

## **PLP Architecture Limited**

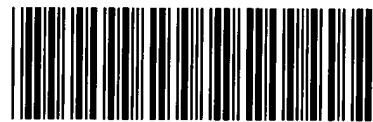
Report and Financial Statements

Year Ended

31 December 2019

Company number: 06956582

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# **PLP Architecture Limited**

**Report and financial statements  
for the year ended 31 December 2019**

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## **Directors**

L Polisano  
D Leventhal

## **Secretary and registered office**

A C Plaw  
Ibex House  
42-47 Minories  
London  
EC3N 1DY

## **Company number**

06956582

## **Auditors**

BDO LLP, 55 Baker Street, London, W1U 7EU

# PLP Architecture Limited

## Strategic report for the year ended 31 December 2019

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The Directors present their strategic report and the financial statements for the year ended 31 December 2019.

### Business review

The group headed by PLP Architecture Limited is a multi-award winning firm of architects, designers and thinkers working on high profile projects both in the UK and internationally. It is based in London and has a wholly owned subsidiary operating in China.

Architecture and design continues to be delivered to world-class standards.

In the 2017 financial year, all staff transferred to PLP Architecture International Limited, an entity under common directorship. Since that point, the Group has had no staff in the UK and its projects are staffed by PLP Architecture International Limited. This has had a negative impact on turnover as this company no longer actively seeks new client business, but the business continues to have significant reserves.

### Principal risks and uncertainties

The business faces a number of risks including:

- *Fluctuations in the pipeline of work* – the pipeline of work is constantly updated and monitored, and appropriate actions taken where changes in the level of activity are expected. Although still a factor, due to the group restructure which now sees new projects undertaken from PLP Architecture International Limited, the Covid-19 pandemic has not had so large an impact on the future pipeline of work, which was already expected to decline.
- *Treasury risks* – treasury risks include credit risk, liquidity risk, market risk, cash flow risk, and foreign exchange risk. The Group has a conservative risk appetite and maintains a low exposure to these risks to minimise any potential impact. The company manages these risks by regularly monitoring and forecasting its cash flows and actively managing its debt book. The impact of both Covid-19 and a potential adverse effect of Brexit are considered when managing the risks detailed above.

### Financial key performance indicators

The Directors measure the success of the company by looking at a range of indicators relating to project work and the allocation of resources to projects. Design excellence and a strong and sustainable financial base are the key areas of strategic performance monitored by the Board. The specific KPIs are tabled below.

- *Ensure that all major projects remain profitable* - The average operating profit of key projects continues to be above the level which maintains the financial strength of the business. Gross profit margin was 32.1% (2018: 37.5%)
- *Maintain appropriate cash reserves to protect the business against economic uncertainty* - Cash reserves have been maintained at above £2 million, in line with expectations.

# PLP Architecture Limited

## Strategic report for the year ended 31 December 2019 (*continued*)

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### Future developments

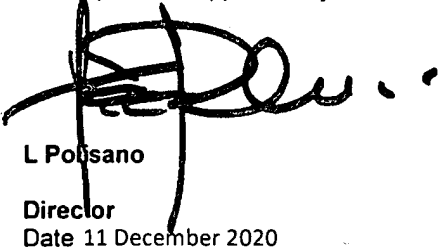
There remain many uncertainties in the construction sector in the UK and worldwide, not only driven by Brexit.

Considerable note is made with respect of the impact of Covid-19 on both the company, the group, and the industry as a whole. At the time of approving this report, we have seen the impact that the pandemic has had on our working methods, the way our staff interact creatively and effectively within the office environment, on site where our projects have moved to construction phase, and remain confident that the business can meet the challenges faced.

We are continually planning for different scenarios and modelling the impact on the Group financial performance and our stress testing shows that the Group can withstand both a material and prolonged decline in trading. Consequently, we are confident that we have the resources to continue to support our clients through this period and as the various economies begin to recover. We will continue to follow the advice and guidance from governments and health authorities and our plans will adapt as changes occur.

