Registered Number: 05976343

# Foster + Partners Group Limited

# Annual Report & Consolidated Financial Statements

# For the year ended 30 April 2014

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 2014

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Foster + Partners Group Limited

# Annual report and consolidated financial statements for the year ended 30 April 2014

## Directors and professional advisors

| | |
|---|---|
| BOARD OF DIRECTORS | Lord Foster of Thames Bank, OM<br>D B Nelson<br>M A Streets<br>V Ganzi<br>S Miners (appointed 24 February 2014) |
| REGISTERED OFFICE | Riverside Three Albert Wharf, 22 Hester Road, London, SW11 4AN |
| BANKERS | Lloyds TSB Bank plc<br>Threadneedle Street Branch<br>39 Threadneedle Street, London, EC2R 8AU |
| SOLICITORS | DWF Fishburns<br>60 Fenchurch Street, London, EC3M 4AD<br><br>Travers Smith<br>10 Snow Hill, London, EC1A 2AL<br><br>Squire Sanders (UK) LLP<br>7 Devonshire Square, London, EC2M 4YH |
| INDEPENDENT AUDITORS | PricewaterhouseCoopers LLP<br>Chartered Accountants and Statutory Auditors<br>1 Embankment Place, London, WC2N 6RH |
| REGISTERED NUMBER | 05976343 |

# Foster + Partners Group Limited

## Chairman's statement
## For the year ended 30 April 2014

Foster + Partners, founded in 1967, is approaching its 50th anniversary. To understand why it is unique as a global studio for design we need to look back in time and trace its evolution and accompanying growth. Its organising structure is unique and different from any comparable design practice. Conventionally, a creative endeavour will grow by doing more of the same. For example, in the case of architects, they grow by gradually doing more and more architecture. The small firm will become larger and inevitably more bureaucratised. As it commands greater architectural expertise in one field then it will tend to concentrate more skills into a specialised unit - a division for example to handle specialised types of buildings such as airports or stadia. Alternatively, it may elect to build on its successes in a particular part of the world with teams dedicated to serve, say, a continent such as North America or Asia. Perhaps the reason that all of these steps in a traditional pattern of growth can be defined as conventional is because they are intuitive and therefore predictable.

The success of Foster + Partners past, present and future is rooted in a totally different model which consciously does not follow a conventional approach. For example –

- In parallel to its growth as an architectural studio we have expanded into new fields of activity and research which have significantly broadened our design base. These have developed into new centres of excellence within the practice network.
- At the point when our studio approached a scale where the very personal quality of client service could no longer be guaranteed we decided to morph into a cluster of separate Studios each with its own Head - all tied together by an overseeing body of internal graduates from the original core of the practice which has been formalised as a Design Board. I chair that Board and with the Co-Heads of Design, Spencer de Grey and David Nelson, and the Studio Heads – Stefan Behling, Grant Brooker, Nigel Dancey, Gerard Evenden, Luke Fox and David Summerfield – we oversee the design of all the projects. In this model, knowledge and expertise is a shared commodity across all Studios.
- The best designers are motivated by diverse challenges – different kinds of buildings in the choice of a wide range of cultures and climates. By enabling each of the Studios to address any kind of building, anywhere in the world, we create the ideal work environment for our most talented individuals. If we want to draw on specialised knowledge, which is disseminated across the teams, we can mobilise them instantly in a cooperative venture. Meanwhile, the individual is not constrained by having to focus on one kind of building or a single locality.
- We, unlike the profession at large, are passionate in our commitment to research. We create specialist teams who can spark off individual projects as well as feeding back into the six Studios and enhancing their design capabilities.
- At its inception the practice embraced environmental engineering in the core of its structure. In recent years we have returned to our roots and re-integrated structural and environmental engineering back into the heart of our studio.
- Since the late nineteen sixties we have pioneered a sustainable approach to architecture, with concepts that have conserved and harvested energy. In that and other fields we have been ahead of the times. We have increased our investment in this field by, for example, creating a unit that can monitor the environmental performance of our buildings after completion, particularly in terms of perceived comfort and energy consumption. We can then compare reality with performance predictions.
- The extent of our global spread also places us in a special category. For example, we now have a presence in Abu Dhabi, Beijing, Buenos Aires, California, Doha, Edinburgh, Hanoi, Hong Kong, Jeddah, Kuwait City, Madrid, New York, Panama, Riyadh, Sao Paulo, Shanghai,

Singapore and Stockholm. It is significant that our studio's 'overseas fee income makes up half of all the nation's international turnover'[1].

The model that I have described above has evolved over decades and builds on layers of experience through the dedication of key individuals as well as successive waves of the best young talents from every corner of the world. It is significant that the average age across the entire multi-cultural studio is still between 32 and 33 years.

The evolution of our creative model has seen several changes in our internal structure – all evolutionary rather than revolutionary. Perhaps the most radical was in 2007 when, from a position of fiscal strength, we invited potential investors to consider acquiring a minority stake in Foster + Partners. The outcome was that 3i joined forces with us and this marked a period of growth with major internal investment in our facilities and groups dedicated to research. At the time of writing this report, the most recent evolution of our structure is a return to 100% internal ownership and an expansion of shareholding partners who now number 134 individuals in locations which stretch across 4 continents. I would like to pay tribute to Matthew Streets for his tireless efforts in achieving this transition back to a wholly internally-owned enterprise.

We now move forward with an abundance of successes in international competitions as well as an unprecedented orderbook for the years to come. Our restructuring has created a more inclusive board with representation from each of the six Studios. We also have the continuity of Victor Ganzi as non-executive chairman. I would like to pay tribute to the significant role that he played in achieving the recent transition to full, internal ownership and we are grateful for his continuing contribution to the success of the practice. Stuart Miners from 3i will have an on-going role, both in informal advice as well as being a non-executive director. His past contributions are greatly appreciated and we look forward to continuing working with him in the future.

In this introductory report, with its emphasis on our internal structure, I have not so far stated the obvious. That is to say that the organisational structure is only a means to an end – the end is to be the most outstanding in the world in our chosen fields. We see no conflict in that quest and the ability to deliver our projects on time and on cost.

There is a saying in aviation to the effect that the price of safety is constant vigilance. To achieve the equivalent of this in our field of design – whether on the epic scale of the tallest, grandest, biggest or the most humble but noble community-based project using local materials in an emerging economy – means total dedication across the entire spectrum of our practice. I would therefore like to express my appreciation to the longest serving of my colleagues (we are like members of a chamber orchestra who need no conductor), across to the most recent and talented young graduates fresh from college. It also embraces those vital ambassadors who meet and greet our important visitors, take a telephone call, hang a coat, offer a coffee, keep us secure and look after our studio spaces. It is a total team and I am proud to be a part of it.

Finally, on behalf of Foster + Partners I would like to express our appreciation to the most important group of all – the individuals and organisations that we serve as our clients.

Lord Foster of Thames Bank, OM
**Founder and Chairman**
28 August 2014

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[1] Architects Journal, 27 November 2013. *Architects need BIM to catch up with Fosters on global stage*. [Online] Available at: <http://www.architectsjournal.co.uk/news/architects-need-bim-to-catch-up-with-fosters-on-global-stage/8656057.article>

# Strategic Report
# For the year ended 30 April 2014

## Business Description

Foster + Partners is the leading global design practice covering every aspect of the design process including; architecture, interior and industrial design, engineering, project management, research and sustainability, urban design, master-planning, and workplace consultancy focussing on 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. To achieve this we are constantly innovating; 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 informed by hard analysis.

Foster + Partners was again voted most admired practice in the UK in 2014 according to industry surveys, an accolade of which we are tremendously proud.

Founded nearly five decades ago in 1967 the practice now employs more than 1200 people globally with key offices in London, Abu Dhabi, Beijing, Hong Kong, New York and Shanghai. Whilst the largest architectural practice in the UK, our projects are geographically diversified with projects outside the UK generating nearly 90% of revenues (see note 4 to the financial statements). Through the extensive use of technology the London campus retains control of the design process and houses over 900 of the Group's employees.

## Restructure

Looking forward before reviewing the year to 30 April 2014, the practice has made the second significant step in planning its succession. On the 30 June 2014 the practice completed a capital and organisational restructuring that has put in place a structure fit for long term succession and, in particular, the next five decades of the practice's evolution and beyond. The practice is now based on a 'partnership model' both from a governance and reward perspective whilst still sitting within a private corporate group structure.

The refinancing has resulted in 100% of the equity returning to the partners in the practice and net debt reducing from £369m to £168m (see Directors' Report and note 18). All partners have been offered shares and share ownership has increased to 134 partners. The new structure aligns the objectives of management, the partners and all other employees.

