

**BUROHAPPOLD  
ENGINEERING**

# HAPPOLD LLP

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**MEMBERS' REPORT AND  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2019**

## **Cover**

### **Xiqu Centre**

West Kowloon Cultural District, Hong Kong

Created to provide the first permanent home for Chinese Opera in Hong Kong, the Xiqu Centre will be the first of 17 arts and cultural venues located in the newly formed West Kowloon Cultural District (WKCD).

Comprising a 1,073-seat Grand Theatre, 200-seat Tea House Theatre, as well as a number of rehearsal and meeting areas, retail and dining venues, the Xiqu Centre intertwines theatre, art and community spaces.

The project is partially sited above the existing Mass Transit Railway's (MTR) West Rail tunnels and Austin Station, and directly adjacent to West Kowloon Station. In order to protect the Grand Theatre against vibration and noise, it is located at the top of the building, isolating it from the ground. While offering a solution to the impact of its location, it meant that the BuroHappold Engineering team needed to execute a complex structural design that involved lifting into place 6,700 tonnes of steel roof theatre trusses.

### **Architect**

Revery Architecture ; Ronald Lu & Partners

### **Services provided by BuroHappold**

Structural engineering, building services engineering (MEP) including ELV security & technology and vertical transportation, sustainability and BEAM Plus, specialist fire engineering, people flow smart analysis modelling, facade engineering (up to the end of schematic design).

### **Image**

Ema Peter Photography

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'We will always  
strive to deliver  
solutions with  
a sense of  
economy for our  
planet and its  
resources.'



## Chief executive's introduction

DESIGN / ADVISORY / CONSULTANCY

**F**inding solutions is what we do. What BuroHappold engineers know, is that the solution to a particular problem does not come fully formed. Using all the tools at our disposal, our people examine each issue from every angle before arriving at an answer. Our promise to clients is that this answer will not only address an issue, but also add real value to your project.

Excellent engineering design is at the heart of our business, and always will be. But we want to create more of a balance. Building and Infrastructure design work currently makes up 68% of our work, with advisory services at 24% and consultancy at 8%. We see the future of BuroHappold providing more solutions and creating value for our clients in the advisory and consulting streams as well as design.

Our future also lies in creating scale in geographies where we have much more potential. Creating balance and positioning ourselves to provide a comprehensive service to our clients wherever they are located.

As we reach further out in scale, expanding our client reach from campus to city, advisory to consultancy, we develop a richer, deeper offering.

What's the difference between advisory and consultancy? Advisory means applying our deep technical or specialist knowledge expertise to the issues being

faced by our clients. This might inform a design solution, or equally, perhaps an alternative solution that doesn't require construction or other intervention might be the solution. Consultancy is about making that technical knowledge or expertise accessible. Our in-house consultants use their breadth and depth of knowledge and serve it up in an accessible way. We can be reactive and flexible as well as drawing on deep competence and authenticity in our advice based on over 40 years of serving our clients.

To fill the space created by our expansion into new areas of business, we need our greatest asset — our people. We are training up a new generation of consultants, and our advisory services are growing as we conduct more in-depth research into important issues, and develop tools that offer clients advanced data-based solutions.

Every person in our firm contributes to our culture of creative, intelligent, problem-solving. We will always strive to deliver solutions with a sense of economy for our planet and its resources. Choose BuroHappold, and we will transform your business.

Neil Squibbs CEO

## Members and professional advisors

### Designated members

N K Billett  
P Rogers  
N R Squibbs

A complete list of members' names is available at the registered office.

### LLP registered number

OC331879

### Registered office

Camden Mill  
Lower Bristol Road  
Bath  
BA2 3DQ

### Auditor

BDO LLP  
55 Baker Street  
London  
W1U 7EU

### Bankers

HSBC Bank plc  
71 Queen Victoria Street  
London  
EC4V 4AY

## Members' report

Year ended 30 April 2019

The Board presents their annual report together with the audited group financial statements of Happold LLP, a Limited Liability Partnership, for the year ended 30 April 2019.

### Designated members

The designated members who served during the year, and up to the date of this report, were:

N K Billett  
R J Nickells (resigned 1 October 2018)  
P Rogers  
N R Squibbs

### Business description

Happold LLP is a global engineering and consultancy practice, known as "BuroHappold". With 60 partners and over 1,700 employees, we operate in 23 locations worldwide. For over 40 years we have built a reputation for delivering creative, value-led building and city solutions. Truly multidisciplinary, we are an interconnected community of specialists who collaborate to deliver client-focused outcomes.

Our founder, Sir Ted Happold, believed that only by sharing our different skills and knowledge can the highest quality results be achieved. This approach continues to drive a culture of integrated thinking that delivers sophisticated transformative solutions. In creating value for clients, we leave a positive and sustainable legacy for the communities in which we work. BuroHappold's buildings and cities contribute positively to our climate, society, culture and the environment.

