

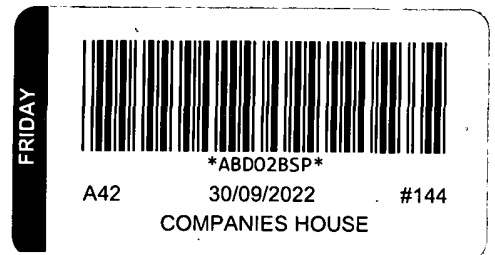
PLP Architecture Limited

Report and Financial Statements

Year Ended

31 December 2021

Company number: 06956582



PLP Architecture Limited

Report and Financial Statements for the year ended 31 December 2021

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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 2021

The Directors present their strategic report and the financial statements for the year ended 31 December 2021.

Business review

In the 2017 year, PLP Architecture Limited transferred its staff to PLP Architecture International Limited, an entity under common directorship. Since that point, the Group has had no employees, and no longer seeks new business. It continues to deliver the final stages of three long term projects, using resource from PLP Architecture International Limited.

The business remains based in London, with a wholly owned subsidiary in China.

The Company maintains the lease on the architectural studio which is primarily utilised by PLP Architecture International Limited and has entered into an agreement to sublet the studio space. This forms a significant part of the Company's revenues for the year (74.7% of turnover).

Principal risks and uncertainties

The business faces a number of risks including:

- *Customer and associated entity risk* –the Company still maintains key projects which will continue into the foreseeable future. In addition, due to the sublet agreement with relation to the studio space, the Company remains exposed to the ability of its sister entity, PLP Architecture International Limited, to meet its obligations as and when they fall due.
- *Treasury risks* – treasury risks include credit risk, liquidity risk, and cash flow 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 Group 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 remaining projects are 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 79.1% (2020: 59.3%).
- *Maintain appropriate cash reserves to protect the business against economic uncertainty* - Cash reserves have been maintained at above £2million, in line with expectations.

PLP Architecture Limited

Strategic Report for the year ended 31 December 2021 (*continued*)

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 the Company, the Group, and the industry as a whole. At the time of approving this report, the Directors have considered the impact that the pandemic has had on working methods, the way subcontracted staff interact creatively and effectively within the office environment and on site where projects have moved to construction phase and remain confident that the business can meet the challenges faced.

Whilst the Group does not conduct business in Russia, the sister entity has an exposure which could have an impact on its ability to perform contracted work and receipt funds from clients. To date, there has been no impact on the Group or its ability to transact with its sister company, however, the Directors continue to be vigilant in assessing the risks arising in connection with these activities.

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, particularly with the UK market headed toward recession. We continue to assess and mitigate the impact that inflation brings, particularly with regards to occupancy costs (in the form of utilities).

The financial impact of the above on the 2021 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 situation is being well managed. 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 Polisano

Director
Date

30.9.2022

PLP Architecture Limited

Report of the Directors for the year ended 31 December 2021

The Directors present their report and the financial statements for the year ended 31 December 2021.

Results

The results of the Group for the year ended 31 December 2021 are set out in the consolidated statement of comprehensive income on page 11 and show a profit for the year of £31,209 (2020: profit £406,760).

No dividends were declared during the 2021 year (2020: £331,500). 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 operational 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 are pleased that the Company was able to weather the economic downturn caused by a combination of the pandemic and the end of the EU transition period, and believe that the Company is well placed to face similar future challenges.

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

PLP Architecture Limited

Report of the Directors for the year ended 31 December 2021 (*continued*)

Directors' responsibilities (*continued*)

- 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.

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.

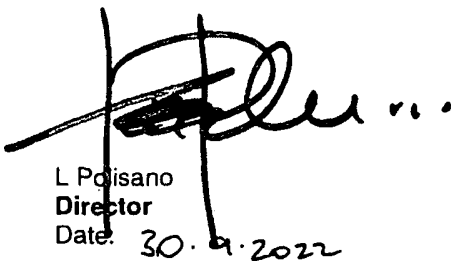
Auditors

BDO LLP have expressed their willingness to continue in office and a decision regarding reappointment will be made 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 3-4. These matters relate to the principal activity and financial risk.