The financial impact of Covid-19 on the 2019 financial results themselves is minor due to the nature and timing of the work involved in that year. In accordance with best practice, the Board has considered the ongoing impact of the pandemic and at the date of these financial statements, cashflow forecasts show that the Covid-19 situation is being well managed and as a result the directors consider Covid-19 to be a non-adjusting post balance sheet event. We will continue to carefully monitor developments in the market and respond appropriately.

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



L Polzano  
Director  
Date 11 December 2020

# **PLP Architecture Limited**

## **Report of the Directors for the year ended 31 December 2019**

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The Directors present their report and the financial statements for the year ended 31 December 2019.

### **Results**

The results of the Group for the year ended 31 December 2019 are set out in the consolidated statement of comprehensive income on page 8 and show a profit for the year of £19,844 (2018: profit £212,850).

An interim dividend of £546,000 was declared in the year (2018: £243,750). The Directors do not recommend a final dividend.

### **Directors**

The Directors who served during the year and to the date of this report were:

L Polisano  
D Leventhal

### **Going concern**

The Directors have prepared the financial statements on a going concern basis which assumes that the Group and the Company will continue in operation existence for the foreseeable future. In light of the Covid-19 pandemic, we have performed detailed analysis as to the continued viability of each project and the future performance prospects of the business and accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

The Group retains significant reserves and from a financial standpoint the Directors have confidence that PLP Architecture is well placed to continue to perform in the face of a significant downturn in both the general economy and the industry specifically.

### **Directors' responsibilities**

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

# **PLP Architecture Limited**

## **Report of the Directors for the year ended 31 December 2019 (continued)**

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### **Disclosure of information to auditors**

The Directors have taken all of the steps that they ought to have taken to make themselves aware of any information needed by the auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

### **Auditors**

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting.

### **Matters covered in the Strategic Report**

As permitted by paragraph 1A of Schedule 7 to the large and medium sized Companies and Groups (Accounts and Reports) Regulation 2008, certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report on pages 1-2. These matters relate to the principal activity and financial risk.

On behalf of the Directors



L Polzano  
Director

Date: 11 December 2020

# **PLP Architecture Limited**

## **Independent Auditor's report for the year ended 31 December 2019**

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PLP ARCHITECTURE LIMITED**

#### **Opinion**

We have audited the financial statements of PLP Architecture Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2019 which comprise the consolidated statement of comprehensive income, the consolidated balance sheet, the company balance sheet, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2019 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

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

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

**PLP Architecture Limited**  
**Independent Auditor's Report**  
**for the year ended 31 December 2019 (continued)**

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**Other information**

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

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

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

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

**Matters on which we are required to report by exception**

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

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

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



# PLP Architecture Limited

## Independent Auditor's Report for the year ended 31 December 2019 (*continued*)

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### Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

### Use of our report

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

BDO LLP

Nicholas Carter-Pegg (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
London, UK  
Date 11 December 2020

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

# PLP Architecture Limited

## Consolidated Statement of Comprehensive Income for the year ended 31 December 2019

	Note	2019 £	2018 £
Turnover	3	4,128,506	9,118,604
Cost of sales		(2,802,705)	(5,700,427)
<b>Gross profit</b>		<b>1,325,801</b>	<b>3,418,177</b>
Administrative expenses		(2,232,448)	(3,208,239)
<b>Operating (loss)/ profit</b>	4	<b>(906,647)</b>	<b>209,938</b>
Interest receivable and similar income		236	394
Interest payable and similar charges	6	(21,474)	(12,784)
<b>(Loss)/ profit on ordinary activities before taxation</b>		<b>(927,885)</b>	<b>197,548</b>
Taxation on (loss)/ profit from ordinary activities	7	947,729	15,302
<b>Profit for the year</b>		<b>19,844</b>	<b>212,850</b>
Currency translation differences		3,427	-
<b>Other comprehensive income for the year</b>		<b>3,427</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>23,271</b>	<b>212,850</b>

All amounts relate to continuing activities.