## Review of the year

In the last year we have won several international competitions including First and Mission towers in San Francisco, the Comcast Innovation and Technology Centre in Philadelphia and New Financial City Hangzhou. We have completed a number of significant cultural, office, arena, education, retail, interiors and transport projects including the Lenbachhaus Museum in Munich, the 12,000 seat SSE Hydro in Glasgow, the Kai Tak Cruise Terminal in Hong Kong, a further Cathay Pacific lounge at Hong Kong International Airport and a re-designed first class aircraft cabin for the same client. Opening celebrations were held for The Bow in Calgary and the Yale

# Strategic Report
# For the year ended 30 April 2014 (continued)

School of Management's new Edward P. Evans Hall. This year we also completed the first in a series of stores for Apple – the store's retail levels are topped by a glass pavilion, which forms the centrepiece of Istanbul's Zorlu Centre.

The practice revealed designs for the transformation of the Norton Museum of Art, the United Arab Emirates pavilion at the Milan Expo and the Bund Finance Centre, now under construction in Shanghai. In London, we unveiled plans for Phase Three of the Battersea Power Station development and two new waterfront residential projects – Sugar Quay and The Corniche.

Our Thames Hub proposals were submitted to The Airports Commission in July 2013, supported publicly by Mayor Boris Johnson. The Commission recommended an Isle of Grain Airport proposal for further study, and in May 2014 we submitted our response to their call for evidence and await their findings.

Over the past year, the practice has won 34 awards for its buildings including awards for the recently opened SSE Hydro and ME London hotel. Marseille's Vieux Port won the prestigious European Prize for Urban Public Space, the Virgin Galactic Spaceport won New Mexico's Jeff Harnar Award for Contemporary Architecture, The Bow in Calgary was presented with the Council on Tall Buildings and Urban Habitat's 'Best Tall Building in the Americas', while Jameson House was granted the City of Vancouver Heritage Award. In 2013, there were RIBA awards for Central Market in Abu Dhabi, The Aleph in Buenos Aires and 7 More London.

During the year we have enlarged our office in Shanghai, completed a refurbishment of our office in New York and registered a new office in Doha. On the London campus we have invested in a second SLS 3D printer. The practice continues to invest in our technical and research teams which have all been budgeted to grow further in the new financial year.

## Financial Overview and Key Performance Indicators

In continuing uncertain global geopolitical and financial times the Group has produced another solid financial performance. Turnover at £158.6m (2013: £152.7m) was up on the prior year, whilst EBITDA at £35.7m (2013: £37.4m), was slightly down. The average overall team size has not changed significantly at 1,105 (2013: 1,086) and earnings per head levels remain high in the UK for architects according to industry surveys.

| | 2014 | 2013 | 2012 |
|---|---|---|---|
| | £'000 | £'000 | £'000 |
| Group turnover | 158,576 | 152,715 | 161,514 |
| EBITDA before exceptional items[2] | 35,722 | 37,372 | 46,014 |
| Turnover per employee | 144 | 141 | 141 |
| Average number of employees (no.) | 1,105 | 1,086 | 1,150 |

Strengthening our collaborative internal teams of architects, engineers, and designers has brought rewards again this year. Our global spread and diversity of project types have helped deliver significant new commissions and have resulted in an order book (contracted work) standing at a record £291m at 30 April 2014 (2013: £290m).

[2] EBITDA refers to operating profit before depreciation. Operating profit was £27.7m for the year (2013: operating loss £101.6m. The depreciation charge for the year was £3.2m (2013: £3.4m). Expenses of £4.8 million (2013: £135.6 million) were classified as exceptional items due to their size and non-recurring nature. Detailed disclosure of these amounts can be found in note 5 of these financial statements.

# Strategic Report
# For the year ended 30 April 2014 (continued)

The consolidated income statement is set out on page 14 and shows a pre-tax loss of £16.5m (2013: £141.6m) and a post-tax loss of £20.8m (2013: £146.4m) for the year. It is proposed that the loss for the financial year of £20.8m (2013: £146.4m) is transferred to reserves.

Exceptional items of £4.8m (2013: £135.6m) relate to various restructuring events and are described fully in note 5 of these accounts.

The directors do not propose the payment of a dividend (2013: £nil).

As at 30 April 2014, the Group had cash of £11.1m (2013: £37.5m). Total net debt as of 30 April 2014 was £369.1m (2013: £345.8m). Total net debt comprises total bank loans and shareholder loan notes (note 17) less cash balances (note 16).

## Corporate Social Responsibility

Our strong commitment to architectural education has continued through our various award and sponsorship programmes including headline sponsor for the graduate show at the Bartlett School of Architecture in London and our sponsored Chair for the Humanitas Visiting Professor at the University of Oxford was museum curator Ivo Mesquita. The 2014 RIBA Norman Foster Travelling Scholarship was awarded to Joe Paxton of the Bartlett School of Architecture and student John Naylor, won the 2013 AA Foster + Partners Prize

Our Art of Architecture touring exhibition moved to Shanghai and then on to Kuala Lumpur where a record 35,000 people came to visit and participate in the many educational events that we hosted as part of our outreach. At the Venice Architecture Biennale our Hong Kong Bank project was exhibited.

The Group employs staff from all over the world and currently the team speaks 45 languages in servicing the 44 countries in which the Group has active projects.

During the year the Group made donations to charitable bodies involved in the field of architecture and design of £94,084 (2013: £43,428). The purpose of these donations is to support institutions that foster and promote excellence in the fields of architecture and design. The practice also supports charitable endeavours through pro-bono work, in particular the current Maggie's Centre project in Manchester.

## Principal risks

The management of the business and the execution of the Group's strategy are subject to a number of risks. These risks are addressed in the Directors' Report on pages 7 to 10 of the financial statements.

On behalf of the Board:

M A Streets
**Chief Financial Officer**
28 August 2014

# Directors' report
# For the year ended 30 April 2014

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 2014.

The results for the year, together with the comparative figures for the year ended 30 April 2013, 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 and Malaysia, as well as the United Kingdom. The Group generates revenue in North America, Asia, the Middle East, the United Kingdom, Continental Europe, South America, Africa and Australasia as set out in Note 4 to the financial statements.

## Events after Reporting Period

As discussed above, subsequent to the financial year end the Group completed an organisational and capital restructuring. On 30 June 2014 the Group returned to 100% management control, with 3i receiving £70m in cash and further deferred payments of £40m in settlement of the loan notes and ordinary share capital 3i held previously. Subsequent to the financial year end the Group also fully repaid the £66m in bank loans which were outstanding on 30 April 2014.

The above debt repayments were financed by new £155m senior loan facilities secured by the Group on 30 June 2014. The senior loan facilities have applicable interest rate margins between 4.0% and 4.5% above LIBOR. Subsequent to the end of the financial year two interest rate caps have been purchased, capping LIBOR at 3.0% on approximately 65% of senior facilities. Approximately 30% of the senior loan facilities are denominated in USD, with the remaining facilities denominated in Sterling.

An illustrative pro forma balance sheet has been disclosed in note 18 to the financial statements, illustrating the position of the Group had the financial and capital restructuring been completed on 30 April 2014.

The new capital and financial structure of the Group has been designed with the long term future of the practice in mind; to attract and nurture talent, and to provide bright career paths for the talented, innovative and dedicated individuals who continue to grow and develop the business.

## 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.

## 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; and
- Competition within the sector
- Treasury and financial risks

Each risk 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, also 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 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.

# Directors' report
# For the year ended 30 April 2014 (continued)

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. In April 2014 the Group paid the outstanding balance due on its B Loan facility, which was due for repayment on 10 May 2014. At 30 April 2014 the Group had access to a £15m revolving credit facility which can be utilised to address short term cash requirements. Subsequent to year end the Group has replaced the £15m facility with a £20m revolving credit facility as part of the £155m new senior facilities. 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.

### 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, advanced computer modelling and sustainable housing models for application around the world.

### Employee Involvement

Employees are regularly communicated with and consulted by means of established communication channels such as team briefings and electronic mail.

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.

### Disabled persons

The Group has continued the policy regarding the employment of 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.

# Directors' report
# For the year ended 30 April 2014 (continued)

## Foreign branches

Foster + Partners Limited, an indirect subsidiary undertaking, has branches registered in the Republic of Ireland, Argentina, Qatar, Abu Dhabi, Vietnam, and Beijing in the Peoples' Republic of China.

## Future developments

Future developments are addressed within the reviews on pages 2 to 6.