On behalf of the Directors



L. Poisano
Director
Date: 30.9.2022

PLP Architecture Limited

Independent Auditor's Report for the year ended 31 December 2021

Independent auditor's report to the members of PLP Architecture Limited

Opinion on the financial statements

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 2021 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.

We have audited the financial statements of PLP Architecture Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021 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 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

PLP Architecture Limited

Independent Auditor's Report (continued) for the year ended 31 December 2021

Other information

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

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Other Companies Act 2006 reporting

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

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

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

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

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

Responsibilities of Directors

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

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

PLP Architecture Limited

Independent Auditor's Report (continued) for the year ended 31 December 2021

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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The objectives of our audit, in respect to fraud, are: to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

We obtained an understanding of the legal and regulatory frameworks that are applicable to PLP Architecture Limited. We determined that the most significant laws and regulations which are directly relevant to specific assertions in the financial statements are those related to the reporting framework (UK GAAP and the Companies Act 2006), labour and tax regulations in key territories in which the Group operates.

We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where it is considered there was a susceptibility of fraud.

We also considered potential fraud drivers: including financial or other pressures, opportunity, and personal or corporate motivations. We considered the programmes and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and key areas of estimation uncertainty or judgement, for example: revenue recognition driven by 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.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.


PLP Architecture Limited

Independent Auditor's Report (continued) for the year ended 31 December 2021

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.

DocuSigned by:


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Lucie Kingdom (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
Date 30 September 2022

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 2021

	Note	2021 £	2020 £
Turnover	3	2,128,261	3,892,684
Cost of sales		(444,212)	(1,586,247)
Gross profit		1,684,049	2,306,437
Administrative expenses		(1,686,263)	(1,756,756)
Operating (loss)/ profit	4	(2,214)	549,681
Interest receivable and similar income		1,957	1,195
Interest payable and similar charges	6	(8,858)	(6,417)
(Loss)/ profit on ordinary activities before taxation		(9,115)	544,459
Taxation on (loss)/ profit from ordinary activities	7	40,324	(137,699)
Profit for the year		31,209	406,760
Currency translation differences		3,508	(1,942)
Other comprehensive income/ (loss) for the year		3,508	(1,942)
Total comprehensive income for the year		34,717	404,818

All amounts relate to continuing activities.

The notes on pages 17 to 29 form part of these financial statements.

PLP Architecture Limited

Consolidated Balance Sheet as at 31 December 2021

Company number: 06956582	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible assets	9		562,958		762,548
Investments	10		45,966		45,966
			<u>608,924</u>		<u>808,514</u>
Current assets					
Debtors	11	2,107,877		483,778	
Cash at bank and in hand		2,163,991		2,436,428	
		<u>4,271,868</u>		<u>2,920,206</u>	
Creditors: amounts falling due within a year	12	(2,282,256)		(1,426,054)	
Net current assets			<u>1,989,612</u>		<u>1,494,152</u>
Total assets less current liabilities			<u>2,598,536</u>		<u>2,302,666</u>
Creditors: amounts falling due after more than a year	13		(2,500)		(2,500)
Provisions for liabilities	14		(644,275)		(325,721)
Deferred tax	15		(5,793)		(63,194)
			<u>1,945,968</u>		<u>1,911,251</u>
Net assets			<u>1,945,968</u>		<u>1,911,251</u>
Capital and reserves					
Called up share capital	17		1		1
Retained earnings			1,945,967		1,911,250
			<u>1,945,968</u>		<u>1,911,251</u>
Shareholder's funds			<u>1,945,968</u>		<u>1,911,251</u>

