are recognised on the Group's statement of financial position when the Group becomes party to the contractual provisions of the instrument. Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangement entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The Group identifies the following types of financial instrument.

(a) Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment.

(b) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

2 Summary of significant accounting policies (continued)

2.9 Financial instruments (continued)

(c) Capital markets and bank borrowings

All borrowings are initially stated at the fair value of the consideration received after deduction of issue costs. Issue costs together with finance costs are charged to the income statement over the term of the borrowings and represent a constant proportion of the balance of capital repayments outstanding.

(d) Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss.

The fair value of the interest rate cap is the estimated amount that the Group would receive or pay to terminate the instrument at the statement of financial position date, taking into account current interest rates. The interest rate cap is not designated as a hedging relationship.

Any income and expense arising through the use of the cap is immediately recognised in the income statement.

2.10 Segmental reporting

The Group's principle activities of architecture and design are reportable as a single operating segment. Group-wide geographic split of revenue, determined by location of project, is disclosed in note 4.

2.11 Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for the Group's activity as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Sale of services

The Group sells architectural and design services. These services are provided on a fixed-price or a time based contract, with contracts generally ranging from less than one year to five years.

Revenue is recognised progressively in line with the completion of projects, percentage completion is determined by the proportion of project cost incurred to date compared to total project cost to completion. Profit on any work stage is only recognised to the extent that the total contract is assessed to be profitable. Profitability is assessed at contract inception and is

2 Summary of significant accounting policies (continued)

2.11 Revenue (continued)

continually assessed throughout the term of the contract. The amount by which recorded revenue is in excess of payments on account is included in debtors as amounts recoverable on contracts. The amounts by which payments on account are in excess of recorded revenue is included in creditors as deferred income. Full provision is made for any foreseeable losses.

2.12 Leasing

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases are charged against income on a straight-line basis over the lease term.

Rentals receivable under sublease arrangements are recognised against rental expense on a straight-line basis over the lease term.

2.13 Pension scheme arrangements

The Group operates a defined contribution pension scheme for the benefit of employees. The amount charged to the profit and loss account is the contribution payable in the year.

Payments made by the Group to personal pension schemes of employees are also charged to the income statement in the year they are incurred. Differences between contributions payable and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

2.14 Joint arrangements

In accordance with the requirements of IFRS 11, Interests in Joint Ventures, where the Group has an interest in a jointly controlled operation ('JCO'), the Group accounts for its share of the income, expenses, assets, liabilities and cash flows relating to joint arrangements into which it has entered. Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

2.15 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation; and if this amount is capable of being reliably estimated. If such an obligation is not capable of being reliably estimated, it is classified as a contingent liability.

2.16 Accounting for ESOP trusts

Own shares are held on the Group's behalf by the Employee Share Ownership ('ESOP') Trust to facilitate the operation of the Group's share ownership for partners. The entity's own shares are held in an ESOP trust as a deduction from shareholders' funds until they vest unconditionally with employees.

2 Summary of significant accounting policies (continued)

2.17 Exceptional items

In order to understand the underlying performance of the business, material, non-recurring items are separately disclosed as exceptional items in the income statement.

2.18 Share capital

B and C ordinary shares are classified as equity. A ordinary shares are classified as borrowings.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.19 Employee benefits

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations within accruals in the balance sheet.

Short-term obligations include any payments in relation to the partnership payment which is calculated in accordance with the relevant agreements that were entered into during the 2014 restructuring project and is subject to meeting certain financial targets during the year the employee provided the service and is further subject to adequate cash levels in the business.

3. Critical accounting estimates and judgements

The key sources of estimation uncertainty at the statement of financial position date are discussed below:

(a) Carrying value of goodwill and intangible assets

Determining whether goodwill and intangible assets are impaired requires an estimation of the value in use of the cash generating units to which goodwill and intangible assets have been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from each cash generating unit and a suitable discount rate in order to calculate present value. Details of impairment reviews are provided in notes 10 and 11.

(b) Impairment of trade debtors

The Group exercises judgement in its assessment of the collectability of trade debtors. The Group monitors debtors continually and reports on a weekly basis to Group director level on any risks or trends evident among the Group's client base. This process allows the Group to assess potential impairments caused by specific client or project related factors in addition to wider macro economic effects. The assessment of the impairment of trade debtors is performed on a project by project basis taking into account all relevant known factors.

3. Critical accounting estimates and judgements (continued)

(c) Fair value of derivative financial instruments

Notes 19 includes details of the fair value of the derivative instruments that the Group holds at 30 April 2017.

(d) Revenue recognition

Note 2.11 contains details of accounting estimates and judgements in relation to revenue recognition.

(e) Fair value of debt instruments and equity

The Group exercises judgement when calculating the fair value of debt instruments and equity. Details of the valuation of the fair value of the Ordinary A shares are set out in note 18.

(f) Deferred tax

Note 9 contains details of accounting estimates and judgements in relation to deferred tax.

