

PLP Architecture International Limited

Report and Financial Statements

Year Ended

31 December 2021

Company number: 08823340



PLP Architecture International Limited

Report and Financial Statements for the year ended 31 December 2021

Contents

Page:

3	Strategic report
6	Report of the Directors
8	Independent auditor's report
12	Consolidated statement of comprehensive income
13	Consolidated balance sheet
14	Company balance sheet
15	Consolidated statement of changes in equity
16	Company statement of changes in equity
17	Consolidated statement of cash flows
18	Notes forming part of the financial statements

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 2021

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

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, and from 1 July 2021, Singapore. 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.

2021 presented significant challenges both to the Group and the industry both in the forms of the Covid pandemic and the planned end of the EU transition period following Brexit, resulting in the Group needing to continue to identify and expand on methods of working in different ways that had been first deployed in 2020. The firm was able to successfully adapt by utilising technology to transform what had previously been a solely studio-based working model to one of a blend between remote and in-studio work.

For the year ending 2021 the group posted a trading loss before tax of £330,960 and post-tax loss of £1,608,372.

The loss is a direct result of a challenging 12-month period in which revenues declined due to both Covid restrictions and the global disruption to business experienced by our industry. During this period, the Directors took the decision to ride the storm and the business maintained full staff employment and in fact expanded its international footprint and marketing efforts. The underlying strength of our business has allowed us to weather the downturn in revenues in parallel with retaining and building on our global- talent pool.

Going forward, our business remains healthy, balance sheet position strong, and our services highly sought after and we expect to return to profitability in 2022.

The Group continues to successfully win opportunities in Italy, Netherlands, Singapore, India, Japan, Korea and the Middle East as part of its strategy to diversify its revenue base given the uncertainties within the UK. For the 2021 financial year, 52.3% of the Company's revenues were derived from outside the UK.

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. A subsidiary was established in Singapore during the year. The Directors remain confident that the business is well placed to face the challenges of any further adverse effects on both the general economy and the industry itself.

PLP Architecture International Limited

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

- *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. This is constantly monitored in line with the changing environment faced by employers in the wake of the end of the EU transition period and free movement of the skilled labour force required.
- *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 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. Specific KPIs are given 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 19.9 % (2020: 24.0%)
- *Maintain appropriate cash reserves to protect the business against economic uncertainty* – Cash levels have been maintained in excess of £2m 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 52.3% of turnover (2020: 47.0%).
- *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 (continued)
for the year ended 31 December 2021

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, the impact that the pandemic has 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 has started to recede. We remain confident that the business can meet the challenges faced.

Following the Russian invasion of Ukraine subsequent to year end, the Group has taken multiple steps to assess its exposure to Russian projects and also adopt a strict risk management strategy. Significant risks have arisen post year end with respect to: clients' potential ability to both continue with projects and to pay contract fees (either due to sanctions, banking restrictions or other); the availability of resources for use within Russia and the impacts that this may have. The Directors constantly review procedures and transactions to ensure compliance with all sanctions and laws, and take prudent views with regards to future revenue and cash streams originating in Russia.

As at the date of publication, no further work in Russia, other than that to which the Group is already legally obliged to deliver, is being sought.


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) and on staffing costs. In the case of the latter, we remain confident that we can continue to attract excellent staff and maintain our existing high quality talent pool.

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.

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.

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 20.9.2022

PLP Architecture International 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 12 and show a loss for the year of £1,608,372 (2020: profit £983,347).

During the year, the Directors did not declare any dividends (2020: £518,500), nor do the Directors 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 operational existence for the foreseeable future.

Between the balance sheet date and the occasion of signing these Financial Statements, the continued Covid pandemic and the impact of the Russian action in Ukraine have 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. Whilst Brexit and the end of the EU transition period has had an adverse impact, particularly with regards to inflationary construction costs, the Company has sought to mitigate this by expanding its pool of work based outside the UK, whilst maintaining readiness for a potential UK recovery. The Directors remain vigilant with respect to a combination of a downturn in the UK market and inflationary pressures, particularly with regards to staff remuneration, and believe these can be managed effectively.

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 (continued) for the year ended 31 December 2021

Directors' responsibilities (continued)

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.

