

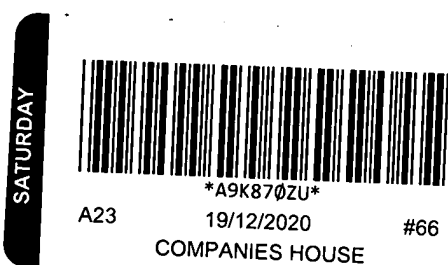
## PLP Architecture International Limited

Report and Financial Statements

Year Ended

31 December 2019

Company number: 08823340



# **PLP Architecture International 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**

08823340

## **Auditors**

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

# PLP Architecture International 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 is a multi-award winning firm of architects, designers and thinkers working on high profile projects both UK and internationally. It is based in London and has an incorporated subsidiary in Amsterdam.

Architecture and design continues to be delivered to world-class standards, and the nature of the projects won during the year demonstrates that the work delivered by PLP is highly sought after.

### 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. The potential impacts of Brexit are as of yet unknown in terms of our access to European markets, however, risk mitigation steps have been taken, including the continued development of our Netherlands based and registered subsidiary. The Covid-19 pandemic has presented challenges in terms of clients' timescales for future stages of work, and the group has taken steps to diversify both the geographical markets from which projects are sought, and the types of projects and services delivered. The Directors remain confident that the business is well placed to face the challenges of any adverse effects on both the general economy and the industry itself.
- *Attracting and retaining high quality staff* – Staff with the appropriate skills for the complexity of projects delivered by PLP are highly mobile. The business attracts and retains staff by offering competitive reward packages and through a focus on training and development. Projects are carefully resourced and managed to maintain quality.
- *Competition* – PLP operates in a highly competitive marketplace. The group remains vigilant and delivers highly innovative projects to mitigate this risk. The business has demonstrated significant resilience in continuing to attract high quality work in a challenging economic environment.
- *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 group manages these risks by regularly monitoring and forecasting its cash flows and actively managing its debt book. For the purposes of these financial statements, the Directors have specifically considered the impact of Covid-19 on each of these risks and have presented the financial information accordingly.

### Financial key performance indicators

The Directors measure the success of the group by looking at a range of indicators relating to current and future project work and the allocation of resources to projects. Design excellence, a strong and sustainable financial base and providing an environment that attracts and retains the best staff and allows them to flourish are the key areas of strategic performance monitored by the Directors. The specific KPIs are 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 30.4% (2018: 22.5%)
- *Maintain appropriate cash reserves to protect the business against economic uncertainty* – Cash levels have been maintained in excess of £4m throughout the year, which is in line with the Company's forecast.
- *To build a portfolio of work outside the UK whilst maintaining a strong presence in the London market* – Overseas work now accounts for over 50% turnover.
- *Reward staff appropriately* – On the basis of industry surveys, the quantum and nature of staff salary packages are believed to be competitive.

# **PLP Architecture International Limited**

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

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## **Future developments**

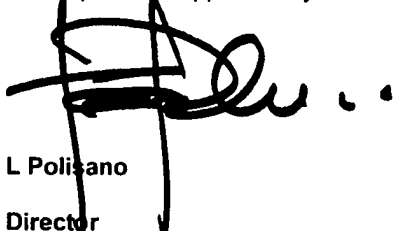
There remain many uncertainties in the construction sector in the UK and worldwide, not only driven by Brexit and the effects of Covid-19. At the time of approving this report, we have seen the impact that the pandemic has had on our working methods, the way our staff interact creatively and effectively 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.

The board 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 11 December 2020**

# **PLP Architecture International 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 £3,456,251 (2018: £1,539,978).

During the year, the Directors declared interim dividends of £854,000 (2018: £1,006,250). The Directors do not recommend a final dividend.

### **Research and development**

The business continues to invest in research and development activities.

### **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.

Between the balance date and the occasion of signing these Financial Statements, the Covid pandemic has given cause for the Directors to closely evaluate the likely impacts on our ongoing and future projects, 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 the Company is well placed to continue 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 group and Company 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 group and company and of the profit or loss of the group for that period.

# **PLP Architecture International Limited**

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

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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.