4. Revenue

Revenue is wholly attributable to the principal activity of the Group. The analysis by geographical area, based upon the location of each project, is set out below:

Geographical area	2017 £'000	2016 £'000
Middle East	67,816	100,025
North America	50,906	52,782
Asia	53,087	29,849
South America	29,277	28,053
United Kingdom	25,495	24,175
Continental Europe	16,316	20,299
Australasia	1,573	1,243
Africa	356	701
	244,826	257,127

5. Exceptional items

During the year, the Group recognised exceptional restructuring costs of £2.1m (2016: £nil) before tax. The cost comprises staff reduction costs. The accrual for restructuring costs is included within accruals (note 20).

6. Operating profit on ordinary activities before interest and taxation

	2017 £'000	2016 £'000
Operating profit is stated after charging / (crediting):		
Staff costs (note 8)	99,993	85,139
Depreciation of property, plant and equipment and amortisation of intangible assets		
Owned assets	3,771	3,607
Operating lease charges	6,311	5,598
Auditors' remuneration (see below)	806	644
Exchange loss / (gain)	10,231	(1,845)

Staff costs include £7.0m (including social security costs) of partnership payments. See note 8(a) for detail.

Auditors' remuneration	2017 £'000	2016 £'000
Fees payable to company auditors for the audit of parent company and consolidated financial statements	24	24
Fees payable to company auditors for the audit of company's subsidiaries	163	156
Fees payable for taxation services	577	444
Fees payable for other services	42	20
	806	644

7 Finance income and costs

	2017 £'000	2016 £'000
Finance expense		
Interest expense on secured bank loans	6,715	6,530
Interest expense on revolving credit facility	-	150
Interest expense on A ordinary shares	1,790	1,953
Fair value adjustment of interest rate cap	72	653
Other interest payable	354	281
Total finance costs	8,931	9,567
Finance income		
Interest income	(27)	(26)
Fair value gains on A ordinary shares	(297)	(99)
Total finance income	(324)	(125)
Net finance costs	8,607	9,442

8 Directors' emoluments and employees

(a) Employee benefit expense

	2017 £'000	2016 £'000
Employee costs during the year (including directors)		
Wages and salaries	81,263	73,327
Partnership payment	6,151	-
Social security costs	9,475	9,150
Other pension costs - defined contribution (note 29)	3,104	2,662
Total	99,993	85,139

The partnership payment refers to a payment to all partners which, in addition to the annual bonus, is to be paid post year end in recognition of services provided during the year. Arising under the partnership payment plan set up in 2014 this is the first such payment and it is expected to be an annual occurrence in future subject to meeting certain financial performance criteria. Social security of £0.8m on this partnership payment is included in social security costs.

(b) Average number of people employed

	2017 Number	2016 Number
Monthly average number of people employed by the Group during the year (including directors)		
Technical	1,131	1,182
Administration	294	298
	1,425	1,480

The Company had no employees in the current and preceding year.

(c) Directors' emoluments and key management compensation

Key management are considered to be the directors.

	2017 £'000	2016 £'000
Directors' emoluments		
Aggregate emoluments	3,225	2,185
Other pension costs - defined contribution (note 29)	10	38
Total	3,235	2,223

The Group makes pension contributions on behalf of one (2016: one) of the company's five directors. The contributions are made into a privately held defined contribution scheme.

Aggregate emoluments include partnership payments as described in note 8(a) above.

8 Directors' emoluments and employees (continued)

The Company directors' remuneration is borne by the subsidiary undertaking, Foster + Partners Limited.

The Group's activities are conducted through Foster + Partners Limited and its subsidiaries and accordingly no remuneration cost is reflected in the Company.

	2017 £'000	2016 £'000
Highest paid director		
Aggregate emoluments	1,204	758

Holders of B ordinary shares are entitled to participate in the Group's cash settled partnership payment scheme. See note 24.

9 Income tax expense

(a) Tax on profit on ordinary activities:

	2017 £'000	2016 £'000
Current tax		
UK corporation tax	3,160	4,691
Overseas tax	7,460	2,787
Adjustments in respect of prior years	(564)	(408)
Total tax charge	10,056	7,070
Deferred tax		
Origination and reversal of timing differences	(194)	(26)
Adjustments in respect of prior years	(203)	2
Total deferred tax credit	(397)	(24)
Income tax expense	9,659	7,046

UK corporation tax is calculated at 19.92% (2016: 20%) of the estimated assessible profit for the period. Taxation for other jurisdictions is calculated at the rates prevailing in those jurisdictions.