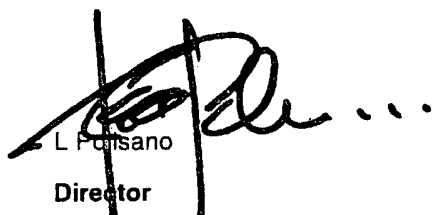
Auditors

BDO LLP have expressed their willingness to continue in office and a 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.

Signed On behalf of the Directors



L. Porsano
Director

Date: 30.9.2022

PLP Architecture International Limited

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

Independent auditor's report to the members of PLP Architecture International 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 loss 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 International 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 International 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 International 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 International 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.

PLP Architecture International Limited

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

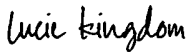
Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, 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.

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 International Limited

Consolidated Statement of Comprehensive Income for the year ended 31 December 2021

	Note	2021 £	2020 £
Turnover	3	18,190,331	18,811,319
Cost of sales		(14,577,109)	(14,304,730)
Gross profit		3,613,222	4,506,589
Other income		60,463	159,509
Administrative expenses		(3,986,967)	(3,997,267)
Operating (loss)/ profit	4	(313,282)	668,831
Interest receivable and similar income		1,500	-
Interest payable and similar charges		(19,178)	(17,672)
(Loss)/ profit on ordinary activities before taxation		(330,960)	651,159
Taxation on (loss)/ profit from ordinary activities	7	(1,277,412)	332,188
(Loss)/ profit for the year		(1,608,372)	983,347
Currency translation differences		(298)	3,679
Other comprehensive (loss)/ income for the year		(298)	3,679
Total comprehensive (loss)/ income for the year		(1,608,670)	987,026

All amounts relate to continuing activities.


The notes on pages 18 to 29 form part of these financial statements.

PLP Architecture International Limited

Consolidated Balance Sheet for the year ended 31 December 2021

Company number: 08823340	Note	2021	2021	2020	2020
		£	£	£	£
Fixed assets					
Tangible assets	9		230,781		252,360
Investments			55		-
Current assets					
Debtors	11	5,695,187		5,538,282	
Cash at bank and in hand		3,840,274		4,890,390	
		9,535,461		10,428,672	
Creditors: amounts falling due within a year	12	(5,528,364)		(5,139,014)	
Net current assets			4,007,097		5,289,658
Total assets less current liabilities			4,237,933		5,542,018
Creditors: amounts falling due after more than a year	13		(217,637)		(380,455)
Provisions for liabilities					
Deferred tax	14		(30,684)		(37,289)
Other provisions	12		(1,143,633)		(669,625)
Net assets			2,845,979		4,454,649
Capital and reserves					
Called up share capital	16		100		100
Retained earnings			2,845,879		4,454,549
Shareholders' funds			2,845,979		4,454,649

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


L. Polisano
Director 30.9.2022

The notes on pages 18 to 29 form part of these financial statements.

PLP Architecture International Limited

Company Balance Sheet for the year ended 31 December 2021

Company number: 08823340	Note	2021	2021	2020	2020
		£	£	£	£
Fixed assets					
Tangible assets	9		230,781		252,360
Investment	10		139		90
Current assets					
Debtors	11	5,783,022		5,771,198	
Cash at bank and in hand		3,639,955		4,635,940	
		9,422,977		10,407,138	
Creditors: amounts falling due within a year	12	(5,569,679)		(5,137,754)	
Net current assets			3,853,298		5,269,384
Total assets less current liabilities			4,084,218		5,521,834
Creditors: amounts falling due after more than a year	13		(217,637)		(380,455)
Provisions for liabilities					
Deferred tax	14		(30,684)		(37,289)
Other provisions	12		(994,857)		(653,582)
Net assets			2,841,040		4,450,508
Capital and reserves					
Called up share capital	16		100		100
Retained earnings			2,840,940		4,450,408
Shareholders' funds			2,841,040		4,450,508

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 loss for the year includes a loss after tax of £1,609,469 (2020 profit: £985,662) 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 on:


L. Possano

Director 30.9.2022

The notes on pages 18 to 29 form part of these financial statements.

PLP Architecture International 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		100	3,986,023	3,986,123
Comprehensive income for the year				
Profit for the year		-	983,347	983,347
Other comprehensive income for the year				
Currency translation differences		-	3,679	3,679
Total comprehensive income for the year		-	987,026	987,026
Distributions to owners				
Dividends paid	8	-	(518,500)	(518,500)
At 31 December 2020		100	4,454,549	4,454,649
Comprehensive loss for the year				
Loss for the year		-	(1,608,372)	(1,608,372)
Other comprehensive loss for the year				
Currency translation differences		-	(298)	(298)
Total comprehensive loss for the year		-	(1,608,670)	(1,608,670)
Distributions to owners				
Dividends paid	8	-	-	-
At 31 December 2021		100	2,845,879	2,845,979

The notes on pages 18 to 29 form part of these financial statements.