## 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
M Majidi (resigned 28 March 2014)
V Ganzi *(Non-executive)*
S Miners *(Non-executive)* (appointed 24 February 2014)
A Giddins *(Non-executive)* (appointed 24 February 2014, resigned 30 June 2014)
S McMinnies *(Non-executive)* (resigned 24 February 2014)
D Whileman*(Non-executive)* (resigned 21 June 2013)

## Company Secretary
M Sutcliffe (resigned 30 June 2014)

# Directors' report
# For the year ended 30 April 2014 (continued)

## Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and parent 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 the company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Provision of information to auditors

Having taken appropriate steps to make themselves and their auditors aware of relevant audit information, each of the persons who is a director at the date of approval of this report confirms that the directors are not aware of any such information which has not been made available to the auditors. The directors have taken all 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'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
**Director**
28 August 2014

Registered No. 5976343

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

### Report on the financial statements

### Our opinion

In our opinion:

- the financial statements, defined below, give a true and fair view of the state of the group's and of the company's affairs as at 30 April 2014 and of the group's loss 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 International Financial Reporting Standards (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.

This opinion is to be read in the context of what we say in the remainder of this report.

### What we have audited

The group financial statements and company financial statements (the "financial statements"), which are prepared by Foster + Partners Group Limited, comprise:

- the consolidated statement of financial position as at 30 April 2014;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the consolidated 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 their preparation is applicable law and IFRSs as adopted by the European Union 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.

### What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("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
- the overall presentation of the financial statements.

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

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

that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion 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.

**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 11, 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 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.

Fiona Kelsey

Fiona Kelsey (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
29 August 2014

Foster + Partners Group Limited

# Consolidated income statement
# For the year ended 30 April 2014

| | Notes | 2014<br>£'000 | 2013<br>£'000 |
|---|---|---|---|
| Revenue | 4 | 158,576 | 152,715 |
| Cost of sales | | (75,921) | (74,174) |
| **Gross profit** | | 82,655 | 78,541 |
| Administrative expenses | | (50,091) | (44,540) |
| Administrative expenses – exceptional items | 5 | (4,830) | (135,581) |
| **Total administrative expenses** | | (54,921) | (180,121) |
| **Operating profit before depreciation and exceptional items** | | 35,722 | 37,372 |
| Depreciation | 12 | (3,158) | (3,371) |
| Exceptional items | 5 | (4,830) | (135,581) |
| Gain on disposal of fixed assets | | 131 | - |
| **Operating profit / (loss) on ordinary activities before interest and taxation** | 6 | 27,864 | (101,580) |
| Finance income | 7 | 55 | 50 |
| Finance costs | 7 | (44,403) | (40,073) |
| **Finance costs - net** | | (44,348) | (40,023) |
| **Loss before income tax** | | (16,484) | (141,603) |
| Income tax expense | 9 | (4,352) | (4,834) |
| **Loss for the year attributable to owners of the company** | | (20,836) | (146,437) |

The notes on pages 22 to 54 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 profit for the parent company for the year was £79,000 (2013: £78,000).

# Consolidated statement of comprehensive income
# For the year ended 30 April 2014

| | 2014 £'000 | 2013 £'000 |
|---|---|---|
| Loss for the year | (20,836) | (146,437) |
| Other comprehensive income: | | |
| Currency translation differences | (597) | 114 |
| Total comprehensive income attributable to owners of the company | (21,433) | (146,323) |

The notes on pages 22 to 54 are an integral part of these consolidated financial statements.

Foster + Partners Group Limited

# Consolidated statement of financial position
# As at 30 April 2014

| | Notes | 30 April 2014 £'000 | 30 April 2013 £'000 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Intangible assets | 10 | 464 | 464 |
| Goodwill | 11 | 150,000 | 150,000 |
| Property, plant and equipment | 12 | 4,519 | 6,156 |
| Deferred income tax assets | 9 | 1,146 | 490 |
| Derivative financial instruments | 19 | - | 152 |
| | | 156,129 | 157,262 |
| **Current assets** | | | |
| Derivative financial instruments | 19 | 22 | - |
| Trade and other receivables | 14 | 55,342 | 48,716 |
| Income tax assets | 9 | 129 | 473 |
| Cash and cash equivalents | 16 | 11,129 | 37,530 |
| | | 66,622 | 86,719 |
| **Total assets** | | 222,751 | 243,981 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Borrowings | 17 | (14,868) | (4,500) |
| Trade and other payables | 20 | (49,957) | (47,255) |
| Income tax liabilities | 9 | - | - |
| | | (64,825) | (51,755) |
| **Non-current liabilities** | | | |
| Borrowings | 17 | (365,387) | (378,840) |
| Provisions for liabilities and charges | 22 | (1,308) | (716) |
| | | (366,695) | (379,556) |
| **Total liabilities** | | (431,520) | (431,311) |
| **Net liabilities** | | (208,769) | (187,330) |
| **Equity** | | | |
| Share capital | 23 | 1,200 | 1,200 |
| Share premium | 23 | 514 | 559 |
| Other reserves | 24 | (485) | (524) |
| Accumulated losses | | (209,998) | (188,565) |
| **Total equity** | | (208,769) | (187,330) |

The accompanying notes on pages 22 to 54 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 28 August 2014.

Signed on behalf of the Board of Directors:

Lord Foster of Thames Bank, OM
**Director**

M A Streets
**Director**

Foster + Partners Group Limited

# Consolidated statement of changes in equity
# As at 30 April 2014

| | Notes | Share capital £'000 | Share premium £'000 | ESOP reserve £'000 | Treasury share reserve £'000 | Accumulated losses £'000 | Total equity £'000 |
|---|---|---|---|---|---|---|---|
| **Balance at 30 April 2012** | 24 | **1,200** | **559** | **(6)** | **(516)** | **(42,242)** | **(41,005)** |
| **Comprehensive income** | | | | | | | |
| Loss for the year | | - | - | - | - | (146,437) | (146,437) |
| **Other comprehensive income** | | | | | | | |
| Currency translation differences | | - | - | - | - | 114 | 114 |
| **Total comprehensive income for the year** | | - | - | - | - | **(146,323)** | **(146,323)** |
| **Transactions with owners** | | | | | | | |
| Shares repurchased | | - | - | (2) | - | - | (2) |
| **Total transactions with owners** | | - | - | (2) | - | - | (2) |
| **Balance at 30 April 2013** | 23 & 24 | **1,200** | **559** | **(8)** | **(516)** | **(188,565)** | **(187,330)** |
| **Comprehensive income** | | | | | | | |
| Loss for the year | | - | - | - | - | (20,836) | (20,836) |
| **Other comprehensive income** | | | | | | | |
| Currency translation differences | | - | - | - | - | (597) | (597) |
| **Total other comprehensive income for the year** | | - | - | - | - | **(21,433)** | **(21,433)** |
| **Transactions with owners** | | | | | | | |
| Shares repurchased | | - | - | (4) | - | - | (4) |
| Other movements in the year | | - | (45) | 43 | - | - | (2) |
| **Total transactions with owners** | | - | **(45)** | **39** | - | - | **(6)** |
| **Balance at 30 April 2014** | 23 & 24 | **1,200** | **514** | **31** | **(516)** | **(209,998)** | **(208,769)** |

The accompanying notes on pages 22 to 54 form an integral part of these financial statements.

# Consolidated statement of cash flows
# For the year ended 30 April 2014

| | Notes | 2014<br>£'000 | 2013<br>£'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash generated from operations | 25 | 28,058 | 47,074 |
| Interest received | | 57 | 50 |
| Interest paid | | (2,766) | (5,095) |
| Income tax paid | | (4,664) | (7,009) |
| **Net cash generated from operating activities** | | 20,685 | 35,020 |
| **Cash flows from investing activities** | | | |
| Proceeds from disposal of assets | | 204 | - |
| Purchase of property, plant and equipment | 12 | (2,052) | (1,310) |
| **Net cash used in investing activities** | | (1,848) | (1,310) |
| **Cash flows from financing activities** | | | |
| New Borrowings | | 15,000 | - |
| Costs associated with new borrowings | | (141) | - |
| Repayments of borrowings | | (59,500) | (10,400) |
| **Net cash used in financing activities** | | (44,641) | (10,400) |
| **Net (decrease)/increase in cash and cash equivalents** | | (25,804) | 23,310 |
| Cash and cash equivalents at beginning of year | 16 | 37,530 | 14,106 |
| Exchange gains and losses | | (597) | 114 |
| **Cash and cash equivalents at end of year** | 16 | 11,129 | 37,530 |

The accompanying notes on pages 22 to 54 form an integral part of these financial statements.