(b) Reconciliation of the total tax charge:

The tax charge reported in the consolidated income statement for the year is higher (2016: higher) to the standard rate of Corporation Tax in the UK of 19.92% (2016: 20%). The differences are reconciled below:

Notes to the Financial Statements

For the year ended 30 April 2017

9 Income tax expense (continued)

	2017 £'000	2016 £'000
Profit before income tax	25,186	27,987
Accounting profit multiplied by the UK standard rate of Corporation Tax of 19.92% (2016: 20%)	5,017	5,597
Expenses not deductible for tax purposes	452	483
Effect of higher tax rates in countries in which the group operates	2,374	1,216
Overseas tax paid	2,909	274
Double tax relief	(531)	(221)
Adjustments in respect of prior years	(767)	(408)
Research and development expenditure credit	10	20
Other	195	85
Total tax charge	9,659	7,046

(c) The deferred tax included in the statement of financial position is as follows:

Deferred tax asset	2017 £'000	2016 £'000
Depreciation in excess of capital allowances	968	863
Short term timing differences	344	52
	1,312	915
At start of year	915	891
Deferred tax charge in the profit and loss account for the financial year	397	24
	1,312	915

The directors consider that it is more than likely than not that there will be sufficient taxable profits in the future to realise the deferred tax asset, and therefore the asset has been recognised in these financial statements.

9 Income tax expense (continued)

The deferred tax asset has been analysed between current and non-current as follows:

	2017 £'000	2016 £'000
Depreciation in excess of capital allowances		
Deferred tax to be recovered within 12 months	-	-
Deferred tax to be recovered after more than 12 months	968	863
	968	863
Short term timing differences		
Deferred tax to be recovered within 12 months	-	-
Deferred tax to be recovered after more than 12 months	344	52
	344	52

(d) Income tax assets

	2017 £'000	2016 £'000
Corporation tax asset	24	589
	24	589

(e) Factors that may affect future tax charges:

Deferred tax on overseas earnings

Since 1 July 2009, the receipt of overseas dividends is largely exempt from UK tax, consequently no deferred tax is recognised on unremitted earnings from overseas subsidiaries.

Notes to the Financial Statements
For the year ended 30 April 2017

10 Intangible assets

Group (Company: £nil)	Software £'000	Licenses £'000	Total Intangible assets £'000
Cost			
At 1 May 2016	4,514	464	4,978
Additions	151	-	151
Disposals	(196)	-	(196)
At 30 April 2017	4,469	464	4,933
Accumulated amortisation			
At 1 May 2016	3,157	-	3,157
Charge for the year	732	-	732
Disposals	(196)	-	(196)
At 30 April 2017	3,693	-	3,693
Net book value			
At 30 April 2017	776	464	1,240
At 30 April 2016	1,357	464	1,821

Amortisation expense of £732,000 (2016: £652,000) is included within 'administrative expenses'.

On transition to IFRS software licences were re-classified from property, plant and equipment to intangible assets.

Licences held are comprised solely of the value of indefinite architectural licenses in New York, USA. The carrying value has been tested for impairment based on a value in use calculation. The calculation of recoverable amount used pre-tax cash flows taken from relevant project plans approved by management.

Notes to the Financial Statements

For the year ended 30 April 2017

11 Goodwill

Group	Goodwill £'000
Cost	
At 1 May 2016 and 30 April 2017	279,438
Accumulated impairment	
At 1 May 2016 and 30 April 2017	(129,438)
Net book value	
At 30 April 2016 and 2017	150,000

The carrying amount of goodwill relates to the business of Foster Group (International) Limited acquired in 2007 and the 2011 acquisition of Piers Heath Associates Limited. The acquired businesses are managed as a single unit and accordingly goodwill is not allocated on a segmental basis.

The carrying value of goodwill has been tested for impairment with the recoverable amount based on a value-in-use calculation. The calculation of recoverable amount used cash flows taken from medium term business plans approved by management and adopted reasonable assumptions based on historical information and external market expectations for periods beyond those plans. The assumption in the impairment test for growth beyond the 5 year medium term plans has been set at 1% and the post-tax discount rate used was 19% which was based on the weighted average cost of capital. The impairment review concluded that the recoverable amount of goodwill exceeded its carrying value, resulting in no indication of impairment (2016: £Nil).

Notes to the Financial Statements

For the year ended 30 April 2017

12 Property, plant and equipment

Group (Company: £nil)	Motor Vehicles £'000	Fixtures & Fittings £'000	Total £'000
Cost			
At 1 May 2016	94	23,832	23,926
Additions	-	1,868	1,868
Disposals	-	(5,744)	(5,744)
Foreign exchange	3	150	153
At 30 April 2017	97	20,106	20,203
Accumulated depreciation			
At 1 May 2016	62	17,621	17,683
Charge for the year	5	3,034	3,039
Disposals	-	(5,728)	(5,728)
Foreign exchange	-	103	103
At 30 April 2017	67	15,030	15,097
Net book value			
At 30 April 2017	30	5,076	5,106
At 30 April 2016	32	6,211	6,243

Depreciation expense of £3,039,000 (2016: £3,607,000) is included within 'administrative expenses'.

During the year the Group disposed of assets with a carrying value of £16,000 (2016: £28,000) and a cost of £5,744,000 (2016: £45,000).