PLP Architecture International 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		100	3,983,246	3,983,346
Comprehensive income for the year				
Profit for the year		-	985,662	985,662
Total comprehensive income for the year		-	985,662	985,662
Distributions to owners				
Dividends paid	8	-	(518,500)	(518,500)
At 31 December 2020		100	4,450,408	4,450,508
Comprehensive loss for the year				
Loss for the year		-	(1,609,469)	(1,609,469)
Total comprehensive loss for the year		-	(1,609,469)	(1,609,469)
Distributions to owners				
Dividends paid	8	-	-	-
At 31 December 2021		100	2,840,940	2,841,040

The notes on pages 18 to 29 form part of these financial statements.

PLP Architecture International Limited

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

	Note	2021 £	2020 £
Cash flows from operating activities			
(Loss)/ profit for the financial year		(1,608,372)	983,347
Adjustments for:			
Depreciation and impairment of fixed assets	9	133,102	87,204
Net interest payable		17,678	17,672
Taxation expense/ (credit)	7	1,277,412	(332,188)
(Increase)/ decrease in debtors	11	(1,068,533)	1,128,436
Increase/ (decrease) in creditors	12	469,275	(862,751)
Foreign exchange		(298)	3,679
Cash from operations		(779,737)	1,025,399
Interest paid		(19,178)	(17,672)
Taxation received/ (paid)		(78,458)	297,981
Net cash generated from operating activities		(877,372)	1,305,708
Cash flows (used in) investing activities			
Purchases of tangible fixed assets.	9	(111,522)	(194,929)
Acquisition of shares		(55)	-
Interest received		1,500	-
Net cash (used in) investing activities		(110,077)	(194,929)
Cash flows (used in) financing activities			
Loan repayment	13	(62,667)	-
Equity dividends paid	8	-	(518,500)
Net cash (used in) financing activities		(62,667)	(518,500)
Net (decrease)/ increase in cash and cash equivalents		(1,050,116)	592,279
Cash and cash equivalents at beginning of year		4,890,390	4,298,111
Cash and cash equivalents at end of year		3,840,274	4,890,390

The notes on pages 18 to 29 form part of these financial statements.

PLP Architecture International Limited

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

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 Covid-19 pandemic, where there has been a significant impact on trading during the year despite employees able to work remotely and continue to provide services to clients of the Group. Given the impact of Covid-19 on the economy generally, coupled with the Russian invasion of Ukraine (and in consideration of the Group's Russian projects) 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 31 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 to make use of government schemes, and these are reflected in the forecasts.

PLP Architecture International Limited

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

1 Accounting policies (continued)

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.

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.

PLP Architecture International Limited

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

1 Accounting policies (continued)

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.

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.

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.

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

1 Accounting policies (continued)

Financial liabilities and equity

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

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.

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.

Government grants

Grants are accounted for under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in "Other income" within profit or loss in the same period as the related expenditure. This includes the Government Coronavirus Job Retention Scheme ('Furlough'). The company has not benefitted from any other forms of government assistance.

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.

PLP Architecture International Limited

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

2 Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

- Determination of whether provisions should be made against trade debtors, accrued income 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.
- The Company has participated in the HMRC Research and Development Tax Relief programme which enhances the commercial viability of several of the Group's key projects. Specialist professional advice and representatives have been engaged to advise on identification of eligible costs. As at the time of writing this report, the 2018 and 2019 programme were subject to review by HMRC. As a result, the Group has adopted a risk averse position regarding the calculation of these claims, in part offsetting benefits that had been recognised in prior periods of £1,283,808 due to the uncertainty existing. In addition, at the time of writing, the 2020 and 2021 programme had not yet been submitted, this is anticipated to take place prior to the end of the 2022 calendar year. The Group will adopt the same approach with regards to recognising any potential benefit of these claims whilst the HMRC review remains open.