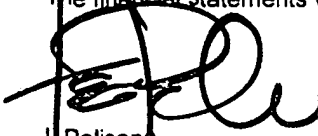
The notes on pages 14 to 25 form part of these financial statements.

# PLP Architecture Limited

## Consolidated Balance sheet at 31 December 2019

Company number: 06956582	Note	2019 £	2019 £	2018 £	2018 £
<b>Fixed assets</b>					
Intangible assets	9		-		234,246
Tangible assets	10		774,996		996,085
Investments	11		49,409		44,250
			<u>824,405</u>		<u>1,274,581</u>
<b>Current assets</b>					
Debtors	12	1,139,412		1,989,705	
Cash at bank and in hand		2,603,821		2,850,696	
Deferred tax	15	111,484		-	
		<u>3,854,717</u>		<u>4,840,401</u>	
<b>Creditors: amounts falling due within one year</b>	13	(2,838,690)		(3,675,569)	
<b>Net current assets</b>			<u>1,016,027</u>		<u>1,164,832</u>
<b>Total assets less current liabilities</b>			<u>1,840,432</u>		<u>2,439,413</u>
<b>Creditors: amounts falling due after more than one year</b>	14		(2,500)		(2,500)
<b>Provisions for liabilities</b>					
Deferred tax	15		-		(76,252)
<b>Net assets</b>			<u>1,837,932</u>		<u>2,360,661</u>
<b>Capital and reserves</b>					
Called up share capital	17		1		1
Retained earnings			<u>1,837,931</u>		<u>2,360,660</u>
<b>Shareholder's funds</b>			<u>1,837,932</u>		<u>2,360,661</u>

The financial statements were approved by the Board of Directors and authorised for issue 11 December 2020.

  
L. Polisan  
Director

The notes on pages 14 to 25 form part of these financial statements.

# PLP Architecture Limited

## Company balance sheet at 31 December 2019

Company number: 06956582	Note	2019 £	2019 £	2018 £	2018 £
<b>Fixed assets</b>					
Intangible assets	9	-	-	-	234,246
Tangible assets	10	774,997	774,997	996,085	996,085
Investments	11	149,525	149,525	149,526	149,526
			<b>924,522</b>		<b>1,379,857</b>
<b>Current assets</b>					
Debtors	12	1,092,549		2,021,720	
Cash at bank and in hand		2,597,248		2,745,725	
Deferred tax	15	111,484		-	
		<b>3,801,281</b>		<b>4,767,445</b>	
<b>Creditors: amounts falling due within one year</b>	13	<b>(2,828,905)</b>		<b>(3,637,934)</b>	
<b>Net current assets</b>			<b>972,376</b>		<b>1,129,511</b>
<b>Total assets less current liabilities</b>			<b>1,896,897</b>		<b>2,509,368</b>
<b>Creditors: amounts falling due after more than one year</b>	14		<b>(2,500)</b>		<b>(2,500)</b>
<b>Provisions for liabilities</b>					
Deferred tax	15		-		(76,252)
<b>Net assets</b>			<b>1,894,397</b>		<b>2,430,616</b>
<b>Capital and reserves</b>					
Called up share capital	17		1		1
Retained earnings			1,894,396		2,430,615
<b>Shareholder's funds</b>			<b>1,894,397</b>		<b>2,430,616</b>

The company has taken advantage of the exemption allowed under the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The Group profit for the year includes a profit after tax of £9,781 (2018: £187,210) which is dealt with in the financial statements of the parent company.

The financial statements were approved by the Board of Directors and authorised for issue

  
L Polisano  
Director

11/12/2020

The notes on pages 14 to 25 form part of these financial statements.