# Company statement of financial position
## As at 30 April 2014

| | Notes | 30 April 2014 £'000 | 30 April 2013 £'000 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Investments | 13 | 50 | 50 |
| Loans to group companies | 15 | 1,105 | 1,020 |
| | | 1,155 | 1,070 |
| **Current assets** | | | |
| Trade and other receivables | 14 | 1,421 | 1,426 |
| Cash and cash equivalents | 16 | 2 | 2 |
| | | 1,423 | 1,428 |
| **Total assets** | | 2,578 | 2,498 |
| **Liabilities** | | | |
| **Current Liabilities** | 20 | (50) | (50) |
| **Non-current liabilities** | | | |
| Loans from group companies | 21 | (264) | (257) |
| Provisions for liabilities and charges | 22 | (516) | (516) |
| | | (780) | (773) |
| **Total liabilities** | | (830) | (823) |
| **Net assets** | | 1,748 | 1,675 |
| **Equity** | | | |
| Share capital | 23 | 1,200 | 1,200 |
| Share premium | 23 | 514 | 559 |
| Other reserves | 24 | (485) | (524) |
| Retained earnings | | 519 | 440 |
| ***Total equity*** | | 1,748 | 1,675 |

The accompanying notes on pages 22 to 54 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 28 August 2014.

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
# As at 30 April 2014

| | Notes | Share capital £'000 | Share premium £'000 | ESOP reserve £'000 | Treasury share reserve £'000 | Retained earnings £'000 | Total equity £'000 |
|---|---|---|---|---|---|---|---|
| **Balance at 1 May 2012** | 24 | 1,200 | 559 | (6) | (516) | 362 | 1,599 |
| **Comprehensive income** | | | | | | | |
| Profit for the year | | - | - | - | - | 78 | 78 |
| **Total comprehensive income** | 23 & 24 | - | - | - | - | 78 | 78 |
| **Transactions with owners** | | | | | | | |
| Proceeds from allotted shares | | - | - | (2) | - | - | (2) |
| **Total transactions with owners** | | - | - | (2) | - | - | (2) |
| **Balance at 30 April 2013** | 23 & 24 | 1,200 | 559 | (8) | (516) | 440 | 1,675 |
| **Comprehensive income** | | | | | | | |
| *Profit for the year* | | - | - | - | - | 79 | 79 |
| **Total comprehensive income for the year** | | - | - | - | - | 79 | 79 |
| **Transactions with owners** | | | | | | | |
| Shares repurchased | | - | - | (4) | - | - | (4) |
| Other movements in the year | | - | (45) | 43 | - | - | (2) |
| **Total transactions with owners** | | - | (45) | 39 | - | - | (6) |
| **Balance at 30 April 2014** | 23 & 24 | 1,200 | 514 | 31 | (516) | 519 | 1,748 |

The accompanying notes on pages 22 to 54 form an integral part of these financial statements.

# Company statement of cash flows
# As at 30 April 2014

| | Notes | 2014 £'000 | 2013 £'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash movement from operations | 25 | - | - |
| **Net cash movement from operating activities** | | - | - |
| **Cash flows from financing activities** | | | |
| Amounts transferred to subsidiary undertakings | | - | - |
| Proceeds from allotted shares | | - | - |
| **Net cash movement from financing activities** | | - | - |
| **Net movement in cash and cash equivalents** | | - | - |
| Cash and cash equivalents at beginning of year | | 2 | 2 |
| **Cash and cash equivalents at end of year** | 16 | 2 | 2 |

The accompanying notes on pages 22 to 54 form an integral part of these financial statements.

## 1 General information

Foster + Partners Group Limited ('the Company') is incorporated and domiciled in the United Kingdom under the Companies Act 2006. 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"), IFRIC 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 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.

### 2.1.2 Changes in accounting policy and disclosures

### (a) New and amended standards adopted by the Group

The following standards have been adopted by the Group for the first time for the financial year ended 31 May 2014, but did not have a material impact on the group:

Amendment to IAS 1, 'Financial statement presentation; regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

IFRS 10, 'Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.

**(b) Standards, amendments and interpretations effective during the year but not relevant**

IFRS 11, 'Joint arrangements';

Amendments to IAS 19, 'Employee benefits';

Revised IAS 27, 'Separate Financial Statements';

Revised IAS 28, 'Investment in associates and joint ventures';

Amendments to IFRS 10, 11 and 12 on transition guidance;

Amendment to IFRS 1, 'First time adoption', on government loans;

IFRIC 20, 'Stripping costs in the production phase of a surface mine';

IFRS 12, 'Disclosure of interest in other entities';

Amendment to IFRS 1, 'First time adoption on fixed dates and hyperinflation';

Amendment to IAS 12, 'Income taxes on deferred tax'.

**(c) 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 2013, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13. The Group is yet to assess the full impact of the amendment and intends to adopt this no later than the accounting period beginning on or after 1 January 2014.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories:

those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Group is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015, subject to endorsement by the EU.

### 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 are accounted for at cost less impairment.

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

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, Foster Plus Partners Inc and F+P Architects New York Inc which have 31 December as their accounting reference date which are in line with local regulatory requirements. Foster + Partners Sweden AB, has a year end of 31 August, which may be brought in line with the group year end date in due course.

### 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.

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 (note 2.5).

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 Impairment of non-financial assets

Assets that have an indefinite useful life – for example goodwill – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

### 2.6 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.

### 2.7 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.

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.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity of different taxable entities where there is an intention to settle the balances on a net basis.

### 2.8 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.

### 2.9 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;

(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.

### 2.10 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.

### (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 profit and loss account 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 and collar 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 and collar is not designated as a hedging relationship.

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

### 2.11 Segmental reporting

The Groups 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.

### 2.12 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.

Sales 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 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 is in excess of recorded revenue is included in creditors as deferred income. Full provision is made for any foreseeable losses.

### 2.13 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 bases over the lease term.

### 2.14 Pension scheme arrangements

The Group operates several defined contribution pension schemes 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.

### 2.15 Joint arrangements that are not entities

In accordance with the requirements of IAS 31, Interests in Joint Ventures, where the Group has an interest in a jointly controlled operation ('JCO'), the Group financial statements 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.

### 2.16 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.

### 2.17 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 senior management. The entity's own shares are held in an ESOP trust as a deduction from shareholders' funds until they vest unconditionally with employees.

### 2.18 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.

### 2.19 Share capital

Ordinary shares are classified as equity.

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.

## 3. 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.

**(c) Fair value of derivative financial instruments**

Note 19 includes details of the fair value of the derivative instruments that the Group holds at 30 April 2014.

**(d) Revenue recognition**

Note 2.12 contains details of accounting estimates and judgements in relation to revenue recognition.

## 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 | 2014 £'000 | 2013 £'000 |
|---|---|---|
| North America | 49,981 | 45,655 |
| Asia | 38,875 | 39,262 |
| Middle East | 21,531 | 20,755 |
| United Kingdom | 19,474 | 16,835 |
| Continental Europe | 18,592 | 16,830 |
| South America | 8,687 | 9,288 |
| Australasia | 959 | 1,646 |
| Africa | 477 | 2,444 |
| | 158,576 | 152,715 |

## 5. Exceptional items

During the financial year the Group incurred severance costs of £2.6m following a restructuring of the board of directors.

During the financial year senior management and 3i reached agreement on a framework for a financial and capital restructuring of the Group. This agreement triggered employee remuneration costs of £1.6m. This cost has been classified as exceptional due to its size and non-recurring nature.

Prior to 30 April 2014 the Board of Directors approved the closure of one of its international offices. The costs of closure include employee severance expenses, onerous lease contracts, and the impairment of fixed assets. The aggregate costs of £0.7m have been treated as exceptional. This international office is not a separate operation and therefore the closure is not treated as a discontinued operation. The provision for expenditure excluding the impairment of fixed assets are disclosed in note 22 of these financial statements. The fixed assets of the office have been treated as disposals in note 12 of these financial statements.

During the prior financial year the Group has recognised an impairment loss on goodwill on consolidation of £129.4 million. This impairment loss was classed as exceptional due to its size and non-recurring nature.

The 2011 acquisition of Piers Heath Associates Limited involved cash consideration of £1.7 million and deferred consideration up to a maximum of £2.2 million. The deferred consideration

## 5. Exceptional items (continued)

was paid in the form of loan notes issued in February 2013 for the value of £2.1 million. In accordance with IFRS 3 the deferred consideration, which was treated as remuneration payments, was accrued on a straight line basis over the period to February 2013. This resulted in a change in the prior year of £0.9 million. This was classed as exceptional due to its size and non-recurring nature.

Also included in the exceptional items in the prior financial year was a charge of £2.3m in relation to internal time invested in a research & development project. The directors considered that the future economic benefits for the underlying project did not support the continued recognition of this asset and it was therefore fully written off.

Also during the prior financial year, expenses for the sum of £3.0 million were classified as exceptional due to their non-recurring nature. These expenses related to a potential reorganisation of the Group's financial structure.