The principal activity of the group is that of consulting engineering and other related skills providing professional, integrated design, advisory and consulting services to clients. These clients include the property and construction sectors, city administrations and campus portfolio owners as well as individual building owners. The principal activity of the limited liability partnership is that of providing management services to companies in the group.

### Strategy

Our approach to developing client focussed outcomes showed us how we could understand, refine and articulate the value of what we do for our clients today. As we embed this philosophy into our day-to-day work — and supplement it with technologically driven analysis and insights — our designs and services to clients will be increasingly informed by the outcomes that clients want to achieve. The ability to understand and integrate the complex parameters that contribute to performance will enable us to differentiate ourselves from our competitors, which will get us closer to our clients and drive up our value. This is outcome-driven design.

Design is at the heart of what we do. It is what defines us and our place in the market. We will continue to refresh and recreate what we offer to remain the most relevant design consultant for our clients. This will enable us to meet current and future client needs while, increasingly, creating new possibilities for them. Solving the complexity of the brief and budget is equal to being able to identify and communicate our contribution to the bigger picture. Our designs have the power to transform lives.

Increasingly clients need expertise to ensure that the right questions are being asked and solutions developed which might never result in a new design for construction. By marrying our deep technical and other skills with a consulting offer that makes this accessible for our clients we can create even more value for our clients. This is at the heart of the development of the Buro Happold business.

### Operations

We operate within seven business units: Asia, Cities, Europe, India, Middle East, United Kingdom and United States. The Cities business unit spans multiple locations and consists of seven specialisms — Bridges, Consulting, Energy Consultancy, Environment, Infrastructure, Transport, and Water.

The structure allows us to foster collaboration between offices to enable sharing of work, knowledge and experience. It also encourages a strong cross-business approach to city leadership, design and technical development.

Key projects undertaken by the group during the year include the following:

#### Stratford Waterfront, London

Stratford Waterfront at East Bank is the linchpin of a new cultural and educational district in Queen Elizabeth Park. The development contains new buildings for the Victoria and Albert Museum, Sadler's Wells, University of the Arts and the London College of Fashion. It also accommodates the BBC Concert Studios, which houses the BBC Symphony Orchestra. The cultural and educational buildings will be supplemented by a significant new residential development, which both helps to fund the development and supports creation of a diverse new neighbourhood. This project builds on our ongoing relationship with Queen Elizabeth Park in Stratford.

#### Battersea Power Station, London

Vauxhall Nine Elms Battersea is the most significant regeneration programme in the UK. For the first time since the Grade II\* listed power station was decommissioned in 1983, this site is being transformed into the hub of a thriving new urban quarter. For BuroHappold this has provided our engineers with an outstanding opportunity to demonstrate their world-class reputation for delivery of sustainable solutions.

## Members' report (continued)

Year ended 30 April 2019

### Arizona State University, Phoenix

Located in downtown Phoenix, the new 280,000 ft<sup>2</sup> Beus Center for Law and Society provides an exemplary new education facility to meet the demands of a changing law school programme. To accommodate growth in enrolment numbers, the building offers modern, flexible learning environments over eight storeys. Classrooms, research clinics, and an extensive library are all equipped with the latest technology to support students and staff. Our team responded to the client's ambitious schedule with an integrated approach to design, informed by extensive computer modelling to coordinate the engineering disciplines within the team. This ensured that efficient, accurate solutions were developed to support a seamless construction programme.

### Minneapolis New Public Service Building, Minneapolis

Set to be situated next to the existing city hall, the Minneapolis New Public Service Building will unite a number of city departments and services. As well as providing a centralised campus for public services, the 250,000ft<sup>2</sup> building will include a forensic laboratory for the Minneapolis Police Department, ballistic range and local Juvenile Protection Service. BuroHappold is providing integrated services for the project, working closely with the architects and client to deliver a building that offers a diverse range of services. Environmental sustainability and creating a positive working environment are also key factors in the client's brief.

### Bee'ah Headquarters, Sharjah

Located in Sharjah, the UAE's third most populous city, Bee'ah is the Middle East's fastest growing environmental management company. Dedicated to an environmentally responsible future for the region, Bee'ah advocates revolutionary strategies for utilising renewable energy sources and setting benchmarks for sustainability. The organisation's new headquarters needed to embody their ethos and vision, creating a home for their 6,000 employees while facilitating the world-leading activities taking place within its walls. BuroHappold's structural solutions enabled a design that might otherwise have been considered too complex to translate into reality. By simplifying the construction element, we have delivered buildability, cost-effectiveness and efficient time management.