# PLP Architecture Limited

## Consolidated statement of changes in equity for the year ended 31 December 2019

	Note	Called-up share capital £	Retained earnings £	Total £
<b>At 1 January 2018</b>		<b>1</b>	<b>2,391,560</b>	<b>2,391,561</b>
<b>Comprehensive income for the year</b>				
Profit for the year		-	212,850	212,850
<b>Other comprehensive income for the year</b>				
Currency translation differences		-	-	-
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>212,850</b>	<b>212,850</b>
<b>Distributions to owners</b>				
Dividends paid	8	-	(243,750)	(243,750)
<b>At 31 December 2018</b>		<b>1</b>	<b>2,360,660</b>	<b>2,360,661</b>
<b>Comprehensive income for the year</b>				
Profit for the year		-	19,844	19,844
<b>Other comprehensive income for the year</b>				
Currency translation differences		-	3,427	3,427
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>23,271</b>	<b>23,271</b>
<b>Distributions to owners</b>				
Dividends paid	8	-	(546,000)	(546,000)
<b>At 31 December 2019</b>		<b>1</b>	<b>1,837,931</b>	<b>1,837,932</b>

The notes on pages 14 to 25 form part of these financial statements.

# PLP Architecture Limited

## Company statement of changes in equity for the year ended 31 December 2019

	Note	Called-up share capital £	Retained earnings £	Total £
<b>At 1 January 2018</b>		<b>1</b>	<b>2,487,155</b>	<b>2,487,156</b>
<b>Comprehensive income for the year</b>				
Profit for the year		-	187,210	187,210
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>187,210</b>	<b>187,210</b>
<b>Distributions to owners</b>				
Dividends paid	8	-	(243,750)	(243,750)
<b>At 31 December 2018</b>		<b>1</b>	<b>2,430,615</b>	<b>2,430,616</b>
<b>Comprehensive income for the year</b>				
Profit for the year		-	9,781	9,781
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>9,781</b>	<b>9,781</b>
<b>Distributions to owners</b>				
Dividends paid	8	-	(546,000)	(546,000)
<b>At 31 December 2019</b>		<b>1</b>	<b>1,894,396</b>	<b>1,894,392</b>

The notes on pages 14 to 25 form part of these financial statements.

# PLP Architecture Limited

## Consolidated Statement of cash flows for the year ended 31 December 2019

	Note	2019 £	2018 £
<b>Cash flows from operating activities</b>			
Profit for the financial year		19,844	212,850
Adjustments for:			
Depreciation, impairment and amortisation of fixed assets	9/10	454,717	745,031
Loss on disposal of fixed assets	10	618	159,950
Net interest payable		21,239	12,390
Taxation credit	7	(947,729)	(15,302)
Decrease in debtors	12	632,025	279,195
(Decrease) in trade and other creditors	13/14	(836,879)	(1,134,000)
Foreign exchange		(1,732)	(8,121)
<b>Cash (used in)/ from operations</b>		<b>(657,897)</b>	<b>251,993</b>
Interest paid		(21,474)	(12,783)
Taxation refunded		978,260	464,001
<b>Net cash generated from operating activities</b>		<b>298,889</b>	<b>703,211</b>
<b>Cash flows from/ (used in) investing activities</b>			
Purchases of tangible fixed assets	10	-	(36,014)
Interest received		236	394
<b>Net cash from/ (used in) investing activities</b>		<b>236</b>	<b>(35,620)</b>
<b>Cash flows (used in) financing activities</b>			
Repayment of finance leases		-	(27,980)
Equity dividends paid	8	(546,000)	(243,750)
<b>Net cash used in financing activities</b>		<b>(546,000)</b>	<b>(271,730)</b>
<b>Net decrease/ (increase) in cash and cash equivalents</b>		<b>(246,875)</b>	<b>395,861</b>
Cash and cash equivalents at beginning of year		2,850,696	2,454,835
<b>Cash and cash equivalents at end of year</b>		<b>2,603,821</b>	<b>2,850,696</b>

The notes on pages 14 to 25 form part of these financial statements.

# **PLP Architecture Limited**

## **Notes forming part of the financial statements for the year ended 31 December 2019**

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### **1 Accounting policies**

PLP Architecture Limited is a private company limited by shares, incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the group's operations and its principal activities are set out in the strategic report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group accounting policies.