## 6. Operating profit

| | 2014<br>£'000 | 2013<br>£'000 |
|---|---|---|
| **Operating profit / (loss) is stated after charging:** | | |
| Staff costs (note 8) | 61,656 | 57,939 |
| Depreciation of property, plant and equipment | | |
| Owned assets | 3,158 | 3,371 |
| Operating lease charges | 5,223 | 5,514 |
| Auditor's remuneration (see below) | 631 | 1,270 |
| Exchange loss / (gain) | 1,674 | (1,284) |

| **Auditor's remuneration** | 2014<br>£'000 | 2013<br>£'000 |
|---|---|---|
| Fees payable to company auditors for the audit of parent company and consolidated financial statements | 24 | 19 |
| Fees payable to company auditors for the audit of company's subsidiaries | 138 | 76 |
| Fees payable for taxation services | 392 | 471 |
| Fees payable for other services | 77 | 89 |
| Exceptional items | - | 615 |
| | 631 | 1,270 |

## Notes to the Financial Statements

For the year ended 30 April 2014

### 7 Finance income and costs

| | 2014 £'000 | 2013 £'000 |
|---|---|---|
| **Finance expense** | | |
| Interest expense on secured bank loans | 3,105 | 5,003 |
| Interest expense on revolving credit facility | 38 | - |
| Interest expense on unsecured loan notes | 41,192 | 36,151 |
| Other interest payable | 66 | 122 |
| Interest rate cap and collar: fair value | 2 | (1,203) |
| **Total finance costs** | 44,403 | 40,073 |
| **Finance income** | | |
| Interest income | (55) | (50) |
| **Total finance income** | (55) | (50) |
| **Net finance costs** | 44,348 | 40,023 |

### 8 Directors emoluments and employees

**Group**

**(a) Employee benefit expense**

| | 2014 £'000 | 2013 £'000 |
|---|---|---|
| **Employee costs during the year (including directors)** | | |
| Wages and salaries | 53,421 | 50,682 |
| Social security costs | 6,273 | 5,489 |
| Pension costs - defined contribution (note 29) | 1,961 | 1,768 |
| **Total** | 61,655 | 57,939 |

In addition to the above costs there are £4.1 million of employee remuneration payments during the year ended 30 April 2014 as disclosed in note 5, Exceptional items (2013: £0.9 million).

**(b) Average number of people employed**

| | 2014 Number | 2013 Number |
|---|---|---|
| **Monthly average number of people employed by the Group during the year (including directors)** | | |
| Technical | 862 | 853 |
| Administration | 243 | 233 |
| | 1,105 | 1,086 |

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

| | 2014 £'000 | 2013 £'000 |
|---|---|---|
| **Directors' emoluments** | | |
| Aggregate emoluments | 2,923 | 1,947 |
| Pension costs - defined contribution (note 29) | 74 | 76 |
| **Total** | 2,997 | 2,023 |

The Group makes pension contributions on behalf of two (2013: two) of the company's six directors. The contributions are made into the Group's defined contribution scheme and a privately held defined contribution scheme.

The above emoluments include £0.6m of bonus costs that have been treated as exceptional and which are included in the £1.6m employee remuneration costs exceptional item (see note 5).

In addition to the above emoluments the Group incurred £2.2m in severance costs in relation to a former director of the company. Aggregate severance costs of £2.6m (including social security costs and advisory fees) have been charged as an exceptional item (note 5).

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.

| | 2014 £'000 | 2013 £'000 |
|---|---|---|
| **Highest paid director** | | |
| Aggregate emoluments | 1,180 | 605 |

Company directors holding C ordinary shares are entitled to participate in the Group's cash settled share based payments scheme. See note 24.

# Notes to the Financial Statements

For the year ended 30 April 2014

## 9 Income tax expense

### (a) Tax on profit on ordinary activities:

| | 2014 £'000 | 2013 £'000 |
|---|---|---|
| **Current tax** | | |
| UK corporation tax | 2,523 | 2,410 |
| Overseas tax | 2,891 | 1,467 |
| Adjustments in respect of prior years | (406) | 173 |
| **Total tax charge** | 5,008 | 4,050 |
| **Deferred tax** | | |
| Origination and reversal of timing differences | (1,012) | 621 |
| Adjustments in respect of prior years | 356 | 163 |
| **Total deferred tax charge** | (656) | 784 |
| **Tax on loss on ordinary activities** | 4,352 | 4,834 |

### (b) Reconciliation of the total tax charge:

The tax charge reported in the income statement for the year is different to the standard rate of Corporation Tax in the UK of 22.84% (2013: 23.92%). The differences are reconciled below:

| | 2014 £'000 | 2013 £'000 |
|---|---|---|
| Loss on ordinary activities before taxation | (16,484) | (141,603) |
| Accounting profit multiplied by the UK standard rate of Corporation Tax of 22.84% (2013: 23.92%) | (3,764) | (33,871) |
| Goodwill impairment not deductible for tax purposes | - | 30,962 |
| Expenses not deductible for tax purposes | 6,363 | 5,858 |
| Effect of higher tax rates in countries in which the group operates | 44 | 712 |
| Overseas tax paid | 2,477 | 2,211 |
| Double tax relief | (802) | (1,428) |
| Adjustments in respect of prior years | (50) | 336 |
| Temporary differences for which no deferred tax asset has been recognised | 79 | 52 |
| Other | 5 | 2 |
| **Total tax charge** | 4,352 | 4,834 |

Temporary differences for which no deferred tax asset has been recognised is in respect of overseas losses which may not be recoverable.

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

| Deferred tax asset | 2014 £'000 | 2013 £'000 |
|---|---|---|
| Depreciation in excess of capital allowances | 909 | 947 |
| Short term timing differences | 237 | (457) |
| | 1,146 | 490 |

| | | |
|---|---|---|
| At start of year | 490 | |
| Deferred tax charge in the profit and loss account for the financial year | 656 | |
| | 1,146 | |

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

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

| | 2014 £'000 | 2013 £'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 | 909 | 947 |
| | 909 | 947 |
| **Short term timing differences** | | |
| Deferred tax to be recovered / (paid) within 12 months | 44 | (907) |
| Deferred tax to be recovered after more than 12 months | 193 | 450 |
| | 237 | (457) |

Deferred tax assets have been recognised in respect of temporary differences giving rise to deferred tax assets where it is considered probable that these assets will be recovered.

### (d) Income tax assets

| | 2014 £'000 | 2013 £'000 |
|---|---|---|
| Corporation tax assets | 129 | 473 |
| | 129 | 473 |

### (e) Factors that may affect future tax charges:

#### Changes in tax rate

A number of changes to the main rate of UK corporation tax were introduced in the 2012, 2013 and 2014 UK Budgets. In the 2012 Budget statement it was announced that the main rate of corporation tax would be reduced to 24% from 1 April 2012. The 2012 Budget also proposed to reduce the main rate of corporation tax to 23% from 1 April 2013. This was enacted in the Finance Bill 2012 on 17 July 2012.

The 2013 Budget proposed to further reduce the corporation tax rate to 21% from 1 April 2014 and to 20% from 1 April 2015. These changes were substantively enacted on 2 July 2013 with the Finance Bill 2013. The impact on the financial statements of these changes is not expected to be significant.

#### 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.

## 10 Intangible assets

| Group (Company: £nil) | Intangible assets £'000 |
|---|---|
| **Cost** | |
| **At 30 April 2012, 2013 and 2014** | **464** |
| *Impairment* | |
| At 30 April 2012, 2013 and 2014 | - |
| **Net book value** | |
| **At 30 April 2014** | **464** |
| At 30 April 2013 | 464 |
| At 30 April 2012 | 464 |

Intangible assets 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 2014

### 11 Goodwill

| Group | Goodwill £'000 |
|---|---|
| **Cost** | |
| **At 30 April 2012** | **279,438** |
| Impairment | (129,438) |
| **At 30 April 2013** | **150,000** |
| Adjustment to goodwill | - |
| **At 30 April 2014** | **150,000** |
| | |
| **Impairment** | |
| **At 30 April 2014** | - |
| At 30 April 2013 | (129,438) |
| At 30 April 2012 | - |
| | |
| **Net book value** | |
| **At 30 April 2014** | **150,000** |
| At 30 April 2013 | 150,000 |
| At 30 April 2012 | 279,438 |

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.