Notes to the Financial Statements

For the year ended 30 April 2017

13 Investments

The Company holds the issued share capital of the following companies in the percentages indicated:

Company	Registered Address	Principal activity	Shares held Class	%
Subsidiary undertaking				
Amber Midco Limited	Riverside Three, 22 Hester Road, London, SW11 4AN	Holding	Ordinary	100
Amber Financing plc	Riverside Three, 22 Hester Road, London, SW11 4AN	Dormant	Ordinary	100
Indirectly held subsidiary undertakings				
Amber Bidco Limited	Riverside Three, 22 Hester Road, London, SW11 4AN	Holding	Ordinary	100
Foster Group (International) Limited	Riverside Three, 22 Hester Road, London, SW11 4AN	Holding	Ordinary	100
Foster Holdings Limited	Riverside Three, 22 Hester Road, London, SW11 4AN	Holding	Ordinary	100
Foster + Partners Limited	Riverside Three, 22 Hester Road, London, SW11 4AN	Architects	Ordinary	100
Foster and Partners (Japan) Limited	Riverside Three, 22 Hester Road, London, SW11 4AN	Dormant	Ordinary	100
Piers Heath Associates Limited	Riverside Three, 22 Hester Road, London, SW11 4AN	Dormant	Ordinary	100
Foster and Partners (Hong Kong) Limited	42/F., Central Plaza, 18 Harbour Road, Wanchai, Hong Kong	Architects	Ordinary	100
Foster and Partners (Singapore) Pte Ltd	133 Cecil Street #16-01 Keck Seng Tower, Singapore 069535	Architects	Ordinary	100
F & P Architekten GmbH	Unter den Linden 14 10117 Berlin	Architects	Ordinary	100
Office Design Services Limited	Riverside Three, 22 Hester Road, London, SW11 4AN	Printers	Ordinary	100
Foster (Nederland) BV	Riverside Three, 22 Hester Road, London, SW11 4AN	Dormant	Ordinary	100

Notes to the Financial Statements

For the year ended 30 April 2017

13 Investments (continued)

Company	Registered Address	Principal activity	Shares held Class	Shares held %
Foster and Partners, S.L	Paseo De La Castellana Number 13, Madrid	Architects	Ordinary	100
F+P Architects New York Inc	300 W 57th Street, New York, NY 10009-3741	Architects	Ordinary	100
Foster and Partners Mimarlik Musavirlik Limited	Kagithane Ofis Park, Ofis Park, Merkez Mah, Baglar Cad No 14, Istanbul, Turkey	Architects	Ordinary	100
Foster + Partners Architects (Tianjin) Co., Ltd	2903 The Exchange Tower Two 189 Nanjing Road, Heping District Tianjin 300051, PRC	Architects	Ordinary	100
Foster Plus P India Private Limited	1st Floor, Bandra Kurla Complex, Bandra East, Mumbai, India 400051	Architects	Ordinary	100
Foster + Partners Brasil Projetos E Constucoes LTDA.	Alameda Joaquim Eugênio de Lima, 187, 9th floor, suites 92, Jardim Paulista, ZIP Code 01403-001 in the City of São Paulo, State of São Paulo,	Architects	Ordinary	100
Foster + Partners Sweden AB	c/o Foyen Advokatfirma AB P.O. Box 7229 103 89 Stockholm Sweden	Architects	Ordinary	100
F&P Project Management Malaysia SDN. BHD.	Lot 6.05, Level 6 KPMG Tower, 8 First Avenue, Bandar Utama, 47800, Petaling Jaya, Selangor Darul Ehsan, Malaysia	Project Management	Ordinary	100
Rungruangpisarnkaona Co., Limited	No. 999/9 Central World, 26th Floor, Rama 1 Road, Pathumwan Sub-District, Pathumwan District, Bangkok, Thailand	Holding	Ordinary	49

Notes to the Financial Statements

For the year ended 30 April 2017

13 Investments (continued)

Company	Registered Address	Principal activity	Shares held Class	%
F&P (Thailand) Limited	388 Exchange Tower, Room No. 2901-2904, 29th Floor, Sukhumvit Road, Klongtoey Subdistrict, Klongtoey District, Bangkok	Architects	Ordinary	74
Foster and Partners Mexico S.A de C.V.	Miguel Mendoza 64, Merced Gomez, Alvaro Obregon, Distrito Federal, 01600, Mexico	Architects	Ordinary	100
FP-FREE, S. de R.L. de C.V.	Paseo de la Reforma 404, Piso 9 Colonia Juarez C.P. 06600 Ciudad de Mexico	Architects	Ordinary	50
Foster and Partners Australia Pty Ltd	Level 11, 485 Bourke Street. Melbourne VIC 3000, Australia	Architects	Ordinary	100

The directors believe that their underlying net assets support the carrying value of the investments.

100% of the voting rights are owned for all subsidiaries with the exception of Rungruangpisarnkaona Co., Limited and FP-FREE S. de R.L. de C.V. where the percentage of voting rights are equal to the percentage of ordinary shares indicated in the table above.

All subsidiary undertakings have been included in the consolidated financial statements.

The investment in shares of Amber Midco Limited as at 30 April 2017 was £38,768,879 (2016: £38,768,879).