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


L. Polisano

Director

30.9.2022
The notes on pages 17 to 29 form part of these financial statements.

PLP Architecture Limited

Company Balance Sheet as at 31 December 2021

Company number: 06956582	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible assets	9		562,958		762,548
Investments	10		149,526		149,526
			<hr/>		<hr/>
			712,484		912,074
Current assets					
Debtors	11	2,051,663		483,778	
Cash at bank and in hand		2,160,243		2,430,218	
		<hr/>		<hr/>	
		4,211,906		2,913,996	
Creditors: amounts falling due within a year	12	(2,278,223)		(1,469,420)	
		<hr/>		<hr/>	
Net current assets			1,933,683		1,444,576
Total assets less current liabilities			<hr/>		<hr/>
			2,646,167		2,356,650
Creditors: amounts falling due after more than a year	13		(2,500)		(2,500)
Provisions for liabilities	14		(644,275)		(325,721)
Deferred tax	15		(7,813)		(63,194)
			<hr/>		<hr/>
Net assets			1,991,579		1,965,235
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	17		1		1
Retained earnings			1,991,578		1,965,234
			<hr/>		<hr/>
Shareholder's funds			1,991,579		1,965,235
			<hr/>		<hr/>

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 Company profit for the year includes a profit after tax of £26,344 (2020: £402,338) 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 30.9.2022

The notes on pages 17 to 29 form part of these financial statements.

PLP Architecture Limited

Consolidated Statement of Changes in Equity for the year ended 31 December 2021

	Note	Called-up share capital £	Retained earnings £	Total £
At 1 January 2020		1	1,837,931	1,837,932
Comprehensive income for the year				
Profit for the year		-	406,761	406,761
Other comprehensive loss for the year				
Currency translation differences		-	(1,942)	(1,942)
Total comprehensive income for the year		-	404,819	404,819
Distributions to owners				
Dividends paid	8	-	(331,500)	(331,500)
At 31 December 2020		1	1,911,250	1,911,251
Comprehensive income for the year				
Profit for the year		-	31,209	31,209
Other comprehensive income for the year				
Currency translation differences		-	3,508	3,508
Total comprehensive income for the year		-	34,717	34,717
Distributions to owners				
Dividends paid	8	-	-	-
At 31 December 2021		1	1,945,967	1,945,968

The notes on pages 17 to 29 form part of these financial statements.

PLP Architecture Limited

Company Statement of Changes in Equity for the year ended 31 December 2021

	Note	Called-up share capital £	Retained earnings £	Total £
At 1 January 2020		1	1,894,396	1,894,397
Comprehensive income for the year				
Profit for the year		-	402,338	402,338
Total comprehensive income for the year		-	402,338	402,338
Distributions to owners				
Dividends paid	8	-	(331,500)	(331,500)
At 31 December 2020		1	1,965,234	1,965,235
Comprehensive income for the year				
Profit for the year		-	26,344	26,344
Total comprehensive income for the year		-	26,344	26,344
Distributions to owners				
Dividends paid	8	-	-	-
At 31 December 2021		1	1,991,578	1,991,579

The notes on pages 17 to 29 form part of these financial statements.

PLP Architecture Limited

Consolidated Statement of Cash Flows for the year ended 31 December 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Profit for the financial year		31,209	406,761
Adjustments for:			
Depreciation, impairment and amortisation of fixed assets	4	207,497	192,448
Net interest payable		6,901	5,222
Taxation (credit)/ charge	7	(40,324)	137,699
(Increase)/ decrease in debtors		(1,662,755)	694,089
Increase/ (decrease) in provisions and trade and other creditors *		1,137,503	(1,598,414)
Foreign exchange		3,508	1,501
Cash (used in)/ from operations		(316,461)	(160,194)
Interest received/ (paid)	6	-	(6,417)
Taxation refunded/ (paid)		49,265	(1,477)
Net cash (used in)/ generated from operating activities		(267,196)	(168,588)
Cash flows used in investing activities			
Purchases of tangible fixed assets *	9	(7,907)	-
Interest received		2,666	1,195
Net cash used in investing activities		(5,241)	1,195
Cash flows used in financing activities			
Equity dividends paid *	8	-	-
Net cash used in financing activities		-	-
Net decrease in cash and cash equivalents		(272,437)	(167,393)
Cash and cash equivalents at beginning of year		2,436,428	2,603,821
Cash and cash equivalents at end of year		2,163,991	2,436,428

* A reclassification restatement has been posted to correctly recognise non-cash flows relating to equity dividends and purchase of tangible fixed assets in the comparative period as movements in other creditors (note 22).