## Notes to the Financial Statements

For the year ended 30 April 2014

### 12 Property, plant and equipment

| Group (Company: £nil) | Motor vehicles £'000 | Fixtures & fittings £'000 | Total £'000 |
|---|---|---|---|
| **Cost** | | | |
| **At 30 April 2012** | **110** | **30,767** | **30,877** |
| Additions | - | 1,310 | 1,310 |
| Disposals | - | (49) | (49) |
| Foreign exchange | - | 64 | 64 |
| **At 30 April 2013** | **110** | **32,092** | **32,202** |
| Additions | - | 2,052 | 2,052 |
| Disposals | (10) | (14,721) | (14,731) |
| Foreign exchange | - | (63) | (63) |
| **At 30 April 2014** | **100** | **19,360** | **19,460** |
| **Accumulated depreciation** | | | |
| **At 30 April 2012** | **88** | **22,573** | **22,661** |
| Charge for the year | 11 | 3,360 | 3,371 |
| Disposals | - | (48) | (48) |
| Foreign exchange | - | 62 | 62 |
| **At 30 April 2013** | **99** | **25,947** | **26,046** |
| Charge for the year | 6 | 3,152 | 3,158 |
| Disposals | (10) | (14,315) | (14,325) |
| Foreign exchange | - | 62 | 62 |
| **At 30 April 2014** | **95** | **14,846** | **14,941** |
| **Net book value** | | | |
| **At 30 April 2014** | **5** | **4,514** | **4,519** |
| At 30 April 2013 | 11 | 6,145 | 6,156 |
| At 30 April 2012 | 22 | 8,194 | 8,216 |

Depreciation expense of £3,158,000 (2013: £3,371,000) is included within 'administrative expenses'.

During the year the Group disposed of assets with a carrying value of £406,000 (2013: £1,000) and a cost of £14,584,000 (2013: £49,000). During the year the Group conducted a review of IT assets and services. As a result of evolving business needs and marketplace trends, parts of the group's IT infrastructure requirements are now met by external IT service providers. The IT hardware solutions that had been in place to service these functions were therefore disposed of. In addition, a number of non-IT assets were identified with nil net book value and with no economic value to the business, and were accordingly disposed of.

# Notes to the Financial Statements

For the year ended 30 April 2014

## 13 Investments

*The Company holds the entire issued share capital of the following companies.*

| Company | Country of incorporation | Principal activity | Shares held Class | % |
|---|---|---|---|---|
| **Subsidiary undertaking** | | | | |
| Amber Midco Limited | England & Wales | Holding | Ordinary | 100 |
| Amber Financing plc | England & Wales | Dormant | Ordinary | 100 |
| **Indirectly held subsidiary undertakings** | | | | |
| Amber Bidco Limited | England & Wales | Holding | Ordinary | 100 |
| Foster Group (International) Limited | England & Wales | Holding | Ordinary | 100 |
| Foster Holdings Limited | England & Wales | Holding | Ordinary | 100 |
| Foster + Partners Limited | England & Wales | Architects | Ordinary | 100 |
| Foster and Partners (Japan) Limited | England & Wales | Dormant | Ordinary | 100 |
| Piers Heath Associates Limited | England & Wales | Engineering | Ordinary | 100 |
| Foster and Partners (Hong Kong) Limited | Hong Kong | Architects | Ordinary | 100 |
| Foster and Partners (Singapore) Pte Ltd | Singapore | Architects | Ordinary | 100 |
| F & P Architekten GmbH | Germany | Architects | Ordinary | 100 |
| Office Design Services Limited | England & Wales | Printers | Ordinary | 100 |
| Foster (Nederland) BV | Netherlands | Dormant | Ordinary | 100 |
| Foster and Partners, S.L | Spain | Architects | Ordinary | 100 |
| Foster Plus Partners. Inc | USA | Architects | Ordinary | 100 |
| F+P Architects New York Inc | USA | Architects | Ordinary | 100 |
| Foster and Partners Mimarlik Musavirlik Limited | Turkey | Architects | Ordinary | 100 |
| Foster + Partners Architects (Tianjin) Co., Ltd | China | Architects | Ordinary | 100 |
| Foster Plus P India Private Limited | India | Architects | Ordinary | 100 |
| Foster + Partners Brasil Projetos E Constucoes LTDA. | Brazil | Architects | Ordinary | 100 |
| Foster + Partners Sweden AB | Sweden | Architects | Ordinary | 100 |
| F&P Project Management Malaysia SDN. BHD. | Malaysia | Project Management | 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.

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

The investment in shares of Amber Midco Limited as at 30 April 2014 was £2 (2013: £2). The investment in shares of Amber Financing plc as at 30 April 2014 was £50,000 (2013: £50,000)

# Notes to the Financial Statements

For the year ended 30 April 2014

## 14 Trade and other receivables

| | Group 2014 £'000 | Company 2014 £'000 | Group 2013 £'000 | Company 2013 £'000 |
|---|---|---|---|---|
| Trade receivables | 51,225 | - | 42,194 | - |
| Less provision for impairment | (4,888) | - | (2,971) | - |
| | 46,337 | - | 39,223 | - |
| Amounts recoverable on contracts | 5,806 | - | 5,994 | - |
| Other receivables | 315 | - | 882 | - |
| Prepayments and accrued income | 2,884 | - | 2,617 | - |
| Amounts owed by subsidiary undertakings | - | 1,421 | - | 1,426 |
| | 55,342 | 1,421 | 48,716 | 1,426 |

As at 30 April 2014, trade receivables of £9.6m (2013: £8.5m) were impaired by a bad debt provision. The amount of the bad debt provision was £4.9m (2013: £3.0m). 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) | 2014 £'000 | 2013 £'000 |
|---|---|---|
| Less than 120 days | 3,774 | 1,773 |
| More than 120 days | 5,861 | 6,727 |
| | 9,635 | 8,500 |

As of 30 April 2014, trade receivables of £24.0m (2013: £19.3m) 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:

| Group (Company: £nil) | 2014 £'000 | 2013 £'000 |
|---|---|---|
| Less than 120 days | 17,227 | 14,043 |
| More than 120 days | 6,732 | 5,291 |
| | 23,959 | 19,334 |

## 14 Trade and other receivables (continued)

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

| Group (Company: £nil) | 2014 £'000 | 2013 £'000 |
|---|---|---|
| US dollars | 33,014 | 21,975 |
| Sterling | 10,904 | 9,514 |
| Euro | 1,072 | 1,534 |
| Kuwaiti dinar | 823 | 1,125 |
| Hong Kong dollar | 176 | 244 |
| Chinese renminbi | 167 | 651 |
| UAE dirham | 103 | 1,772 |
| Swiss franc | 72 | 1,111 |
| Saudi riyal | 6 | 478 |
| Turkish lira | - | 616 |
| Canadian dollar | - | 153 |
| Swedish krona | - | 24 |
| Danish krone | - | 23 |
| Brazilian real | - | 3 |
| | 46,337 | 39,223 |

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

| Group (Company: £nil) | 2014 £'000 | 2013 £'000 |
|---|---|---|
| At 1 May | 2,971 | 6,834 |
| Provision for receivables impairment | 3,000 | 2,923 |
| Amounts reversed | - | - |
| Amounts utilised | (1,083) | (6,786) |
| **At 30 April** | 4,888 | 2,971 |

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.

## 15 Loans to group companies

| | Group 2014 £'000 | Company 2014 £'000 | Group 2013 £'000 | Company 2013 £'000 |
|---|---|---|---|---|
| Loans to other group companies | - | 1,105 | - | 1,020 |

The interest rate on intercompany loans is set at 16.50% per annum. The loans are unsecured and repayable upon maturity in May 2016. Loans are denominated in Sterling.

# Notes to the Financial Statements

For the year ended 30 April 2014

## 16 Cash and cash equivalents

| | Group 2014 £'000 | Company 2014 £'000 | Group 2013 £'000 | Company 2013 £'000 |
|---|---|---|---|---|
| Cash at bank and in hand | 11,129 | 2 | 37,530 | 2 |

## 17 Borrowings

### Current liabilities

| | Group 2014 £'000 | Company 2014 £'000 | Group 2013 £'000 | Company 2013 £'000 |
|---|---|---|---|---|
| Bank Loans | 14,868 | - | 4,500 | - |
| | 14,868 | - | 4,500 | - |

### Non-current liabilities

| | Group 2014 £'000 | Company 2014 £'000 | Group 2013 £'000 | Company 2013 £'000 |
|---|---|---|---|---|
| Bank loans | 51,022 | - | 105,670 | - |
| Unsecured loan notes | 314,365 | - | 273,170 | - |
| | 365,387 | - | 378,840 | - |

The fair values of the financial liabilities at 30 April 2014 were the same as their carrying values.

### Bank loans (secured)

The secured bank loans have been arranged through Lloyds Bank plc and arose at the time of the Foster Group (International) Limited acquisition. Bank loans comprise a series of senior facilities with applicable interest rate margins of 1.50% to 4.25% above LIBOR. All loans are denominated in Sterling.