The investment in shares of Amber Financing plc as at 30 April 2017 was £50,000 (2016: £50,000)

14. Joint Operations

In the year to 30 April 2016, a subsidiary of the Group, Foster + Partners Limited, entered into a joint arrangement with Hyder and Solaiman Elkhereiji Engineering Consulting Company (HEK). The joint arrangement was for the provision of architectural and management services for the design of metro stations as part of the Jeddah Integrated Public Transport Programme. To facilitate the joint arrangement an unincorporated joint operation known as The Foster and Partners Team was formed.

The Group has classified it as a joint operation on the basis each partner is jointly and severally liable to the sole client of the joint arrangement in respect of the services and liabilities under the appointment with the client.

14. Joint Operations (continued)

In the year to 30 April 2015, Foster + Partners Limited entered into a joint arrangement with Servicios Smart Free A Tu Nivel, S.A. De D.V., a Mexican architectural practice in order to perform architectural services under the contract for Mexico City Airport. The contract and joint arrangement have been ongoing during the year.

The nature and extent of the financial effect of the joint operations on the Group financial statements is summarised in the tables below.

The Foster and Partners Team

Summarised Income Statement

	2017 £'000	2016 £'000
Revenue	88	31,154
Cost of sales	(88)	(31,154)
Gross Profit	-	-

Summarised Balance Sheet

	2017 £'000	2016 £'000
Assets		
Cash	69	-
Trade debtors	3,949	27,754
Total assets	4,018	27,754
Liabilities		
Trade and other payables	(4,018)	(27,754)
Total liabilities	(4,018)	(27,754)
Net assets	-	-

FP-FREE S. de R. L . de C.V

Summarised Income Statement

	2017 £'000	2016 £'000
Revenue	12,364	24,732
Cost of sales	(12,364)	(24,732)
Gross Profit	-	-

Notes to the Financial Statements

For the year ended 30 April 2017

14. Joint Operations (continued)

Summarised Balance Sheet

	2017 £'000	2016 £'000
Assets		
Trade debtors	4,236	4,985
Other debtors and prepayments	238	207
Cash and cash equivalents	23	1,507
Total assets	4,497	6,699
Liabilities		
Trade and other payables	(4,497)	(6,699)
Total liabilities	(4,497)	(6,699)
Net assets	-	-

15 Trade and other receivables

	Group 2017 £'000	Company 2017 £'000	Group 2016 £'000	Company 2016 £'000
Trade receivables	94,099	-	103,884	-
Less provision for impairment	(25,023)	-	(28,022)	-
	69,076	-	75,862	-
Amounts recoverable on contracts	8,627	-	7,312	-
Other receivables	1,331	-	925	-
Prepayments and accrued income	4,502	-	3,986	-
Amounts owed by subsidiary undertakings	-	1,200	-	1,200
	83,536	1,200	88,085	1,200

As at 30 April 2017, trade receivables of £29.0m (2016: £47.9m) were impaired, or partially impaired by a bad debt provision. The amount of the bad debt provision was £25.0m (2016: £28.0m). The individually impaired receivables relate to projects or clients where risks to collection or partial collection exist. Some of those receivables deemed partially impaired may also have non-impaired balances of less than 120 days overdue and accordingly are also disclosed in the table below. The ageing of these trade receivables is as follows:

Group (Company: £nil)	2017 £'000	2016 £'000
Less than 120 days	1,437	26,677
More than 120 days	27,521	21,224
	28,958	47,901

As of 30 April 2017, trade receivables of £39.8m (2016: £37.7m) were past due but not impaired. These relate to projects and clients where there is considered to be no risk of default. The ageing of these trade receivables is as follows:

Notes to the Financial Statements

For the year ended 30 April 2017

15 Trade and other receivables (continued)

Group (Company: £nil)	2017 £'000	2016 £'000
Less than 120 days	25,425	27,292
More than 120 days	14,399	10,437
	39,824	37,729

The gross amounts of receivables are denominated in the following currencies:

Group (Company: £nil)	2017 £'000	2016 £'000
US Dollars	31,809	35,570
Saudi Riyal	30,099	27,766
Sterling	15,613	12,356
UAE Dirham	8,668	1,126
Mexican Peso	3,249	5,739
Chinese Renminbi	1,827	676
Canadian Dollar	1,215	752
Euro	770	790
Australian Dollar	383	-
Qatari Riyal	-	18,471
Other	466	638
	94,099	103,884
Provision for impairment	(25,023)	(28,022)
	69,076	75,862

Movements on the provision for impairment of trade receivables are as follows:

Group (Company: £nil)	2017 £'000	2016 £'000
At 1 May	28,022	5,312
Provision for receivables impairment	7,278	25,192
Amounts reversed	(6,739)	221
Amounts utilised	(3,538)	(2,703)
At 30 April	25,023	28,022

The other classes of trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the book value of the receivable balances mentioned above.

Notes to the Financial Statements

For the year ended 30 April 2017

16 Loans to group companies

	Group 2017 £'000	Company 2017 £'000	Group 2016 £'000	Company 2016 £'000
Loans to other group companies	-	1,359	-	1,274

The interest rate on intercompany loans is set at 16.50% per annum. The loans are unsecured and repayable on demand. Loans are denominated in Sterling.