### Überseequartier, Hamburg

With 14 hectares of urban space, Überseequartier Project (ÜSQ) is set to become the new commercial heart of HafenCity in Hamburg. This is a landmark project for Germany. The waterfront development will provide a vibrant and eclectic metropolitan quarter while remaining within easy reach of the city's attractions. BuroHappold was commissioned to provide MEP building services design for the project, which includes an

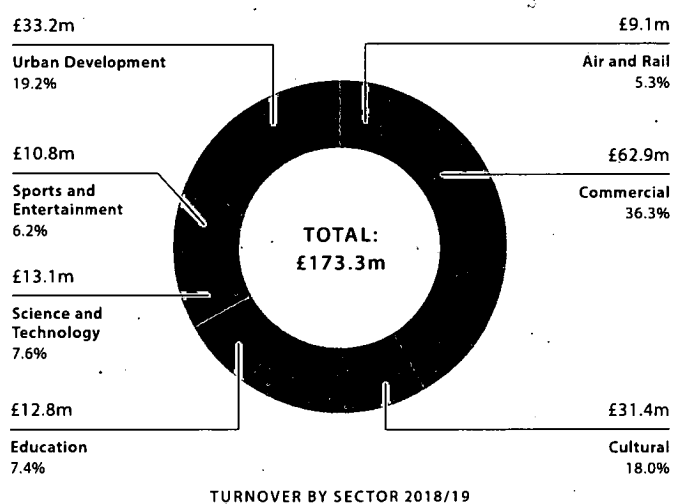
interconnected shopping mall with over 200 stores, multi-screen cinemas, office buildings, hotels, bus and taxi terminals, and three levels of basement parking. The development also includes a cruise terminal and the integration of the U Bahn metro station.

### The Red Sea Master Plan, Kingdom of Saudi Arabia

The first phase of the project, scheduled for completion in 2022, will see the construction of 14 luxury and hyper-luxury hotels across five islands and two inland resorts. This will provide more than 3,000 hotel rooms. There will also be a new airport, a yacht marina, leisure and lifestyle facilities; supporting logistics and utilities infrastructure will include 75km of new roads. The destination is expected to be fully complete by 2030, offering 8,000 hotel rooms across island resorts, mountain retreats and desert hideaways.

## Sector analysis

Our routes to market through our client sectors of Cultural, Commercial and Urban Development remain as strong and balanced as ever. Clients are increasingly calling for our expertise, experience, and insight to be applied to a growing proportion of Science and Technology. Holding a multi-sector portfolio is of strategic importance as it allows us to understand a targeted selection of clients and their core business needs while simultaneously allowing those experiences, insights and innovation gains to be cross-fertilised. This enriches our contribution to each and every sector.





## Members' report (continued)

Year ended 30 April 2019

### Future developments

The group intends to continue strengthening its position during 2019/20 by balancing geographies, sectors and services. This will allow us to deliver consistently excellent services to clients across locations and build a more resilient business. Balance is key: between geographic footprint and client base; between buildings, cities and consulting; and between the sectors in which we operate. Through our pool of talented employees we will work towards creating better balance and continue to deliver exceptional results on world-class projects.

### Governance

Good governance comes from a tightly woven management team that knows its industry inside and out blended with other members possessing broader business experience to guide and measure. Our Board brings together the essential ingredients to direct and protect.

Recognition is made within the governance structure of the importance of independent oversight, and the involvement and proper engagement with non-executive directors. During the year BuroHappold was privileged to have the continued service of a non-executive board member in Richard Sykes.

The introduction of the Global Strategy Group has placed greater emphasis on the development of the practice, and the capacity within the leadership to ensure investment and development activity are pursued vigorously and able to achieve success.

### Key performance indicators

The group assesses performance via the following key performance indicators:

	2019	2018	Change
Turnover (£'000)	173,300	163,638	6%
Operating profit (£'000)*	22,122	16,984	30%
Operating profit margin (%)*	13%	10%	3%
EBITDA (£'000)*	24,941	19,633	27%
Net asset value (£'000)	37,379	34,377	9%
Cash (£'000)	17,422	16,582	5%
Turnover per employee (£'000)	102	98	4%
Average number of employees	1,698	1,672	2%
Days sales outstanding (DSO)	103	122	(16%)

\* Operating profit, operating profit margin and EBITDA are all shown before other operating income/expense) as the members believe this assists with understanding the underlying performance of the group. DSO represents the average number of days in which trade debtors are paid.

### Financial performance

The group experienced a successful year generating turnover of £173.3m (2018: £163.6m) and a 3% increase in operating profit margin. The increase in the group's turnover was driven by market conditions in the United States (+21%) and European business units (+38%), partially offset by a decrease in the Middle East (-18%) and Asia (-36%). The group continues to generate the most significant proportion of turnover from projects located in the UK (36%). Turnover generated from projects located in the United States increased to 22% (2018: 17%) as a result of growth in the market.