The Revolving Credit Facility was arranged through Lloyds TSB Bank plc, was fully drawn down on 15 April 2014 and remained fully drawn down at the balance sheet date. The facility accrues interest at a rate of LIBOR plus 4% and expires on 31 December 2014.

The issue costs 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 2014 and 2015.

Subsequent to the year end the bank loans were fully repaid. Further detail can be found in the strategic report and in Note 18 of these financial statements.

**Loan Notes (unsecured)**

The Group issued unsecured loan notes on 23 February 2013 as part of the consideration of the PHA acquisition for a par value of £2,144,604. The final redemption date is 22 February 2021. The interest rate on these unsecured loan notes is 10%. The loan notes carry an early redemption right at the discretion of the issuer, provided that the issuer gives 20 days' notice and the redemption date is not within six months of the date of issue. The loan notes are denominated in Sterling.

The Group issued unsecured loan notes on 10 May 2007 as part of the Foster Group (International) Limited acquisition. The final redemption date of these loan notes is 9 May 2017. The interest rate on these unsecured loan notes ranged from 15% to 20%. Of these loan notes, those outstanding at 30 April 2013 attract a coupon rate of 15%. These loan notes carry a voluntary early redemption right, subject to prior agreement of a note holder majority and bank consent. All loan notes are denominated in Sterling.

The loan notes arising from the Foster Group (International) Limited acquisition are listed at par value on the Channel Islands Stock Exchange. During the year, the Group listed PIK loan notes at par value on the Channel Islands Stock Exchange. Only certain PIK notes are listed at par value to satisfy interest obligations with respective loan notes. The loan notes are transferable only amongst the existing holders, with note holder majority agreement.

As at 30 April 2014 Lord Foster, M Streets and D Nelson held loan notes with an aggregate par value of £40,860,000 (2013: Lord Foster, M Majidi, M Streets and D Nelson £41,490,000).

Subsequent to the year end the loan notes issued on 10 May 2007 were settled as part of the financial and capital restructuring completed on 30 June 2014. Further detail can be found in the strategic report and in note 18 of these financial statements.

## 18 Events after the reporting period

Subsequent to the financial year end the Group completed a financial and capital restructuring. On 30 June 2014 the Group returned to 100% management control, with 3i receiving £70m in cash and an issue of £40m new A Ordinary Shares in settlement of the loan notes and for the acquisition of the ordinary shares 3i previously held. Subsequent to the financial year end the Group also fully repaid the £66m in bank loans which were outstanding on 30th April 2014.

## Notes to the Financial Statements

For the year ended 30 April 2014

Presented below is a pro forma consolidated statement of financial position, which illustrates how this statement would be presented if the refinancing completed on 30 June 2014 had completed on 30 April 2014.

| | Explanatory Notes | Actual consolidated statement of financial position at 30 April 2014 £'000 | Pro forma consolidated statement of financial position at 30 April 2014 £'000 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Intangible assets | | 464 | 464 |
| Goodwill | | 150,000 | 150,000 |
| Property, plant and equipment | | 4,519 | 4,519 |
| Derivative financial instruments | a | - | 1,677 |
| Deferred income tax assets | | 1,146 | 1,146 |
| | | 156,129 | 157,806 |
| **Current assets** | | | |
| Derivative financial instruments | | 22 | 22 |
| Trade and other receivables | | 55,342 | 55,342 |
| Income tax assets | | 129 | 129 |
| Cash and cash equivalents | b | 11,129 | (2,162) |
| | | 66,622 | 53,331 |
| **Total assets** | | 222,751 | 211,137 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Borrowings | c | (14,868) | (5,184) |
| Trade and other payables | | (49,957) | (49,957) |
| | | (64,825) | (55,141) |
| **Non-current liabilities** | | | |
| Borrowings | d | (365,387) | (160,990) |
| Provisions for liabilities and charges | | (1,308) | (1,308) |
| | | (366,695) | (162,298) |
| **Total liabilities** | | (431,520) | (217,439) |
| **Net liabilities** | | (208,769) | (6,302) |
| **Equity** | | | |
| Share capital | | 1,200 | 1,200 |
| Share premium | | 514 | 514 |
| Other reserves | e | (485) | (39,254) |
| Accumulated (losses) / profits | f | (209,998) | 31,238 |
| **Total equity** | | (208,769) | (6,302) |

## Notes to the Financial Statements

For the year ended 30 April 2014

The table below summarises the movements on the balance sheet:

| | Per consolidated statement of financial position at 30 April 2014 | New senior loan and related facilities | Transaction and other costs | Repayment of existing facilities | Restructure of management and 3i loan notes | Pro forma consolidated statement of financial position at 30 April 2014 |
|---|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| a. Derivative financial instruments | - | 1,677 | - | - | - | 1,677 |
| b. Cash and cash equivalents | 11,129 | 133,323 | (9,400) | (66,013) | (71,201) | (2,162) |
| c. Borrowings - current liabilities | (14,868) | (2,000) | - | 14,868 | (3,184) | (5,184) |
| d. Borrowings - non-current liabilities | (365,387) | (133,000) | 8,796 | 51,022 | 277,579 | (160,990) |
| e. Other reserves | (485) | - | - | - | (38,769) | (39,254) |
| f. Retained (losses) / earnings | (209,998) | - | (604) | (123) | 241,963 | 31,238 |

### New Loan Facilities

New senior loan facilities, which were secured by the Group on 30 June 2014 were used to pay: (i) the £66m outstanding bank debt from the £190m secured in May 2007; (ii) £70m in consideration of unsecured loan notes held by 3i; and (iii) £1.2m towards the loan notes that arose from the 2011 acquisition of Piers Heath Associates Limited. A further £1.2m remains payable on the loan notes that arose on the Piers Heath Associates Limited acquisition and this is included in the pro forma consolidated statement of financial statement in non-current borrowings.

Two interest rate caps were purchased at a cost of £1.7m, capping LIBOR at 3.0% on approximately 65% of senior facilities. Costs associated with the financial and capital restructure were £9.4m, £8.8m of which have been capitalised and will be amortised over the borrowing period, with £0.6m charged to the income statement.

The pro forma balance sheet shows a negative cash balance of £2.2m. The actual cash balance at 30 June 2014 was positive, at £8.2m. The difference between the two cash balances is a result of post year end cash flows, and short-term timing differences around the actual settlement of transaction costs and the assumptions applied in generating the pro forma balance sheet.

### New Equity Instrument

In further consideration for the loan notes and equity held by 3i, 4,000 A ordinary shares in Foster + Partners Group Limited were issued to 3i. The shares entitle 3i to a capital repayment on redemption of £40m and annual preferential dividends based on the outstanding share capital. In accordance with IAS 32, the share capital arising out of this transaction has been classified as a financial liability. Based on the expected cash outflows and an effective constant interest rate of 5.5%, the net present value of the financial liability was £38.8m on 30 June 2014.

## Notes to the Financial Statements
For the year ended 30 April 2014

### 19 Derivative financial instruments

**Current assets**

| | Group 2014 £'000 | Company 2014 £'000 | Group 2013 £'000 | Company 2013 £'000 |
|---|---|---|---|---|
| Interest rate cap | - | - | - | - |
| Unamortised interest cap premium | 258 | - | - | - |
| Interest rate cap premium amortisation | (236) | - | - | - |
| | 22 | - | - | - |

**Non-current assets**

| | Group 2014 £'000 | Company 2014 £'000 | Group 2013 £'000 | Company 2013 £'000 |
|---|---|---|---|---|
| Interest rate cap | - | - | 2 | - |
| Unamortised interest cap premium | - | - | 258 | - |
| Interest rate cap premium amortisation | - | - | (108) | - |
| | - | - | 152 | - |

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.

During the year ended 30 April 2012 the Group secured a cap covering a portion of borrowings. This cap commenced on the expiry of the previous cap and collar instrument in July 2012 and expires July 2014, see note 27.

### 20 Trade and other payables

| | Group 2014 £'000 | Company 2014 £'000 | Group 2013 £'000 | Company 2013 £'000 |
|---|---|---|---|---|
| Trade payables | 5,675 | - | 4,666 | - |
| Amount due to subsidiary undertakings | - | 50 | - | 50 |
| Other taxation and social security | 2,425 | - | 1,706 | - |
| Other payables | 213 | - | 379 | - |
| Accruals | 7,735 | - | 5,502 | - |
| Deferred income | 33,909 | - | 35,002 | - |
| | 49,957 | 50 | 47,255 | 50 |

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

Advances received in relation to contracts in progress amount to £7.9 million (2013: £16.0 million) which is included in deferred income.