3 Analysis of turnover

	2021 £	2020 £
Analysis of turnover by geography of destination:		
United Kingdom	8,682,017	9,982,353
Russia	3,724,004	3,864,317
Japan	1,622,259	1,607,245
Saudi Arabia	-	1,379,159
Netherlands and other Europe	1,517,828	782,571
China	1,027,367	345,069
Singapore	693,223	505,296
Middle East	614,743	-
South Korea	-	120,000
India	308,890	65,798
Rest of the World	-	-
	18,190,331	18,811,319

4 Operating profit

	2021 £	2020 £
This is arrived at after charging		
Depreciation of tangible fixed assets – owned by the company	133,102	87,204
Exchange losses	27,703	95,850
Auditor's remuneration (audit)	44,775	41,000
Auditor's remuneration (non-audit - tax)	10,711	9,020

PLP Architecture International Limited

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

5 Employees

Group and company	2021 £	2020 £
Staff costs (including directors) consist of:		
Wages and salaries	8,822,223	8,883,416
Social security costs	963,872	943,059
Pension costs	331,547	288,372
	<u>10,117,642</u>	<u>10,114,847</u>

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

Group and company	2021 Number	2020 Number
Number of staff	<u>142</u>	<u>153</u>

6 Directors' remuneration

	2021 £	2020 £
Directors' emoluments	813,413	768,213
Company contributions to the pension	<u>27,233</u>	<u>8,133</u>

There were 2 directors in the Pension plan (2020: 2).

Emoluments of the highest paid director were £519,548 (2020: £441,362). Company pension contributions of £18,033 (2020: £5,067) were made to Workplace Pension Plan on their 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 (continued)
for the year ended 31 December 2021

7 Taxation on (loss)/ profit from ordinary activities

	2021 £	2020 £
<i>Group tax</i>		
Current tax on (loss)/ profit for the year – UK	209	(366,078)
Tax due to reassessment of R&D scheme on 2018 & 2019	1,283,808	-
	<hr/>	<hr/>
Total current tax	1,284,017	(366,078)
<i>Deferred tax</i>		
Origination and reversal of timing differences (note 14)	(6,605)	33,891
	<hr/>	<hr/>
Total deferred tax	(6,605)	33,891
	<hr/>	<hr/>
Taxation on (loss)/ profit on ordinary activities	1,277,412	(332,188)
	<hr/>	<hr/>

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

	2021 £	2020 £
(Loss)/ profit on ordinary activities before tax	(330,960)	651,159
	<hr/>	<hr/>
(Loss)/ profit on ordinary activities at the standard rate of 19%	(62,882)	123,720
Effects of:		
Expenses not deductible for tax purposes	5,477	11,743
Research and development tax relief	1,304,222	(450,905)
Effect of overseas profits at different rates	(39)	-
Adjustments to tax charge in respect of prior periods	-	(86,650)
Other timing differences	30,634	69,904
	<hr/>	<hr/>
Total tax charge for period	1,277,412	(332,188)
	<hr/>	<hr/>

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.

PLP Architecture International Limited

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

8 Dividends

	2021 £	2020 £
No dividends were declared or paid during the year.	-	518,500

(2020: Dividends of £6,000 and £2,500 per share were declared in April and December respectively, of which a total of £331,500 was forgiven and not drawn.).

9 Tangible fixed assets

Group and company	Computer software £	Computer hardware £	Fixture and fittings £	Total £
<i>Cost or valuation</i>				
At 1 January 2021	50,482	234,787	112,222	397,491
Additions	16,315	76,163	19,044	111,522
At 31 December 2021	66,797	310,950	131,266	509,013
<i>Depreciation</i>				
At 1 January 2021	22,322	82,281	40,527	145,130
Charge for year	10,770	89,294	33,038	133,102
At 31 December 2021	33,093	171,575	73,565	278,233
<i>Net book value</i>				
At 31 December 2021	33,704	139,376	57,701	230,781
At 31 December 2020	28,158	152,507	71,695	252,360

PLP Architecture International Limited

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

10 Fixed assets investments

Company	Investments in subsidiary companies £
Cost or valuation	
At 31 December 2021	139
At 31 December 2020	90

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. <i>Registered Office Address:</i> Westerdoksdijk 423, 1013BX Amsterdam <i>Nature or business:</i> Architectural services	Netherlands	100%
PLP Studio Singapore Pte Ltd <i>Registered Office Address:</i> 101C, Telok Ayer Street, 068574 <i>Nature or business:</i> Architectural services	Singapore	100%