17 Cash and cash equivalents

	Group 2017 £'000	Company 2017 £'000	Group 2016 £'000	Company 2016 £'000
Cash at bank and in hand	21,927	2	17,129	2

18 Borrowings

Current liabilities

	Group 2017 £'000	Company 2017 £'000	Group 2016 £'000	Company 2016 £'000
Bank Loans	-	-	4,011	-
A ordinary shares	4,513	4,513	4,972	4,972
	4,513	4,513	8,983	4,972

Non-current liabilities

	Group 2017 £'000	Company 2017 £'000	Group 2016 £'000	Company 2016 £'000
Bank Loans	86,012	-	110,316	-
A ordinary shares	25,312	25,312	28,169	28,170
	111,324	25,312	138,485	28,170

The fair values of the financial liabilities at 30 April 2017 were the same as their carrying values.

18 Borrowings (continued)

Bank loans (secured)

The secured bank loans outstanding at 30 April 2017 are provided by a syndicate of banks arranged through Lloyds Bank plc acting as agent. Bank loans comprise a series of senior facilities with applicable interest rate margins of 3.25% to 4.50% above LIBOR. £59.9m of the loans were denominated in US Dollars at 30 April 2017 with the remainder denominated in Sterling.

A Revolving Credit Facility was arranged through the banking syndicate with Lloyds TSB Bank plc acting as agent. At 30 April 2017 £1.6m has been utilised to cover two performance bonds. The remaining £18.4m was not drawn down at 30 April 2017. The facility accrues interest at a market rate and expires on 30 June 2020.

The issue costs of £7.2m are being amortised over the expected lives of the loans using the effective interest method.

The above facilities are secured on the Group's assets and mature between 2020 and 2021.

A ordinary shares

On 30 June 2014 the Group issued A ordinary shares with a par value of £400 and a share premium of £38,768,000. The shares are mandatorily redeemable and mature between 30 April 2015 and 30 April 2023. The shares attract a dividend based on LIBOR plus a margin between 0% and 7%. The shares have been treated as a liability and are carried at their fair value. The fair value has been calculated based on management's most recent forecast of cash flows discounted at a rate of 5.5%. During the year, 40,000 shares (2016: 40,000 shares) were redeemed for £4,000,000 (2016: £4,000,000).

19 Derivative financial instruments

Non-current assets

	Group 2017 £'000	Company 2017 £'000	Group 2016 £'000	Company 2016 £'000
Interest rate cap	20	-	92	-
	20	-	92	-

Derivative financial instruments are held at fair value. There is no difference between carrying value and fair value. The fair values assigned are considered to be level 2 fair values as they require the use of a valuation technique and a market price is not readily available.

Notes to the Financial Statements

For the year ended 30 April 2017

20 Trade and other payables

	Group 2017 £'000	Company 2017 £'000	Group 2016 £'000	Company 2016 £'000
Trade payables	14,420	-	10,034	-
Amount due to subsidiary undertakings	-	12,442	-	7,630
Other taxation and social security	1,785	-	2,641	-
Other payables	132	-	174	-
Accruals	26,230	-	15,766	-
Deferred income	51,491	-	52,644	-
	94,058	12,442	81,259	7,630

The carrying amount of trade and other payables approximates to their fair value.

Advances received in relation to contracts in progress amount to £21.0m (2016: £21.6m) which is included in deferred income.

21 Loans from group companies

	Group 2017 £'000	Company 2017 £'000	Group 2016 £'000	Company 2016 £'000
Loans from other group companies	-	281	-	276

The coupon rate on intercompany loans is set at LIBOR plus 2.50% per annum on the principal balance. The loans are unsecured and repayable upon maturity in March 2022. Loans are denominated in Sterling.

Notes to the Financial Statements

For the year ended 30 April 2017

22 Provisions for liabilities and charges

Group	Claims on contracts £'000	Loss making contracts £'000	Treasury share provision £'000	Total £'000
At 30 April 2015	200	332	849	1,381
Utilised	-	(132)	-	(132)
Released	-	-	(849)	(849)
Provided for in current year	-	32	-	32
Balance at 30 April 2016	200	232	-	432
Utilised	-	-	-	-
Released	-	-	-	-
Provided for in current year	269	250	-	519
Balance at 30 April 2017	469	482	-	951

Company	Claims on contracts £'000	Loss making contracts £'000	Treasury share provision £'000	Total £'000
At 30 April 2015	-	-	849	849
Movement	-	-	(849)	(849)
Balance at 30 April 2016	-	-	-	-
Movement	-	-	-	-
Balance at 30 April 2017	-	-	-	-

The provision for claims on contracts represent the directors' estimate of the potential cost of claims in respect of contracts. There are several other notifications, which in the opinion of the directors, are not valid and have not been provided for.

The provision for loss making contracts related to anticipated future losses, which are expected to be utilised within one year.