The notes on pages 17 to 29 form part of these financial statements.

PLP Architecture Limited

Notes forming part of the Financial Statements for the year ended 31 December 2021

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 Covid-19 pandemic and the Russian invasion of Ukraine. There has been a minimal impact on trading to date given the restructure of the business in 2017.

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, and through to December 2023. 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 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.

PLP Architecture Limited

Notes forming part of the Financial Statements for the year ended 31 December 2021 (continued)

1 Accounting policies (continued)

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. The Group remains reliant on its sister entity, PLP Architecture International Ltd, to meet its obligations regarding the sub-lease of the premises, and to this end, the Group has received letters of assurance of financial support from that entity. The Directors believe that the sister entity will be in a financial position to honour that agreement.

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.

The Company maintains the lease on the architectural studio which is primarily utilised by PLP Architecture International Limited and has entered into an agreement to sublet the studio space. Sublease income is recognised as revenue on an annual basis, according to the terms of the renewed agreement between the parties pertaining to each financial year.

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.

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

Assets that are subject to depreciation 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.

PLP Architecture Limited

Notes forming part of the Financial Statements for the year ended 31 December 2021 (*continued*)

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. Specifically with relation to onerous contract provisions, obligations are assessed on the basis of whether unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

PLP Architecture Limited

Notes forming part of the Financial Statements for the year ended 31 December 2021 (continued)

1 Accounting policies (continued)

Financial assets

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

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 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 the provision for dilapidations on the leased property where there is a contractual obligation to return the leased space to an agreeable condition at the end of the contract.

PLP Architecture Limited

Notes forming part of the Financial Statements
for the year ended 31 December 2021 (*continued*)

3 Analysis of Turnover

	2021 £	2020 £
Analysis of turnover by country of geography:		
United Kingdom	2,095,085	3,875,225
Rest of the World	33,176	17,458
	<u>2,128,261</u>	<u>3,892,684</u>

4 Operating (loss)/ profit

	2021 £	2020 £
This is arrived at after charging / (crediting):		
Depreciation of tangible fixed assets - owned by the company	207,497	172,037
Depreciation of tangible fixed assets - leased assets	-	20,412
Exchange (gains)/ losses	(2,093)	50
Auditor's remuneration	24,350	24,600
Operating lease expense	<u>738,041</u>	<u>773,725</u>

5 Employees

PLP Architecture Limited has had no employees since the end of 2017. An agreement exists between PLP Architecture International Ltd, an entity under common directorship, such that the employee costs to service the Company's projects may be recharged, however, this charge has been waived for the entire year ended 31 December 2021.

PLP Architecture Shanghai Limited has had no employees since 31 May 2019.

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.

PLP Architecture Limited

Notes forming part of the Financial Statements
for the year ended 31 December 2021 (*continued*)

6 Interest payable and similar charges

	2021 £	2020 £
Unwinding of discount on provisions	8,858	6,417
	<u>8,858</u>	<u>6,417</u>

7 Taxation on (loss)/ profit on ordinary activities

	2021 £	2020 £
<i>Group corporation tax</i>		
Current tax on (loss)/ profits of the year – UK	15,608	(36,979)
Current tax on profits of the year – foreign tax	1,469	-
	<u>17,077</u>	<u>(36,979)</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	(57,401)	174,678
	<u>(57,401)</u>	<u>174,678</u>
Total deferred tax		
	<u>(57,401)</u>	<u>174,678</u>
Taxation on loss on ordinary activities	<u>(40,324)</u>	<u>137,699</u>

The tax assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK applied to (loss)/ profit before tax. The differences are explained below:

	2021 £	2020 £
Reconciliation of UK statutory tax rate to effective tax rate		
(Loss)/ profit before tax	(9,115)	544,459
Tax charge at 19% thereon	(1,732)	103,447
Effects of:		
Expenses not deductible for tax purposes	43	19
Capital allowances in excess of depreciation	23,844	17,981
Origination and reversal of temporary timing differences	(55,381)	16,252
Double tax relief (China)	(9,900)	-
Effect of overseas profits at different rates	(1,469)	-
Other timing differences	4,271	-
	<u>(40,324)</u>	<u>137,699</u>
Taxation on (loss) / profit on ordinary activities		
	<u>(40,324)</u>	<u>137,699</u>

PLP Architecture Limited

Notes forming part of the Financial Statements for the year ended 31 December 2021 (*continued*)

7 Taxation on profit on ordinary activities (*continued*)

The Finance Act 2021 was substantially enacted in May 2021 and has increased the corporation tax rate from 19% to 25% with effect from 1 April 2023. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing difference reserve.

8 Dividends

	2021 £	2020 £
No dividends (2020: £331,500) were declared and/or paid during the year ending 31 December 2021.	-	331,500

9 Tangible fixed assets – Group and Company

	Computer software £	Computer hardware £	Fixtures and fittings £	Total £
<i>Cost or valuation</i>				
At 1 January 2020	869,519	480,066	1,927,644	3,277,229
Additions	-	-	7,907	7,907
At 31 December 2021	869,519	480,066	1,935,551	3,285,137
<i>Depreciation</i>				
At 1 January 2020	845,392	480,066	1,189,223	2,514,682
Provision for year	20,119	-	187,378	207,497
At 31 December 2021	865,512	480,066	1,376,600	2,722,179
<i>Net book value</i>				
At 31 December 2021	4,007	-	558,951	562,958
At 31 December 2020	24,126	-	738,421	762,548

PLP Architecture Limited

Notes forming part of the Financial Statements
for the year ended 31 December 2021 (continued)

10 Fixed asset investments - Company

Investments
in
subsidiary
companies
£

Cost or valuation

At 1 January 2021 and at 31 December 2021

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	UAE	49%
<i>Registered Office Address: PO Box 44183, Abu Dhabi, UAE</i>		
PLP Architecture (Shanghai) Limited	Shanghai	100%
<i>Registered Office Address: Room 103-6, Block B, Zhenhua Heavy Industries R&D Building, No.3261, Yongfang Road, Pudong New Area, Shanghai, China</i>		
PLP Architecture LLC	Qatar	49%
<i>Registered Office Address: P.O. Box 45444, Doha, Qatar</i>		

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 £45,966 is shown on the consolidated balance sheet in relation to these entities.

The shareholders' funds and result for the year to 31 December 2021 were as follows:

	Shareholders' funds	Result
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 2021 (continued)

11 Debtors

	2021 Group £	2021 Company £	2020 Group £	2020 Company £
Trade debtors	375,535	243,893	102,266	102,266
Corporation tax	-	-	38,656	38,656
Other debtors	1,555,188	1,555,188	175,460	175,460
Prepayments and accrued income	121,250	119,031	167,396	167,936
Other taxation and social security	55,904	55,905	-	-
Amounts owed by group undertakings	-	77,646	-	-
	<u>2,107,877</u>	<u>2,051,663</u>	<u>483,778</u>	<u>483,778</u>

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

12 Creditors: amounts falling due within one year

	2021 Group £	2021 Company £	2020 Group £	2020 Company £
Trade creditors	44,126	44,126	41,930	93,610
Amounts owed to group undertakings	50,023	50,023	50,023	50,023
Amounts due to PLP Architecture International Limited	981,963	981,963	475,530	475,530
Corporation tax	25,508	25,508	-	-
Other taxation and social security	194	-	183,576	182,710
Accruals and deferred income	1,180,443	1,176,603	674,995	667,547
	<u>2,282,256</u>	<u>2,278,223</u>	<u>1,426,054</u>	<u>1,469,420</u>