11 Debtors

	2021 Group £	2021 Company £	2020 Group £	2020 Company £
Trade debtors	2,505,764	2,387,809	2,715,872	2,709,873
Other debtors	15,105	569,587	89,574	89,574
Prepayments and accrued income	2,149,994	1,774,451	1,381,505	1,328,132
Amounts owing from PLP Architecture Ltd	1,024,324	1,051,175	475,529	767,321
Corporation tax	-	-	875,803	876,298
	5,695,187	5,783,022	5,538,282	5,771,198

PLP Architecture International Limited

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

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

As at 31 December 2021, the Company recognised £450,992 (2020: £224,689) of provision against gross receivables, included in the trade debtors balance.

12 Creditors: amounts falling due within one year

	2021 Group £	2021 Company £	2020 Group £	2020 Company £
Trade creditors	843,554	841,197	854,188	857,671
Other taxation and social security	565,153	635,845	586,990	587,266
Other creditors	178,486	178,486	75,965	77,492
Accruals and deferred income	3,647,492	3,620,923	3,621,871	3,615,325
Corporation tax	293,679	293,228	-	-
	<u>5,528,364</u>	<u>5,569,679</u>	<u>5,139,014</u>	<u>5,137,754</u>

As at 31 December 2021 the company had outstanding pension liabilities in respect of its employees of £69,288 (2020: £56,104). This amount was subsequently paid to the pension provider in January 2022.

Provisions for liabilities – onerous contracts	Group 2021 £	Company 2021 £
At beginning of year	669,625	653,582
Additional provision in the year	474,008	341,276
	<u>1,143,633</u>	<u>994,857</u>
At the end of the year		

The onerous contract provision relates to unavoidable costs of meeting the obligations on ongoing projects in excess of the economic benefit expected to be received and will be released as the projects are completed in line with the stage of completion over the period to February 2027.

PLP Architecture International Limited

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

13 Creditors: amounts falling due more than one year

	2021 Group £	2021 Company £	2020 Group £	2020 Company £
Other creditors	217,637	217,637	380,455	380,455

Other creditors include amounts due to shareholders of £212,415 (2020: £249,900), repayable immediately should the shareholder dispose of their shareholding. A further £37,485 shall fall due within one year which is represented within Note 12. Of this amount, £152,439 (2020: £152,439) is due to shareholders who are also directors of the company.

14 Deferred taxation

Group and company	2021 £	2020 £
At beginning of year	37,289	3,398
Charge for the year (note 7)	(6,605)	33,891
At the end of the year	30,684	37,289

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Timing differences	30,684	37,289
	30,684	37,289

PLP Architecture International Limited

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

15 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	8,432,533	8,687,533
Financial liabilities		
Financial liabilities measured at amortised cost	3,606,368	1,693,468

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals and amounts owed from PLP Architecture Limited.

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

	2021 £	2020 £
<i>Allotted, called up and fully paid</i>		
100 ordinary shares of £1 each	100	100

17 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.

During the year, an amount was paid to an immediate family member of one of the Directors. This was on an arms' length basis for consultancy services provided which were necessary in the furtherance of business and were made in accordance with appropriate market rates. Later in 2021, the family member was employed as an employee and receives an arms' length salary equivalent to his position as per market rates.

PLP Architecture International Limited

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

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. However, as at balance date 31 December 2021, no amounts had been guaranteed and as such did not represent a contingent liability.

19 Subsequent events

In April 2022, the Group recognised a bad debt provision of £306,615 due to the impact of the Russia/Ukraine conflict on an ongoing project.

On 30 June 2022, PLP Architecture International Limited entered into an agreement to purchase and immediately cancel 15 ordinary shares of £1.00 each from a shareholder of the Company for total aggregate consideration of £337,515. On 7 July 2022, £375,000 was paid to the shareholder of which £37,485 related to repayment of amounts due to shareholders (note 13).

20 Control

As at balance date, the Company's Shares were owned by five individuals including the two directors. The directors held 61% of the issued ordinary share capital between them.

21 Net debt reconciliation

	Balance at 1 January 2021 £	Cash flows £	Balance at 31 December 2021 £
Cash at bank and in hand	4,890,390	(1,050,116)	3,840,274
Bank loans	(130,556)	62,667	(67,889)
	<u>4,759,834</u>	<u>(987,449)</u>	<u>3,772,385</u>