The financial statements have been prepared under the historical cost convention.

#### **Parent company disclosure exemptions**

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

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

#### **Basis of consolidation**

The consolidated financial statements present the results of PLP Architecture Limited and its subsidiaries ("the group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

#### **Going concern**

The Board has considered the impact of the ongoing Covid-19 pandemic. There has been a minimal impact on trading to date with employees able to work remotely and continue to provide services to the Group.

Given the impact of Covid-19 on the economy generally, the Board has closely monitored performance metrics (both financial and non-financial) since the start of the pandemic, and continually review these metrics in order to assess the ability of the Group and the Company to continue as a going concern. The Directors have prepared cash flow forecasts for the Group for a review period of 12 months from the date of approval of these financial statements. These forecasts reflect an assessment of current and future market conditions and their impact on the Group future cash flow performance. The Group has already taken a number of actions to control its cost base and to make use of government schemes, and these are reflected in the forecasts.

The forecasts have been sensitised for a further significant reduction in revenue to the end of the review period, with appropriate additional cost mitigations. In the sensitised scenario the forecasts indicate the Group would still have sufficient cash to continue as a going concern.

The Board of Directors has, at the time of approving the financial statements, a reasonable expectation that the Group and the Company has adequate resources to continue in operational existence for the foreseeable future. Thus the Board continues to adopt the going concern basis of accounting in preparing the financial statements.



# PLP Architecture Limited

## Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

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### 1 Accounting policies (continued)

#### Turnover

Turnover represents revenue arising from the provision of architectural services. It is stated at the fair value of the consideration receivable, net of value added tax, rebates and discounts and excluding disbursements.

Revenue from services provided by the Group is recognised when the Group has performed its obligations and in exchange obtained the right to consideration.

#### Amounts recoverable on contracts

Turnover under long term contracts of service has been recognised by an assessment of the percentage completion of a contract by reference to the proportion of the actual labour cost incurred as at the balance sheet date as a proportion of the total labour costs expected under the contract. Provision is made against unbilled amounts on those engagements where the right to receive payment is contingent on factors outside the control of the Group. Unbilled revenue is included in accrued income, within debtors with payments on account being included in deferred income, within creditors.

#### Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to profit and loss over its economic life, which is estimated to be ten years from the date of acquisition. Goodwill became fully amortised in the current financial year.

#### Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Computer software	-	Straight line over 5 years
Computer hardware	-	Straight line over 3 to 5 years
Fixtures and fittings	-	Straight line over 3 to 10 years

#### Investments

Investments held as fixed assets are shown at cost less provision for impairment.

#### Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset is tested for impairment. 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.

#### Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Group. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit and loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

# PLP Architecture Limited

Notes forming part of the financial statements  
for the year ended 31 December 2019 *(continued)*

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## 1 Accounting policies *(continued)*

### Operating leases

Rentals under operating leases are charged to profit and loss on a straight line basis over the lease term. Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period of the lease.

### Current taxation

Current tax, including UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

### Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation. A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

### Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange gains and losses are recognised in profit and loss.

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.

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

### Provisions

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate, being discounted to present value, where the time value of money is material.

### Financial assets

Financial assets, other than investments, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

# PLP Architecture Limited

## Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

### 1 Accounting policies (continued)

#### Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

#### Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

#### Reserves

The Group and Company's reserves are as follows:

- Called up share capital represents the nominal value of the shares issued.
- Retained earnings represent cumulative profits or losses, net of dividends paid and other adjustments.

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

In preparing these financial statements, the directors have made judgements in applying accounting policies and acknowledge the below key sources of estimation uncertainty:

- Determination of the validity and appropriateness of estimates for labour costs remaining on long term contracts, to support the calculation of percentage completion and the recognition of turnover. Factors taken into consideration include the expected programme and expected staff levels together with historical data on previous projects.
- Determination of whether provisions should be made against trade debtors. Factors taken into consideration include the relationship with the debtor and an assessment of the debtor's ability to pay.
- Determination of whether leases entered into by the Group, either as a lessor or a lessee, are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determination of whether there are indicators of impairment of the Group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.
- Determination of potential future utilisation and measurement of any carried forward Corporation Tax losses. Factors that have been considered include likely profitability within the company, sourced from both existing client projects and potential capital events stemming from future planned group restructuring.