The group will always be subject to exchange rate fluctuations due to the global spread of our business. This has resulted in an exchange gain in the year of £2.1m (2018: loss £1.6m). The fair value loss on foreign exchange forward contracts was £41,000 (2018: £118,000).

Cash has increased in the year from £16.6m to £17.4m, linked to the decrease in DSO from 122 to 103 days. Working capital management remains a key focus of the group as evidenced by the 10% reduction in trade debtors and 16% reduction in DSO.

The average number of employees increased 2%, with turnover generated per employee of £102,000 (2018: £98,000).

### Principal risks and uncertainties

**Key staff** – Our ability to retain our key staff remains critical to the group's success. This risk is mitigated through fairness, diversity and equality, a culture of effective performance management and reward, career planning, and a commitment to training and development programmes.

**Competition** – We exist in a competitive market with a high risk of commoditisation. Our continual investment in technology, thought leadership and our appetite for challenging projects allows the group to retain its competitive advantage. Our agility allows us to rapidly move work and people globally to support these ambitions.

**Management of projects** – A key focus of the group is the management of our projects. There are risks associated with all aspects of our project life cycle, from bidding and project management through to technical delivery and financial control. The physical, political and economic factors that occur in the environments in which we operate are also considered when assessing risks. Inadequate project management could lead to financial loss, contractual disputes and possible litigation. To mitigate this the group has invested in a simple to use, universal system for planning, managing and delivering projects. Extensive project management training is provided to ensure appropriately

## Members' report (continued)

Year ended 30 April 2019

skilled staff are used on projects. Technical project reviews are undertaken regularly, augmented by a strong internal control environment.

**Litigation** – The risk of litigation arising from failure or negligence in the acceptance, contracting for or performance of client work is mitigated through established policies on contract acceptance, rigorous technical and commercial review, training and a suitable level of PI insurance. To further mitigate the risks in this area and ensure continued rigour and operational excellence, the group has appointed a new Director of Risk and Commercial.

**Management of working capital** – The majority of the group's costs, including payroll, are paid before fees are settled by clients. There is an ongoing drive across the group to raise invoices quickly to speed up receipts. In addition, the group maintains close working relationships with clients and seeks advance payments on contracts where possible. The robust bank financing framework provides significant comfort.

**Cyber risk and or customer / personal data breach** – The risk of cyber-attacks or hacking has the potential to affect our ability to operate. The group is also exposed to the risk of financial penalties or reputational damage for failing to protect the data we hold on our stakeholders. To address these risks we have obtained the Cyber Essentials Plus Certification, a UK government backed scheme, certifying that we take our information security seriously. A review of our data protection methodologies and procedures has also been carried out in line with the General Data Protection Regulation.

### Financial risk management objectives and policies

As is the case with the majority of international companies, the group is exposed to a number of financial risks including foreign exchange, credit and interest rate risk.

**Foreign exchange risk** – A proportion of the group's work is undertaken in currencies other than sterling. Exchange rate movements are kept under constant review with the risk partially mitigated by the use of foreign currency forward contracts.

**Credit risk** – The risk of clients being unable to pay for work performed by the group has the potential to impact cash flow. The risk is mitigated via appropriate credit checks being made on potential clients before work commences on projects and securing advance payments.

**Interest rate risk** – The group has borrowings on which interest is charged at the bank's variable rate and is therefore affected by fluctuations in interest rates. This risk is mitigated through regular review of interest rates and active management of cash surpluses.

### Charitable donations

During the year, the group contributed £240,000 (2018: £250,000) to the Happold Foundation, a UK charity. The Happold Foundation is a charity registered for the promotion of education, research and training in fields applicable to the construction industry, engineering, design, technology and architecture.

### Members' drawings and the subscriptions and repayment of members' capital

Each member is entitled to drawings of their share of profits, such sum as may be determined by the Partnership Committee of the LLP from time to time.

The level of members' ownership share is determined by the Partnership Committee of the LLP from time to time, with each member's capital subscription linked to his or her share of profit. Capital is repayable to members on cessation of membership of the firm.

### Branches outside the UK

The group has a number of international subsidiaries as detailed in note 15. One of these subsidiaries, Buro Happold Consulting Engineers Limited, has a branch within the United Arab Emirates.

### Research and development activities

Research and development expenditure is incurred by the group on a number of innovative projects which seek to achieve an advance in science or technology. These expenses are included in cost of sales within the statement of comprehensive income.

Research and development expenditure can vary year on year depending on the nature of projects undertaken by the group. During the year £3.2m (2018: £3.8m) of expenditure was deemed to be of a research and development nature.