13 Creditors: amounts falling due more than one year

	2021 Group £	2021 Company £	2020 Group £	2020 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 2021 (*continued*)

14 Provisions for liabilities – Group and Company	Dilapidations	Onerous contracts	Total
	2021 £	2021 £	2021 £
At beginning of year	325,721	-	325,721
Additional/(revaluation) of provision in the year	(3,270)	312,967	309,697
Unwinding of discount	8,857	-	8,857
	<u>331,308</u>	<u>312,967</u>	<u>644,275</u>
At the end of the year	<u>331,308</u>	<u>312,967</u>	<u>644,275</u>

Onerous contract provisions are assessed on the basis of whether unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. These provisions are expected to be either utilised or released throughout the lives of the applicable contracts, the latest of which is due for completion in December 2024.

15 Deferred taxation – Group

	2021 £	2020 £
At the beginning of the year	63,194	(111,484)
Charge for the year	(57,401)	174,678
	<u>5,793</u>	<u>63,194</u>
At the end of the year	<u>5,793</u>	<u>63,194</u>
The provision for deferred taxation is made up as follows:		
	2021 £	2020 £
Accelerated capital allowances	7,813	63,194
Other timing differences	(2,020)	-
	<u>5,793</u>	<u>63,194</u>

PLP Architecture Limited

Notes forming part of the Financial Statements
for the year ended 31 December 2021 (continued)

15 Deferred taxation – Company (continued)

	2021 £	2020 £
At the beginning of the year	63,194	(111,484)
Charge for the year	(55,381)	174,667
	<u>7,813</u>	<u>63,194</u>
At the end of the year	<u>7,813</u>	<u>63,194</u>
The provision for deferred taxation is made up as follows:		
	2021 £	2020 £
Accelerated capital allowances	7,813	63,194
	<u>7,813</u>	<u>63,194</u>

16 Financial instruments - Group

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

	2021 £	2020 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	4,099,151	2,729,828
	<u>4,099,151</u>	<u>2,729,828</u>
Financial liabilities		
Financial liabilities measured at amortised cost	2,115,475	1,050,128
	<u>2,115,475</u>	<u>1,050,128</u>

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.

PLP Architecture Limited

Notes forming part of the Financial Statements
for the year ended 31 December 2021 (*continued*)

17 Share capital

	2021 £	2020 £
<i>Allotted, called up and fully paid</i>		
1 (2020: 1) ordinary shares of £1 each	1	1

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:

	2021 £	2020 £
Not later than 1 year	781,422	696,195
Later than 1 year and not later than 5 years	1,369,440	1,911,525
Total	2,150,862	2,607,720

19 Related party disclosures

During the year, £1,588,838 (2020: £1,689,675) (net of VAT) was recharged from PLP Architecture Limited, and £18,234 (2020: £1,402,680) (net of VAT) was recharged to PLP Architecture Limited, a company under common directorship and in which one of the shareholders of PLP Architecture International Ltd has an interest in the shares. At the year end, the balance due from PLP Architecture Limited was £981,963 (2020: £475,530), which is included within Debtors and Creditors falling due within one year.

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.

PLP Architecture Limited

Notes forming part of the Financial Statements
for the year ended 31 December 2021 (*continued*)

21 Net debt reconciliation

	Balance at 1 January 2021 £	Cash flows £	Balance at 31 December 2021 £
Cash at bank and in hand	2,436,428	(272,437)	2,163,991
Net debt	2,436,428	(272,437)	2,163,991

22 Prior year restatement – cash flow statement

A reclassification restatement has been posted to more accurately recognise non-cash flows relating to equity dividends and purchase of tangible fixed assets (capitalisation of dilapidations) in the comparative period as movements in other creditors. This has resulted in a decrease in investing cash outflows by £180,000, a decrease in financing cash outflows of £331,500, and a decrease in adjustments for movements in creditors by £511,500. There is no impact on net decrease in cash and cash equivalents.