### **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 Polisano  
Director

Date: 11 December 2020

# **PLP Architecture International Limited**

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

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

#### **Opinion**

We have audited the financial statements of PLP Architecture International 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 International 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.

### **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.



# PLP Architecture International Limited

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

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### 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 International Limited

## Consolidated statement of comprehensive income for the year ended 31 December 2019

	Note	2019 £	2018 £
Turnover	3	23,238,863	18,668,369
Cost of sales		(16,176,895)	(14,462,406)
<b>Gross profit</b>		<b>7,061,968</b>	<b>4,205,963</b>
Administrative expenses		(3,843,655)	(2,429,920)
<b>Operating profit</b>	4	<b>3,218,313</b>	<b>1,776,043</b>
Interest receivable and similar income		2,192	143
Interest payable and similar charges		(8,296)	-
<b>Profit on ordinary activities before taxation</b>		<b>3,212,209</b>	<b>1,776,186</b>
Taxation on profit from ordinary activities	7	244,042	(236,208)
<b>Profit for the year</b>		<b>3,456,251</b>	<b>1,539,978</b>
Currency translation differences		4,780	-
<b>Other comprehensive income for the year</b>		<b>4,780</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>3,461,031</b>	<b>1,539,978</b>

All amounts relate to continuing activities.

The notes on pages 14 to 24 form part of these financial statements.


# PLP Architecture International Limited

## Consolidated balance sheet at 31 December 2019

Company number: 08823340	Note	2019 £	2019 £	2018 £	2018 £
<b>Fixed assets</b>					
Tangible assets	9		144,636		32,633
<b>Current assets</b>					
Debtors	11	6,468,066		6,205,670	
Cash at bank and in hand		4,298,111		4,442,113	
		<u>10,766,177</u>		<u>10,647,783</u>	
Creditors: amounts falling due within one year	12	(6,671,392)		(9,042,493)	
<b>Net current assets</b>			<u>4,094,785</u>		<u>1,605,290</u>
<b>Total assets less current liabilities</b>			<u>4,239,421</u>		<u>1,637,923</u>
Creditors: amounts falling due after more than one year	13		(249,900)		(249,900)
Provisions for liabilities					
Deferred tax	14		(3,398)		(8,931)
<b>Net assets</b>			<u>3,986,123</u>		<u>1,379,092</u>
<b>Capital and reserves</b>					
Called up share capital	16		100		100
Retained earnings			3,986,023		1,378,992
<b>Shareholders' funds</b>			<u>3,986,123</u>		<u>1,379,092</u>

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

11/12/2020

  
L. Polisano  
Director

The notes on pages 14 to 24 form part of these financial statements.

# PLP Architecture International Limited

## Company balance sheet at 31 December 2019

Company number: 08823340	Note	2019 £	2019 £	2018 £	2018 £
<b>Fixed assets</b>					
Tangible assets	9		144,636		32,633
Investment	10		85		88
<b>Current assets</b>					
Debtors	11	6,605,299		6,223,583	
Cash at bank and in hand		4,129,686		4,153,214	
		10,734,985		10,376,797	
<b>Creditors: amounts falling due within one year</b>	12	(6,643,062)		(8,750,169)	
<b>Net current assets</b>			4,091,923		1,626,628
<b>Total assets less current liabilities</b>			4,236,644		1,659,349
<b>Creditors: amounts falling due after more than one year</b>	13		(249,900)		(249,900)
<b>Provisions for liabilities</b>					
Deferred tax	14		(3,398)		(8,931)
<b>Net assets</b>			3,983,346		1,400,518
<b>Capital and reserves</b>					
Called up share capital	16		100		100
Retained earnings			3,983,246		1,400,418
<b>Shareholders' funds</b>			3,983,346		1,400,518

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 £3,436,828 (2018: £1,561,404) 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 11 December 2020.

  
L Polisano  
Director

The notes on pages 14 to 24 form part of these financial statements.