## Members' report (continued)

Year ended 30 April 2019

### Employee information

We are dependent on the skills and commitment of our people, and throughout the year we have been extremely proud to be able to attract and nurture exceptional talent at all levels. Through development, succession planning and strategic recruitment we aim to ensure our leadership capabilities are focussed where they are most needed, facilitating sustainable growth throughout the business. We engage employees through our Young Engineers Forum, Share our Skills and other programmes, which help to inspire the next generation of engineers and professionals.

We are a diverse and inclusive practice, reflecting the varied cultures of the communities and clients we serve. We strive to not only create a sense of belonging but also a safe and inclusive workplace for all our employees to thrive and be accepted for who they are.

By looking at our business practices and activities through an inclusivity lens, we will continue to enhance our people practices, and in addressing bias and supporting the development and visibility of underrepresented employees, we aim to further promote the rich diversity of our employees' experiences, talent and ideas.

Finally, through our diverse teams, we provide innovative and relevant solutions for our clients and the communities we serve, supporting while providing career development support through our culture of continuous learning.

### Employment policy

The group is an inclusive employer and actively encourages participation from a wide range of skilled employees. It is the group's policy to ensure adequate provision for the diversity, equality, health, safety, welfare and training of its employees.

The group seeks to keep its employees informed on all aspects of the business through structured management meetings and in-house publications.

The group has continued its policy regarding employment of disabled persons. Full and fair consideration is given to applications for employment made by disabled persons having regard for their particular aptitudes and abilities.

### Third party indemnity provision for members

Qualifying third party indemnity provision is in place for the benefit of all members of the LLP.

### Members' responsibilities

The members are responsible for preparing the members' report and financial statements in accordance with applicable law and regulation.

The Limited Liability Partnerships (*Accounts and Audit*) (*Application of the Companies Act 2006*) Regulations 2008 require the members to prepare financial statements for each financial year. Under these regulations the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under these regulations the members 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 Limited Liability Partnership and of the profit or loss of the Limited Liability Partnership for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Limited Liability Partnership will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the Limited Liability Partnership's transactions, disclose with reasonable accuracy at any time the financial position of the Limited Liability Partnership, and enable them to ensure that the financial statements comply with the Limited Liability Partnerships (*Accounts and Audit*) (*Application of the Companies Act 2006*) Regulations 2008. They are also responsible for safeguarding the assets of the Limited Liability Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Members' report (continued)

Year ended 30 April 2019

### Auditor

BDO LLP has indicated its willingness to continue in office.

Approved by the board on 7th August 2019 and signed on its behalf by



**N R Squibbs**  
Designated member

## Independent auditor's report to the members of Happold LLP

### Opinion

We have audited the financial statements of Happold LLP ("the Limited Liability Partnership") and its subsidiaries ("the Group") for the year ended 30 April 2019 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the LLP statement of financial position, the consolidated reconciliation of members' interests, the LLP reconciliation of members' interests, 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).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Limited Liability Partnership's affairs as at 30 April 2019 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008.

### 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 Limited Liability Partnership 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 Members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or the Limited Liability Partnership'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.

### Other information

The Members 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.

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.

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 as applied to Group or limited liability partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Limited Liability Partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- the Limited Liability Partnership's financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

## Independent auditor's report to the members of Happold LLP

(continued)

### Responsibilities of members

As explained more fully in the members' responsibilities statement, the Members 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 Members 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 members are responsible for assessing the Group and the Limited Liability Partnership'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 members either intend to liquidate the Group or the Limited Liability Partnership or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of 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 Limited Liability Partnership's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006 as applied by Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the Limited Liability Partnership'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 Partnership and the Limited Liability Partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.



Tim Neathercoat (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
London, UK

Date 7 AUGUST 2019

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

## Consolidated statement of comprehensive income

Year ended 30 April 2019

	Note	2019 £'000	2018 £'000
<b>TURNOVER</b>	<b>3</b>	<b>173,300</b>	<b>163,638</b>
Cost of sales		(151,178)	(146,654)
<b>OPERATING PROFIT BEFORE OTHER OPERATING INCOME/(EXPENSE)</b>		<b>22,122</b>	<b>16,984</b>
Other operating income/(expense)	4	2,438	(867)
<b>OPERATING PROFIT BEFORE INTEREST</b>		<b>24,560</b>	<b>16,117</b>
Fair value losses on foreign exchange contracts		(41)	(118)
Interest receivable and similar income	9	41	53
Interest payable and similar expenses	10	(251)	(145)
<b>PROFIT BEFORE TAXATION</b>	<b>5</b>	<b>24,309</b>	<b>15,907</b>
Tax on profit	11	(3,875)	(2,863)
<b>PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES</b>		<b>20,434</b>	<b>13,044</b>
Members' remuneration charged as an expense		(8,733)	(10,081)
<b>PROFIT FOR THE FINANCIAL YEAR AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS</b>		<b>11,701</b>	<b>2,963</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Currency translation differences		(161)	(178)
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>11,540</b>	<b>2,785</b>

All amounts relate to continuing operations.