The treasury share provision relates to the Group's cash settled share based payment scheme. The Company has a stated intention to repurchase the B ordinary shares of eligible leavers for £1 per holding, therefore all B ordinary shares currently held by potential leavers are treated as cash-settled in accordance with IAS 32.

Notes to the Financial Statements

For the year ended 30 April 2017

23 Share capital

Group and Company	2017 %	2017 £'000	2016 %	2016 £'000
Allotted, called up and fully paid				
290,000 (2016: 330,000) 0.1p A ordinary shares	-	-	-	-
962,940 £1 B ordinary shares	80%	963	80%	963
237,084 £1 C ordinary shares	20%	237	20%	237
Total	100%	1,200	100%	1,200

The A shares are entitled to preference dividends only, have restricted voting rights, and have been classified as a debt instrument and disclosed within current and non-current borrowings. On 30 April 2017 40,000 A shares were redeemed (2016: 40,000)

B and C shares carry one vote per share and are entitled to dividends.

As at 30 April 2017 the ESOP trust owns 68,081 B ordinary shares in the Company (2016: 104,781).

24 Other reserves

Group and Company	Treasury share reserve £'000	Other reserves £'000	Total £'000
At 30 April 2015	(849)	(38,768)	(39,617)
Other movements in the year	849	-	849
At 30 April 2016	-	(38,768)	(38,768)
Other movements in the year	-	9,768	9,768
At 30 April 2017	-	(29,000)	(29,000)

A ordinary shares were issued in June 2014 and gave rise to a share premium of £38.8m. The A ordinary shares and associated share premium were classified as a debt instrument per the requirements of IAS 32, and not recognised in equity. The underlying legal form of the share premium allowed the Company to reduce its share premium and realise a corresponding increase in distributable reserves in accordance with The Companies (Reduction of Share Capital) Order 2008. In the year to 30 April 2015, the Company carried out such a capital reduction in accordance with the Order and converted the entire share premium that had arisen on the issue of A ordinary shares to realised profits. The realised profit of £38.8m arising from the reduction of the share premium has been recognised directly in retained earnings. Although the A shares have been classified as a debt instrument under IAS 32, the fair value of the debt was not reduced by the capital reduction. The reduction that would have been applied to the share premium has therefore been charged to other reserves. During the current year the value of the initial capital reduction in other reserves has been reduced to match the underlying nominal value of the unredeemed A shares.

24 Other reserves (continued)

The treasury share reserve relates to the Group's cash settled share based payment scheme. The Company has a stated intention to repurchase the B ordinary shares of each eligible leaver for £1 per holding, therefore all B ordinary shares currently held by potential leavers are treated as cash-settled.

25 Cash generated from operations

	Group 2017 £'000	Company 2017 £'000	Group 2016 £'000	Company 2016 £'000
Profit / (loss) before income tax	25,186	(1,415)	27,987	-
Adjustment for:				
Depreciation of property, plant and equipment and amortisation of intangible assets	3,771	-	3,607	-
Loss on disposal of fixed assets	13	-	28	-
Net finance costs	8,607	1,414	9,442	-
Decrease / (increase) in trade and other receivables	4,361	(1)	(6,863)	-
Increase / (decrease) in trade and other payables	18,329	4,812	3,447	-
Exceptional items	2,100	-	-	-
Unrealised currency translation differences	816	-	-	-
Cash generated from movement from operations	63,183	4,810	37,648	-

26 Reconciliation of net cash flow to movement in net debt

	2017 £'000	2016 £'000
Increase in cash and cash equivalents in the year	4,798	3,301
Payment of deferred consideration	4,000	4,000
Repayment of debt	37,000	5,620
Changes in net debt from cash flows	45,798	12,921
Non-cash movements		
Interest rolled up into loans	(683)	(1,638)
Foreign exchange	(6,954)	(2,749)
Amortisation of bank and loan note fees	(1,732)	(1,114)
	(9,369)	(5,501)
Movement in net debt for the year	36,429	7,420
Net debt balance at 1 May	(130,339)	(137,759)
Net debt balance at 30 April	(93,910)	(130,339)

27 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is led by senior management and treasury policies are designed to manage the main financial risks.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises because the Group earns a proportion of its revenue in non-Sterling currencies whereas the majority of the Group's cost base is in Sterling. This risk is mitigated by adopting conservative exchange rates when calculating the Sterling equivalent of foreign currency denominated revenues. The Group further manages its exposure to foreign exchange movements by converting those significant foreign currency cash balances in excess of future cash outflows in the same foreign currency, into Sterling as soon as practicable. The Group does not hold any financial instruments designed to manage fluctuations in foreign exchange rates. Subsequent to the capital and financial restructuring on 30 June 2014, the Group redenominated £45m of its bank debt in US Dollars as the Group's primary currency exposure is to the US dollar. At 30 April 2017, if Sterling had weakened/strengthened by 10 cents against the US dollar with all other variables constant, post tax profit for the year would have been £0.2m (2016: £1.6m) higher/lower due to foreign exchange gains/losses on translation of US dollar denominated trade receivables and bank debt at that date. Other currencies are not significant and therefore the impact to the post tax profit would be immaterial.