# PLP Architecture International 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>100</b>	<b>845,264</b>	<b>845,364</b>
<b>Comprehensive income for the year</b>				
Profit for the year		-	1,539,978	1,539,978
<b>Other comprehensive income for the year</b>				
Currency translation differences		-	-	-
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>1,539,978</b>	<b>1,539,978</b>
<b>Distributions to owners</b>				
Dividends paid	8	-	(1,006,250)	(1,006,250)
<b>At 31 December 2018</b>		<b>100</b>	<b>1,378,992</b>	<b>1,379,092</b>
<b>Comprehensive income for the year</b>				
Profit for the year		-	3,456,251	3,456,251
<b>Other comprehensive income for the year</b>				
Currency translation differences		-	4,780	4,780
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>3,461,031</b>	<b>3,461,031</b>
<b>Distributions to owners</b>				
Dividends paid	8	-	(854,000)	(854,000)
<b>At 31 December 2019</b>		<b>100</b>	<b>3,986,023</b>	<b>3,986,123</b>

The notes on pages 14 to 24 form part of these financial statements.

# PLP Architecture International 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>100</b>	<b>845,264</b>	<b>845,364</b>
<b>Comprehensive income for the year</b>				
Profit for the year		-	1,561,404	1,561,404
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>1,561,404</b>	<b>1,561,404</b>
<b>Distributions to owners</b>				
Dividends paid	8	-	(1,006,250)	(1,006,250)
<b>At 31 December 2018</b>		<b>100</b>	<b>1,400,418</b>	<b>1,400,518</b>
<b>Comprehensive income for the year</b>				
Profit for the year		-	3,436,828	3,436,828
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>3,436,828</b>	<b>3,436,828</b>
<b>Distributions to owners</b>				
Dividends paid	8	-	(854,000)	(854,000)
<b>At 31 December 2019</b>		<b>100</b>	<b>3,983,246</b>	<b>3,983,346</b>

The notes on pages 14 to 24 form part of these financial statements.

# PLP Architecture International 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		3,456,251	1,539,978
Adjustments for:			
Depreciation and impairment of fixed assets	9	33,099	7,593
Loss on disposal of fixed assets	9	741	-
Net interest payable / (receivable)		6,104	(143)
Taxation (credit)/ expense	7	(244,042)	236,208
Decrease in debtors	11	332,593	256,104
(Decrease) / increase in trade and other creditors	12	(2,371,101)	186,442
Foreign exchange		4,780	-
<b>Cash from operations</b>		<b>1,218,425</b>	<b>2,226,182</b>
Interest paid		(8,296)	-
Taxation paid		(356,481)	(850,976)
<b>Net cash generated from operating activities</b>		<b>853,648</b>	<b>1,375,206</b>
<b>Cash flows (used in) investing activities</b>			
Purchases of tangible fixed assets.	9	(145,842)	(26,481)
Interest received		2,192	143
<b>Net cash (used in) investing activities</b>		<b>(143,650)</b>	<b>(26,338)</b>
<b>Cash flows (used in) financing activities</b>			
Equity dividends paid	8	(854,000)	(1,006,250)
<b>Net cash (used in) financing activities</b>		<b>(854,000)</b>	<b>(1,006,250)</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>		<b>(144,002)</b>	<b>342,618</b>
Cash and cash equivalents at beginning of year		4,442,113	4,099,495
<b>Cash and cash equivalents at end of year</b>		<b>4,298,111</b>	<b>4,442,113</b>

The notes on pages 14 to 24 form part of these financial statements.

# **PLP Architecture International Limited**

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

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### **1 Accounting policies**

PLP Architecture International 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;
- 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;
- 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; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent 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 International 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 of 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 International 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 company. 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 in subsidiaries, 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. Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

### 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.

# PLP Architecture International Limited

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

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### 1 Accounting policies *(continued)*

#### 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.

#### 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.

#### 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.

#### 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.

#### Pension costs

Contributions to the Group Personal Pension Plan that the group operates on behalf of employees are charged to profit or loss in the year in which they become payable.