The notes on pages 23 to 47 form part of these financial statements.

## Consolidated statement of financial position

At 30 April 2019

	Note	2019		2018	
		£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>					
Intangible assets	12		926		1,487
Tangible assets	13		4,690		4,265
			<u>5,616</u>		<u>5,752</u>
<b>CURRENT ASSETS</b>					
Debtors due within one year	16	73,097		71,410	
Amounts due from members		147		379	
Cash at bank and in hand		17,422		16,582	
		<u>90,666</u>		<u>88,371</u>	
<b>CREDITORS:</b>					
Amounts falling due within one year	17	<u>(47,209)</u>		<u>(48,718)</u>	
<b>NET CURRENT ASSETS</b>					
			<u>43,457</u>		<u>39,653</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
			49,073		45,405
<b>CREDITORS:</b>					
Amounts falling due after more than one year	18		(2,926)		(2,550)
<b>PROVISIONS FOR LIABILITIES</b>					
Deferred tax	19		(1,369)		(546)
Other provisions	20		<u>(7,399)</u>		<u>(7,932)</u>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>					
			<u>37,379</u>		<u>34,377</u>



## Consolidated statement of financial position

At 30 April 2019 (continued)

	Note	2019	2018
		£'000	£'000
REPRESENTED BY:			
LOANS AND OTHER DEBTS DUE TO MEMBERS			
Members' capital classified as a liability		16,083	11,149
Amounts due to members		<u>9,756</u>	<u>20,443</u>
	21	25,839	31,592
MEMBERS' OTHER INTERESTS			
Other reserves		<u>11,540</u>	<u>2,785</u>
		<u>37,379</u>	<u>34,377</u>
TOTAL MEMBERS' INTERESTS			
Amounts due from members	21	(147)	(379)
Loans and other debts due to members	21	25,839	31,592
Members' other interests		<u>11,540</u>	<u>2,785</u>
		<u>37,232</u>	<u>33,998</u>

The financial statements were approved by the members and authorised for issue on 7th August 2019 and are signed on their behalf by:



**N R Squibbs**  
Designated member

The notes on pages 23 to 47 form part of these financial statements.

## LLP statement of financial position

At 30 April 2019

	Note	2019		2018	
		£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>					
Investments	14		29,317		29,317
<b>CURRENT ASSETS</b>					
Debtors	16	6,204		3,440	
Amounts due from members	21	3,687		1,341	
Cash at bank and in hand		94		20	
		<u>9,985</u>		<u>4,801</u>	
<b>CREDITORS:</b>					
Amounts falling due within one year	17	<u>(422)</u>		<u>(603)</u>	
<b>NET CURRENT ASSETS</b>			<u>9,563</u>		<u>4,198</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>38,880</u>		<u>33,515</u>
<b>PROVISIONS FOR LIABILITIES</b>					
Other provisions	20		<u>(1)</u>		<u>(543)</u>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>			<u>38,879</u>		<u>32,972</u>

The notes on pages 23 to 47 form part of these financial statements.

## LLP statement of financial position

At 30 April 2019 (continued)

	Note	2019	2018
		£'000	£'000
REPRESENTED BY:			
LOANS AND OTHER DEBTS DUE TO MEMBERS			
Members' capital classified as a liability		16,083	11,149
Amounts due to members		11,095	18,860
	21	27,178	30,009
MEMBERS' OTHER INTERESTS			
Other reserves		11,701	2,963
		38,879	32,972
TOTAL MEMBERS' INTERESTS			
Amount due from members	21	(3,687)	(1,341)
Loans and other debts due to members	21	27,178	30,009
Members' other interests		11,701	2,963
		35,192	31,631

The LLP has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own statement of comprehensive income.

The financial statements were approved by the members and authorised for issue on 7th August 2019 and are signed on their behalf by:



**N R Squibbs**  
Designated member

The notes on pages 23 to 47 form part of these financial statements.