### 3 Analysis of Turnover

	2019 £	2018 £
Analysis of turnover by country of geography:		
United Kingdom	3,570,875	8,669,624
Rest of the World	557,631	448,980
	<hr/>	<hr/>
	4,128,506	9,118,604
	<hr/>	<hr/>

# PLP Architecture Limited

Notes forming part of the financial statements  
for the year ended 31 December 2019 (continued)

## 4 Operating (loss)/ profit

	2019 £	2018 £
This is arrived at after charging / (crediting):		
Depreciation of tangible fixed assets - owned by the company	200,059	407,345
Depreciation of tangible fixed assets - leased assets	20,412	20,412
Loss on disposal of computer software	-	133,392
Amortisation - intangible fixed assets	234,246	316,744
Exchange (gains)/ losses	(5,990)	109,768
Auditor's remuneration	23,519	15,612
Operating lease expense	622,107	653,159

## 5 Employees

	2019 £	2018 £
Staff costs (including directors) consist of:		
Wages and salaries	115,201	193,909
Social security costs	7,709	17,221
Other pension costs	-	-
	122,910	211,130

The average number of employees (including directors) during the year was as follows:

	2019 Number	2018 Number
Number of staff (PLP Architecture Shanghai Ltd)	1	2

PLP Architecture Limited has had no employees since the end of 2017. The employee costs to service the Company's projects are now recharged from PLP International Architecture Limited, an entity under common directorship, from then on.

The Directors did not receive remuneration from any source for their role as Director of the Company in the current or preceding financial year. Instead, the Directors were remunerated for their role as Director of PLP Architecture International Limited, an entity under common directorship.

## 6 Interest payable and similar charges

	2019 £	2018 £
Finance leases and hire purchase contracts	-	11,904
Other interest	21,474	880
	21,474	12,784

# PLP Architecture Limited

Notes forming part of the financial statements  
for the year ended 31 December 2019 (*continued*)

## 7 Taxation on (loss) / profit on ordinary activities

	2019 £	2018 £
<i>Group corporation tax</i>		
Current tax on (loss)/ profits of the year – UK	(762,252)	96,226
Current tax on profits of the year – foreign tax	2,259	1,668
	<hr/>	<hr/>
Total current tax	(759,993)	97,894
<i>Deferred tax</i>		
Origination and reversal of timing differences	(187,736)	(113,196)
	<hr/>	<hr/>
Total deferred tax	(187,736)	(113,196)
	<hr/>	<hr/>
Taxation on loss on ordinary activities	(947,729)	(15,302)
	<hr/>	<hr/>

The tax assessed for the year is lower (2018: lower) than the standard rate of corporation tax in the Group applied to profit before tax. The differences are explained below:

	2019 £	2018 £
(Loss) / profit on ordinary activities before tax	(927,885)	197,549
	<hr/>	<hr/>
(Loss) / profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2018: 19%)	(178,639)	32,346
Effects of:		
Expenses not deductible for tax purposes	(2,529)	111,732
Adjustments to tax charge in respect of prior periods	(2,605)	-
Research and development tax relief	(759,500)	-
Other timing differences	(7,536)	(166,207)
Differing overseas tax rates	3,080	6,827
	<hr/>	<hr/>
Total tax charge for period	(947,729)	(15,302)
	<hr/>	<hr/>

# PLP Architecture Limited

Notes forming part of the financial statements  
for the year ended 31 December 2019 (*continued*)

## 8 Dividends

	2019 £	2018 £
Interim dividends totalling £546,000 per share (2018: £243,750) were paid during the year on 20 December 2019.	546,000	243,750

## 9 Intangible assets – Group and Company

	Goodwill £
<i>Cost or valuation</i>	
At 1 January 2019 and at 31 December 2019	2,870,884
<i>Amortisation</i>	
At 1 January 2019	2,636,638
Charge for year	234,246
At 31 December 2019	2,870,884
<i>Net book value</i>	
At 31 December 2019	-
At 31 December 2018	234,246

Goodwill arose on the acquisition of certain contracts for architectural services by PLP Architecture Limited, accounted for using the acquisition method.