(ii) Interest rate risk

The Group's policy is to minimise interest charges and to limit its exposure to volatility within the market. The Group does not actively use derivative financial instruments as part of its risk management with the exception of a cap on its interest rates. This instrument mitigates the risk of rising interest rates by capping the applicable rate of LIBOR to 3% on 100% of the Group's bank debt at 30 April 2017. During 2016 and 2017, the Group's bank borrowings were denominated in Sterling and US Dollars. At 30 April 2017 an increase or decrease of one percentage point in LIBOR would decrease or increase the Group's profit before tax for the year by £0.7m (2016: £0.9m).

(b) Credit risk

The Group has implemented policies that require appropriate credit checks on potential clients before projects commence. In addition, the Group has a policy of requesting fees in advance for its projects.

Notes to the Financial Statements

For the year ended 30 April 2017

27 Financial risk management (continued)

(c) Liquidity risk

The Group ensures it has sufficient cash and available funding through regular cash flow and covenant forecasting and regular invoicing on long term contracts. The Group has access to a £18.5m revolving credit facility, which was available at the balance sheet date to be utilised to address short term cash requirements. The Group remains focussed on liquidity and retains sufficient cash headroom so as to be able to address short term adverse cash fluctuations.

The Group has £21.9m of cash and cash equivalents (2016: £17.1m) at the year-end held in bank accounts which is immediately available for use.

Maturity analysis

The table below shows a maturity analysis of contractual undiscounted cash flows, showing items at the earliest date on which the Group could be required to pay the liability.

At 30 April 2017	Less than 1 year £'000	Between 1 and 5 years £'000	Over 5 years £'000
Bank loans	-	88,505	-
Trade and other payables	42,567	-	-
Deferred consideration	4,000	19,000	6,000
	46,567	107,505	6,000
At 30 April 2016			
Bank loans	5,000	18,600	94,952
Trade and other payables	28,615	-	-
Deferred consideration	4,000	18,000	11,000
	37,615	36,600	105,952

(d) Capital risk management

The Group's objectives when managing capital are to maximise shareholder value while safeguarding the Group's ability to continue as a going concern.

27 Financial risk management (continued)

Total capital is calculated as total equity as shown in the consolidated statement of financial position, plus net debt. Net debt is calculated as the total of 'borrowings' as shown in the consolidated statement of financial position, less cash and cash equivalents.

(e) Fair value estimation

At 30 April 2017 the Group maintains two derivative financial instruments, an interest rate cap over a portion of the Sterling denominated secured bank loans and another interest rate cap over a portion of the US Dollar denominated secured bank loans. These instruments' fair values are calculated as the present value of the estimated future cash flows based on observable yield curves (note 19).

28 Commitments

Operating lease commitments

The Group leases various land and buildings under non-cancellable operating lease agreements. The lease terms are between 1 and 20 years and have various terms and renewal rights.

The lease expenditure charged to the income statement during the year is disclosed in note 6.

The future aggregate lease payments under non-cancellable operating leases are as follows:

Group	2017 £'000	2016 £'000
Within one year	6,142	5,638
Within two to five years	19,156	16,273
After 5 years	15,234	17,115
Total	40,532	39,026

29 Pension schemes

The Group operates a defined contribution scheme for which the pension cost charges for the year amounted to £3.1m (2016: £2.7m). As at 30 April 2017 a £0.4m creditor is held in the statement of financial position (2016: £0.3m) for contributions to be paid over.

30 Related party transactions

Key management are considered to be the Directors of Foster + Partners Group Limited and Foster + Partners Limited. Details of the emoluments of the Directors of Foster + Partners Group Limited are disclosed in note 8. Details of the emoluments of the Directors of Foster+ Partners Limited are disclosed in the financial statements of that company.

During the year, the Group leased premises and other assets on arms length, commercial terms from a director and a related party of the director, Foster Germany Limited, an entity registered in England and Wales and Artvia Paed S.L., an entity registered in Spain, amounting to £3.5m (2016: £3.7m).

The Group has loans receivable with its Joint Operations as follows

	2017	2016
	£'000	£'000
The Foster + Partners Team	19	19
FP-FREE S. de R. L . de C.V	220	220
Total	239	239

The Company has intercompany loan amounts receivable and payable as disclosed in notes 16 and 21 respectively.

31 Ultimate parent company

The directors regard Foster + Partners Group Limited, incorporated in the United Kingdom, as the ultimate parent company of the Group.

Foster + Partners Group Limited is the parent company of the largest and smallest Group of undertakings to consolidate these financial statements at 30 April 2017.

For the whole year, the Group was 100% controlled by key management.

32 Post Balance Sheet Events

A share redemption

Subsequent to the year end the board approved the redemption of a further 14,000 A shares for £1.4m

Dividends

A dividend of £1.5m has been proposed to be paid to the holders of C ordinary shares