## Consolidated reconciliation of members' interests

Year ended 30 April 2019

	Equity Members' other interests	Debt Loans and other debts due to Members less any amounts due from Members			Total Members' interests
	Other reserves	Members' capital	Other amounts	Total	Total
	£'000	£'000	£'000	£'000	£'000
<b>Members' interests: at 1 May 2017</b>	14,455	10,619	16,409	27,028	41,483
Members' remuneration charged as an expense, including employment and retirement benefits	-	-	10,081	10,081	10,081
Profit for the year available for discretionary division among members	2,963	-	-	-	2,963
	17,418	10,619	26,490	37,109	54,527
Allocation of prior year profit	(14,455)	-	14,455	14,455	-
Amounts introduced by members	-	1,414	-	1,414	1,414
Transfer to members' capital	-	535	(535)	-	-
Transfer to provision for retired members	-	(1,028)	(1,915)	(2,943)	(2,943)
Amounts withdrawn by members	-	(391)	(18,431)	(18,822)	(18,822)
Currency translation differences	(178)	-	-	-	(178)
<b>Members' interests: at 30 April 2018</b>	2,785	11,149	20,064	31,213	33,998
<b>Members' interests: at 1 May 2018</b>					
Members' remuneration charged as an expense, including employment and retirement benefits	-	-	8,733	8,733	8,733
Profit for the year available for discretionary division among members	11,701	-	-	-	11,701
	14,486	11,149	28,797	39,946	54,432
Allocation of prior year profit	(2,785)	-	2,785	2,785	-
Amounts introduced by members	-	2,365	-	2,365	2,365
Transfer to members' capital	-	3,185	(3,185)	-	-
Amounts withdrawn by members	-	(616)	(18,788)	(19,404)	(19,404)
Currency translation differences	(161)	-	-	-	(161)
<b>Members' interests: at 30 April 2019</b>	11,540	16,083	9,609	25,692	37,232

Loans and other debts due to members split between member capital treated as debt and amounts due to and from members is disclosed in note 21.

The notes on pages 23 to 47 form part of these financial statements.

## LLP reconciliation of members' interests

Year ended 30 April 2019

	Equity Members' other interests	Debt Loans and other debts due to Members less any amounts due from Members			Total Members' interests
	Other reserves	Members' capital	Other amounts	Total	Total
	£'000	£'000	£'000	£'000	£'000
<b>Members' interests: at 1 May 2017</b>	12,796	10,619	(1,747)	8,872	21,668
Members' remuneration charged as an expense, including employment and retirement benefits	-	-	10,081	10,081	10,081
	12,796	10,619	8,334	18,953	31,749
Allocation of profit	(9,833)	-	9,833	9,833	-
Dividend income	-	-	10,939	10,939	10,939
Amounts introduced by members	-	1,414	-	1,414	1,414
Transfer to members' capital	-	535	(535)	-	-
Transfer to provision for retired members	-	(1,028)	(1,915)	(2,943)	(2,943)
Amounts withdrawn by members	-	(391)	(11,036)	(11,427)	(11,427)
Other movements	-	-	1,899	1,899	1,899
<b>Members' interests: at 30 April 2018</b>	<u>2,963</u>	<u>11,149</u>	<u>17,519</u>	<u>28,668</u>	<u>31,631</u>
<b>Members' interests: at 1 May 2018</b>					
Members' remuneration charged as an expense, including employment and retirement benefits	-	-	8,733	8,733	8,733
	2,963	11,149	26,252	37,401	40,364
Allocation of profit	8,738	-	(8,738)	(8,738)	-
Dividend income	-	-	3,765	3,765	3,765
Amounts introduced by members	-	2,365	-	2,365	2,365
Transfer to members' capital	-	3,185	(3,185)	-	-
Amounts withdrawn by members	-	(616)	(13,820)	(14,436)	(14,436)
Other movements	-	-	3,134	3,134	3,134
<b>Members' interests: at 30 April 2019</b>	<u>11,701</u>	<u>16,083</u>	<u>7,408</u>	<u>23,491</u>	<u>35,192</u>

Loans and other debts due to members split between member capital treated as debt and amounts due to and from members is disclosed in note 21.

The notes on pages 23 to 47 form part of these financial statements.

## Consolidated statement of cash flows

Year ended 30 April 2019

	Note	2019 £'000	2018 £'000
<b>OPERATING ACTIVITIES</b>			
Cash generated from operations	23	26,122	10,785
Taxation		(3,494)	(3,052)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>22,628</b>	<b>7,733</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of intangible fixed assets	12	(306)	(1,048)
Purchase of tangible fixed assets	13	(2,309)	(1,807)
Disposal of tangible fixed assets	13	2	1
Interest received		41	53
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(2,572)</b>	<b>(2,801)</b>
<b>FINANCING ACTIVITIES</b>			
Repayment of obligations under finance leases	17	-	(272)
Interest paid		(251)	(145)
Capital introduced by members		2,365	1,414
Payments to members		(19,404)	(18,822)
Payments to former members	20	(542)	(3,745)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(17,832)</b>	<b>(21,570)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>2,224</b>	<b>(16,638)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>14,946</b>	<b>31,696</b>
Effect of foreign exchange rate changes		252	(112)
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>17,422</b>	<b>14,946</b>
Cash and cash equivalents consists of:			
Cash at bank and in hand		17,422	16,582
Overdrafts included in creditors: amounts falling due within one year	17	-	(1,636)
<b>CASH AND CASH EQUIVALENTS</b>		<b>17,422</b>	<b>14,946</b>

The notes on pages 23 to 47 form part of these financial statements.