# PLP Architecture International Limited

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

## 1 Accounting policies (*continued*)

### Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

### 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 and amounts due from PLP Architecture Limited. Factors taken into consideration include the relationship with the debtor and an assessment of the debtor's ability to pay.
- Company has participated in the Research and Development Tax Relief programme as allowed by HMRC which enhances the commercial viability of several of our key projects. Whilst as at the time of writing this report, the 2019 programme had not yet been approved in full by HMRC, a determination based on a combination of: prior years' successful claims; in-depth interviews conducted by our appointed tax experts; and a detailed assessment of the projects qualifying in the 2019 year has been made as to the likely enhanced relief permitted. This has been calculated on the basis of the applicable tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

## 3 Analysis of turnover

	2019 £	2018 £
Analysis of turnover by geography of destination:		
United Kingdom	10,796,457	13,739,285
Russia	6,200,941	47,297
Asia	3,473,677	3,337,880
Europe	1,275,404	298,408
Rest of the World	1,492,384	1,245,499
	<hr/>	<hr/>
	23,238,863	18,668,369
	<hr/>	<hr/>

# PLP Architecture International Limited

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

## 4 Operating profit

	2019 £	2018 £
This is arrived at after charging/ (crediting):		
Depreciation of tangible fixed assets – owned by the company	33,099	7,593
Exchange losses /(gains)	171,043	(135,379)
Auditor's remuneration (audit)	30,950	38,000
Auditor's remuneration (non-audit)	-	11,456
	<u>          </u>	<u>          </u>

## 5 Employees

Group and company	2019 £	2018 £
Staff costs (including directors) consist of:		
Wages and salaries	10,381,212	11,577,401
Social security costs	1,137,889	1,334,149
Pension costs	349,174	222,217
	<u>          </u>	<u>          </u>
	11,868,275	13,133,767
	<u>          </u>	<u>          </u>

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

Group and company	2019 Number	2018 Number
Number of staff	170	198
	<u>          </u>	<u>          </u>

## 6 Directors' remuneration

	2019 £	2018 £
Directors' emoluments	679,807	662,830
Company contributions to the pension	21,350	10,675
	<u>          </u>	<u>          </u>

There were 2 directors in the Pension plan (2018: 2).

Emoluments of the highest paid director were £414,327 (2018: £389,242). Company pension contributions of £13,300 (2018: £6,650) were made to Workplace Pension Plan on his behalf.

Key management personnel are considered to be the directors of the company whose remuneration is included above.

# PLP Architecture International Limited

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

## 7 Taxation on profit from ordinary activities

	2019 £	2018 £
<i>Group tax</i>		
Current tax on (loss)/ profits of the year – UK	(236,860)	187,222
Current tax on profits of the year – foreign tax	(1,649)	2,508
	<hr/>	<hr/>
Total current tax	(238,509)	189,730
<i>Deferred tax</i>		
Origination and reversal of timing differences (note 14)	(5,533)	46,478
	<hr/>	<hr/>
Total deferred tax	(5,533)	46,478
	<hr/>	<hr/>
Taxation on (loss)/ profit on ordinary activities	(244,042)	236,208
	<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 £
Profit on ordinary activities before tax	3,212,209	1,776,186
	<hr/>	<hr/>
Profit on ordinary activities at the standard rate of 19%	610,319	343,577
	<hr/>	<hr/>
Effects of:		
Expenses not deductible for tax purposes	53,723	21,856
Adjustments to tax charge in respect of prior periods	(397,768)	(182,557)
Research and development tax relief	(505,290)	-
Other timing differences	(5,026)	53,332
	<hr/>	<hr/>
Total tax charge for period	(244,042)	236,208
	<hr/>	<hr/>

# PLP Architecture International Limited

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

## 8 Dividends

	2019 £	2018 £
An interim dividend was declared of £14,000 per share on 20 December 2019, of which £546,000 was forgiven and not drawn.	854,000	1,006,250
(2018: £6,250 per share declared on 5 March 2018 and £6,250 per share declared on 25 July 2018).		

## 9 Tangible fixed assets

Group and company	Computer software £	Computer hardware £	Fixture and fittings £	Total £
<i>Cost or valuation</i>				
At 1 January 2019	18,185	21,765	17,795	57,745
Disposals	-	(1,026)	-	(1,026)
Additions	21,776	92,477	31,589	145,842
At 31 December 2019	39,961	113,216	49,384	202,561
<i>Depreciation</i>				
At 1 January 2019	5,148	2,169	17,795	25,112
Disposals	-	(285)	-	(285)
Provision for year	7,940	18,863	6,295	33,098
At 31 December 2019	13,088	20,747	24,090	57,925
<i>Net book value</i>				
At 31 December 2019	26,873	92,469	25,294	144,636
At 31 December 2018	13,037	19,596	-	32,633