## Notes to the Financial Statements

For the year ended 30 April 2014

### 21 Loans from group companies

| | Group 2014 £'000 | Company 2014 £'000 | Group 2013 £'000 | Company 2013 £'000 |
|---|---|---|---|---|
| Loans from other group companies | - | 264 | - | 257 |

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 March 2017. Loans are denominated in Sterling.

### 22 Provisions for liabilities and charges

| Group | Claims on contracts £'000 | Loss making contracts £'000 | Treasury share provision £'000 | Restructuring provision £'000 | Total £'000 |
|---|---|---|---|---|---|
| At 30 April 2012 | 300 | - | 516 | - | 816 |
| Released | (250) | - | - | - | (250) |
| Utilised | 150 | - | - | - | 150 |
| **Balance at 30 April 2013** | 200 | - | 516 | - | 716 |
| Released | - | - | - | - | - |
| Provided for in current year | - | 223 | - | 369 | 592 |
| **Balance at 30 April 2014** | 200 | 223 | 516 | 369 | 1,308 |

| Company | Claims on contracts £'000 | Loss making contracts £'000 | Treasury share provision £'000 | Restructuring provision £'000 | Total £'000 |
|---|---|---|---|---|---|
| At 30 April 2012 | - | - | 516 | - | 516 |
| Movement | - | - | - | - | - |
| **Balance at 30 April 2013** | - | - | 516 | - | 516 |
| Movement | - | - | - | - | - |
| **Balance at 30 April 2014** | - | - | 516 | - | 516 |

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.

Treasury share provision relates to the Group's cash settled share based payment scheme. As the Company has a stated intention to repurchase the C ordinary shares of eligible leavers, all C ordinary shares currently held by potential leavers are treated as cash-settled and in accordance with IAS 32.

The restructuring provision relates to the closure of one of the Group's international offices. The provision reflects management's estimate of severance and relocation costs, onerous lease contracts, and other costs associated with restoring the leasehold property.

## 23 Called up equity share capital and share premium

| Group and Company | Percentage | 2014 £'000 | 2013 £'000 |
|---|---|---|---|
| **Authorised capital** | | | |
| 1,200,000 (2013: 1,200,000) ordinary shares £1 each | | 1,200 | 1,200 |
| **Allotted, called up and fully paid** | | | |
| 479,774 £1 A ordinary shares | 40% | 480 | 480 |
| 338,705 £1 B ordinary shares | 28% | 339 | 339 |
| 381,521 £1 C ordinary shares | 32% | 381 | 381 |
| **Total** | 100% | 1,200 | 1,200 |

All classes of shares carry one vote per share and are entitled to dividends subject to prior written consent by the holders of the A shares. A shares may be redeemed at the price paid upon subscription, at the option of the holder provided a new subscriber subscribes for the same number of A shares.

The difference between the total consideration for share capital of £1,714,000 and the total nominal value of £1,200,000 has been credited to the share premium reserve (£514,000).

*All shares held by employee trusts are deducted from shareholders' funds and are not classified* as assets.

As at 30 April 2014 the ESOP trust owns 106,913 C ordinary shares, 8,810 B ordinary shares in the Company (2013: 5,513 C ordinary shares) and B Loan Notes with a par value of £1,156,000 (2013: nil).

## 24 Other reserves

| Group and Company | ESOP reserve £'000 | Treasury share reserve £'000 | Total £'000 |
|---|---|---|---|
| At 30 April 2012 | (6) | (516) | (522) |
| Shares allotted | (2) | - | (2) |
| **At 30 April 2013** | (8) | (516) | (524) |
| Shares purchased | (4) | - | (4) |
| Other movements in the year | 43 | - | 43 |
| **At 30 April 2014** | 31 | (516) | (485) |

The treasury share reserve relates to the Group's cash settled share based payment scheme. As the Company has a stated intention to repurchase the C ordinary shares of eligible leavers, all C ordinary shares currently held by potential leavers are treated as cash-settled.

The ESOP reserve represents the deduction in arriving at shareholders' funds for the consideration paid for the Company's shares purchased by the trust. There is no charge to the profit and loss account because the shares were issued at market value.

## 25 Cash generated from operations

| | Group 2014 £'000 | Company 2014 £'000 | Group 2013 £'000 | Company 2013 £'000 |
|---|---|---|---|---|
| Loss before income tax | (16,484) | - | (141,603) | - |
| Adjustment for: | | | | |
| Depreciation of property, plant and equipment | 3,158 | - | 3,371 | - |
| Gain on disposal of fixed assets | (131) | - | - | - |
| Finance costs - net | 44,348 | - | 40,023 | - |
| (Increase)/Decrease in trade and other receivables | (6,495) | - | 16,024 | - |
| Increase/(Decrease) in trade and other payables | 3,342 | - | (179) | - |
| Impairment of assets | 320 | - | - | - |
| Impairment of Goodwill | - | - | 129,438 | - |
| Cash generated from operations | 28,058 | - | 47,074 | - |

## 26 Reconciliation of net cash flow to movement in net debt

| | 2014 £'000 | 2013 £'000 |
|---|---|---|
| (Decrease)/Increase in cash and cash equivalents in the year | (26,401) | 23,424 |
| New borrowings | (14,859) | - |
| Repayment of debt | 59,500 | 10,400 |
| Changes in net debt from cash flows | 18,240 | 33,824 |
| **Non-cash movements** | | |
| New loan notes issued | - | (2,145) |
| Interest rolled up into loans | (40,945) | (35,892) |
| Amortisation of bank and loan note fees | (611) | (689) |
| | (41,556) | (38,726) |
| Movement in net debt for the year | (23,316) | (4,902) |
| Net debt balance at 1 May | (345,810) | (340,908) |
| **Net balance at 30 April** | (369,126) | (345,810) |

## 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. The Group's primary currency exposure is to the US dollar. At 30 April 2014, 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 £1.8m (2013: £1.2m) higher/lower due to foreign exchange gains/losses on translation of US dollar denominated trade receivables 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 all of the Group's bank debt at 30 April 2014. During 2013 and 2014, the Group's bank borrowings were denominated in Sterling. At 30 April 2014 an increase or decrease of one percentage point in LIBOR would decrease or increase the Group's profit before tax for the year by £0.5m.

### (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.

### (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 £15m revolving credit facility 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 Group has £11.1 million of cash and cash equivalents (2013: £37.5 million) 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 2014 | Less than 1 year £'000 | Between 1 and 5 years £'000 | Over 5 years £'000 |
|---|---|---|---|
| Revolving credit facility | 15,000 | - | - |
| Bank loans | - | 51,145 | |
| Unsecured loan notes | - | 311,963 | 2,402 |
| Trade and other payables | 16,142 | - | - |
| | 31,142 | 363,108 | 2,402 |
| **At 30 April 2013** | | | |
| Bank loans | 4,500 | 106,145 | - |
| Unsecured loan notes | - | 270,987 | 2,183 |
| Trade and other payables | 14,252 | - | - |
| | 18,752 | 377,132 | 2,183 |

In addition to the carrying value of the unsecured loan notes disclosed above, the undiscounted value of rolled up interest also falling due at maturity is £164.7 million (2013: £206.1 million).

### (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. In common with other private equity portfolio companies, the Group carries a high level of net debt compared to equity.

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 2014 the Group maintains one derivative financial instrument, an interest rate cap over a portion of secured bank loans. This instrument's fair value is 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 | 2014<br>£'000 | 2013<br>£'000 |
|---|---|---|
| Within one year | 4,794 | 5,049 |
| Within two to five years | 11,756 | 12,428 |
| After 5 years | 12,664 | 14,033 |
| Total | 29,214 | 31,510 |

The total future minimum sublease payments expected to be received under non-cancellable subleases are as follows:

| Group | 2014<br>£'000 | 2013<br>£'000 |
|---|---|---|
| Within one year | 8 | 8 |
| Within two to five years | 20 | 20 |
| After 5 years | - | - |
| Total | 28 | 28 |

## 29 Pension schemes

The Group operates several defined contribution schemes for which the pension cost charges for the year amounted to £1.961 million (2013: £1.768 million). As at 30 April 2014 a £0.182 million creditor is held in the statement of financial position (2013: £0.170 million) for contributions to be paid over.

## 30 Related party transactions

Key management are considered to be the Directors. Details of emoluments and loan notes held are disclosed in notes 8 and 17 respectively.

During the year, the Group leased premises on arms length, commercial terms from Foster Germany Limited, a related party entity, registered in England and Wales.

The Company has intercompany loan amounts receivable and payable as disclosed in notes 15 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 2014.

During the year and as at 30 April 2014 the Group was controlled by senior management and 3i group of companies. As noted in the Strategic Report and note 18, subsequent to year end, the Group is now controlled by senior management.