# PLP Architecture Limited

Notes forming part of the financial statements  
for the year ended 31 December 2019 (*continued*)

## 10 Tangible fixed assets – Group and Company

	Computer software £	Computer hardware £	Fixtures and fittings £	Total £
<i>Cost or valuation</i>				
At 1 January 2019	480,066	869,519	1,758,771	3,108,357
Disposals	-	-	(11,127)	(11,127)
At 31 December 2019	480,066	869,519	1,747,644	3,097,229
<i>Depreciation</i>				
At 1 January 2019	465,051	755,987	891,233	2,112,271
Provision for year	6,910	53,164	160,396	220,470
Disposals	-	-	(10,509)	(10,509)
At 31 December 2019	471,961	809,151	1,041,120	2,322,232
<i>Net book value</i>				
At 31 December 2019	8,105	60,368	706,524	774,997
At 31 December 2018	15,015	113,532	867,538	996,085

The net book value of fixtures and fittings includes an amount of £82,652 (2018: £103,064) in respect of assets held under finance leases and hire purchase contracts.

# PLP Architecture Limited

Notes forming part of the financial statements  
for the year ended 31 December 2019 (continued)

## 11 Fixed asset investments - Company

Investments  
in  
subsidiary  
companies  
£

*Cost or valuation*

At 1 January 2019 and at 31 December 2019

149,525

*Subsidiary undertakings, associated undertakings and other investments*

The undertakings in which the company's interest at the year end is 20% or more are as follows:

Name	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held
<i>Subsidiary undertakings</i>		
PLP Architecture Emirates LLC <i>Registered Office Address: PO Box 44183, Abu Dhabi, UAE</i>	UAE	49%
PLP Architecture (Shanghai) Limited <i>Registered Office Address: Room 103-6, Block B, Zhenhua Heavy Industries R&amp;D Building, No.3261, Yongfang Road, Pudong New Area, Shanghai, China</i>	Shanghai	100%
PLP Architecture LLC <i>Registered Office Address: P.O. Box 45444, Doha, Qatar</i>	Qatar	49%

For each of the undertakings, the nature of business is Architecture.

PLP Architecture Emirates LLC is incorporated in Abu Dhabi, PLP Architecture LLC is incorporated in Qatar and PLP Architecture (Shanghai) Limited is incorporated in China.

Both PLP Architecture Emirates LLC and PLP Architecture LLC have been treated as subsidiaries by virtue of the fact that PLP Architecture Limited exercises operational and financial control over them. These subsidiaries are not consolidated as their results and financial position are not considered to be material to the group. As a result, an investment of £49,409 is shown on the consolidated balance sheet in relation to these entities.

The shareholders' funds and result for the year to 31 December 2019 were as follows:

	Shareholders' funds	Profit/(loss)
PLP Architecture Emirates LLC	16,689	-
PLP Architecture LLC	33,333	-



## PLP Architecture Limited

Notes forming part of the financial statements  
for the year ended 31 December 2019 (*continued*)

### 12 Debtors

	2019 Group £	2019 Company £	2018 Group £	2018 Company £
Trade debtors	797,823	690,258	1,203,936	1,173,061
Corporation tax	200	200	218,468	218,468
Other taxation and social security	6,227	6,227	83,018	83,018
Other debtors	174,669	174,669	174,138	174,138
Prepayments and accrued income	160,493	158,584	310,145	309,373
Amounts owed by group undertakings	-	62,611	-	63,662
	<u>1,139,412</u>	<u>1,092,549</u>	<u>1,989,705</u>	<u>2,021,720</u>

All amounts shown under debtors fall due for payment within one year.