# PLP Architecture International Limited

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

## 10 Fixed assets investments

Company	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2019 and at 31 December 2019	85

*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 Netherlands B.V.	Netherlands	100%
Registered Office Address: Westerdoksdijk 423, 1013BX Amsterdam		
Nature or business: Architectural services		

## 11 Debtors

	2019 Group £	2019 Company £	2018 Group £	2018 Company £
Trade debtors	1,610,268	1,560,988	4,061,415	4,068,008
Other debtors	670,398	670,398	2,423	2,423
Prepayments and accrued income	2,023,872	2,005,843	977,668	977,668
Amounts owing from PLP Architecture Ltd	1,237,581	1,436,022	951,449	960,262
Corporation tax	807,706	808,420	212,715	215,222
Other taxation and social security	118,241	123,628	-	-
	<u>6,468,066</u>	<u>6,605,299</u>	<u>6,205,670</u>	<u>6,223,583</u>

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

# PLP Architecture International Limited

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

## 12 Creditors: amounts falling due within one year

	2019 Group £	2019 Company £	2018 Group £	2018 Company £
Trade creditors	722,761	721,622	685,183	396,776
Other taxation and social security	706,792	706,792	1,444,650	1,445,764
Other creditors	581,789	569,642	547,412	546,015
Accruals and deferred income	4,660,050	4,645,006	6,334,241	6,330,607
Amounts owed to group undertakings	-	-	31,007	31,007
	<u>6,671,392</u>	<u>6,643,062</u>	<u>9,042,493</u>	<u>8,750,169</u>

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

	2019 Group £	2019 Company £	2018 Group £	2018 Company £
Other creditors	<u>249,900</u>	<u>249,900</u>	<u>249,900</u>	<u>249,900</u>

Other creditors include amounts due to shareholders of £249,900 (2018: £249,900), repayable immediately should the shareholder dispose of their shareholding. Directors do not expect these amounts to fall due within one year. Of this amount, £152,439 (2018: £152,439) is due to shareholders who are also directors of the company.



# PLP Architecture International Limited

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

## 14 Deferred taxation

	2019 £	2018 £
<b>Group and company</b>		
At beginning of year	8,931	(37,547)
Charge for the year (note 7)	(5,533)	46,478
	<hr/>	<hr/>
At the end of the year	3,398	8,931
	<hr/>	<hr/>

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Timing differences	3,398	8,931
	<hr/>	<hr/>
	3,398	8,931
	<hr/>	<hr/>

## 15 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	8,049,171	9,959,495
	<hr/>	<hr/>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	1,594,291	1,813,321
	<hr/>	<hr/>

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors and accrued income. The comparative for financial assets has been restated to remove prepayments of £983,352.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals and amounts owed from PLP Architecture Limited. The comparative for financial liabilities has been restated to remove deferred income and provisions for onerous contracts of £4,620,208.

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

## 16 Share capital

	2019 £	2018 £
<i>Allotted, called up and fully paid</i>		
100 ordinary shares of £1 each	100	100
	<hr/>	<hr/>

# **PLP Architecture International Limited**

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

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## **17 Related party disclosures**

During the year, £577,484 (2018: £1,136,168) (net of VAT) was recharged from PLP Architecture Limited, and £2,067,510 (2018: £4,150,993) (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 £1,237,581 (2018: £2,098,538), which is included within Debtors and Creditors falling due within one year.

## **18 Contingent Liabilities**

Throughout the course of its business, the Company, based on requirements of its clients, has provided performance guarantees and bid bonds which were facilitated by the Group's bankers, Barclays PLC. As at balance date 31 December 2019, the following amounts (by currency) had been guaranteed and as such represent a contingent liability in the event of failure to perform as per the contract requirements (USD79,814 for Saudi projects and CNH79,648 for China projects). As of date of publication of these Financial Statements, only one guarantee was as yet unreleased, that being USD79,814.

## **19 Control**

The Company's Shares are owned by five individuals including the two directors. The directors hold 61% of the issued ordinary share capital between them.

## **20 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.