### 13 Creditors: amounts falling due within one year

	2019 Group £	2019 Company £	2018 Group £	2018 Company £
Trade creditors	93,712	93,712	1,232,346	1,232,346
Amounts owed to group undertakings	50,023	50,023	50,023	50,023
Amounts due to PLP Architecture International Ltd	1,237,581	1,237,581	950,921	951,449
Other taxation and social security	760	-	6,413	-
Other creditors	139,591	139,303	168,230	168,230
Accruals and deferred income	1,317,023	1,308,286	1,267,636	1,235,886
	<u>2,838,690</u>	<u>2,828,905</u>	<u>3,675,569</u>	<u>3,637,934</u>

### 14 Creditors: amounts falling due more than one year

	2019 Group £	2019 Company £	2018 Group £	2018 Company £
Other creditors	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>

# PLP Architecture Limited

Notes forming part of the financial statements  
for the year ended 31 December 2019 (*continued*)

## 15 Deferred taxation – Group and Company

	2019 £	2018 £
At beginning of year	76,252	189,448
Credit for the year (note 7)	(187,736)	(113,196)
	<hr/>	<hr/>
At the end of the year	(111,484)	76,252
	<hr/>	<hr/>
The provision for deferred taxation is made up as follows:		
	2019 £	2018 £
Accelerated capital allowances	46,976	31,648
Other timing differences	(158,460)	44,604
	<hr/>	<hr/>
	(111,484)	76,252
	<hr/>	<hr/>

## 16 Financial instruments - Group

The Group's financial instruments may be analysed as follows:

	2019 £	2018 £
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	3,583,766	4,320,150
	<hr/>	<hr/>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	1,970,928	3,005,278
	<hr/>	<hr/>

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors, accrued income and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade creditors, amounts owed to group undertakings, obligations under finance lease and hire purchase contracts, other creditors and accruals.

Information regarding the group's exposure to and management of credit risk, liquidity risk, market risk, cash flow risk and foreign exchange risk is included in the Strategic report.

## 17 Share capital

	2019 £	2018 £
<i>Allotted, called up and fully paid</i>		
1 (2018: 1) ordinary shares of £1 each	1	1
	<hr/>	<hr/>

# PLP Architecture Limited

Notes forming part of the financial statements  
for the year ended 31 December 2019 (continued)

## 18 Commitments under operating leases – Group and Company

The Group and Company had minimum lease payments under non-cancellable operating leases as set out below:

	2019 £	2018 £
Not later than 1 year	730,337	707,138
Later than 1 year and not later than 5 years	2,607,720	2,755,760
Later than 5 years	-	688,940
	<hr/>	<hr/>
Total	3,338,057	4,151,838
	<hr/>	<hr/>

## 19 Related party disclosures

During the year, £577,484 (2018: £1,136,168) (net of VAT) was recharged to PLP Architecture International Limited, and £2,067,510 (2018: £4,150,993) (net of VAT) was recharged from PLP Architecture International Limited, a company under common directorship and in which the shareholder of PLP Architecture has an interest in the shares. At the year end, the balance due to PLP Architecture International Limited was £1,237,581 (2018: £2,098,538).

## 20 Control

L Polisano, a director of the company, has ultimate control of the company by virtue of his ownership of 100% of the issued ordinary shares of the company.

## 21 Post balance sheet events

Subsequent to the year end a pandemic was declared regarding Covid-19 which is treated in these financial statements as a non-adjusting post balance sheet event. The situation is continually changing, and it is still not possible to determine with any certainty the full impact on the company, its clients, employees and suppliers. Given the impact of Covid-19 on the economy generally, the Board has performed a number of stress tests to assess the ability of the company to continue as a going concern and believe that operational risks are mitigated by the current procedures in place and ongoing future risk planning.