# Notes to the financial statements

Year ended 30 April 2019

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# 1 Accounting policies

## 1.1 General information

Happold LLP ("the LLP") is a limited liability partnership domiciled and incorporated in England and Wales. The address of the LLP's registered office is given on page 6. The LLP's principal activities and nature of operations are set out in the members' report on pages 7-12.

## 1.2 Basis of preparation of financial statements

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102") and the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" (published 2017), and under the historical cost convention, modified to include the revaluation of certain financial instruments at fair value.

Monetary amounts are rounded to the nearest whole £1,000, except where otherwise indicated.

### *Reduced disclosures*

In accordance with FRS 102, the LLP has taken advantage of the exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts for financial instruments measured at amortised cost or cost less impairment, interest income/expense and net gains/losses for financial instruments measured at amortised cost; and
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the LLP are consolidated in the financial statements of Happold LLP.

### *Going concern*

The group ensures it meets its day to day working capital needs from its cash balances and, where needed, borrowing facilities.

The group has prepared forecasts for the next 12 months that show that it will be able to operate within its available facilities throughout the forecast period. The members have reviewed the forecasts and are satisfied that they are achievable and, consequently, provide an appropriate basis for their assessment of going concern.

As a result, the members have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future and, consequently, continue to adopt the going concern basis of accounting in preparing the annual financial statements.

## 1.3 Functional and presentational currencies

The financial statements are presented in sterling, which is also the functional currency of the group and LLP.

## 1.4 Basis of consolidation

The consolidated financial statements incorporate those of Happold LLP and all of its subsidiary undertakings ('subsidiaries').

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation.

The LLP has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own statement of comprehensive income. The profit for the year before members' remuneration charged as an expense dealt with in the accounts of the LLP was £15,632,000 (2018: £22,919,000).

## 1.5 Turnover

Turnover represents the fair value of amounts received or receivable for the sale of services to external customers in the ordinary nature of the business. Turnover is shown net of value added tax.

Turnover from contracts for the provision of professional design and advisory services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and subcontractor costs, as a proportion of total costs. There is no minimum stage of completion which must be reached before profit can be recognised. However, where the outcome cannot be estimated reliably, turnover is recognised only to the extent of the expenses recognised that are recoverable.

Turnover also includes appropriate amounts in respect of long-term work in progress as described in the long term contracts policy below, to the extent that the outcome of these contracts can be assessed with reasonable certainty.



## Accounting policies (continued)

### 1.6 Long term contracts and revenue recognition

Revenue is recognised in line with the completion of projects. The percentage completion is determined using the cost approach. Costs incurred to date are compared to total project cost to completion, with revenue recognised accordingly. Profit is only recognised to the extent that the total project is assessed to be profitable. Provision is made for any future losses as soon as they are foreseen.

For contracts where turnover exceeds fees rendered, the excess is included as amounts recoverable on long term contracts, within debtors. For contracts where fees rendered exceeds turnover, the excess is included in payments on account, within creditors.

### 1.7 Research and development

Research and development expenditure is written off in the year in which it is incurred.

### 1.8 Foreign currencies

Transactions in currencies other than the functional currency (foreign currencies) are translated into sterling at the rate ruling on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the reporting date. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction.

Exchange gains and losses are recognised in profit or loss account.

Assets and liabilities of overseas subsidiaries are translated into the Group's presentation currency at the rate ruling at the reporting date. Income and expenses of overseas subsidiaries are translated at the average rate for the year as the members consider this to be a reasonable approximation to the rate at the date of the transaction. Translation differences are recognised in other comprehensive income and accumulated in equity.

### 1.9 Other income

#### *Rental income*

Rental income on assets leased under operating leases is recognised on a straight line basis over the lease term and is presented within other operating income.

### 1.10 Above the line tax credits

Above the line tax credits are claimed based on a proportion of research and development expenditure incurred. Any current asset recognised in respect of the tax recoverable is recognised to the extent that it is considered probable that the asset will be recoverable in the future.

### 1.11 Taxation

The taxation expense represents the sum of the current tax expense and the deferred tax expense. Current and deferred taxation assets or liabilities are not discounted.

The taxation payable on the partnership profits is solely the personal responsibility of the individual members, consequently neither partnership taxation nor deferred taxation arising in respect of the partnership are accounted for in these financial statements.

#### *Current taxation*

Current tax is based on taxable profit for the year, with a current tax asset recognised when the tax paid exceeds the tax payable. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting 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 is recognised on income or expenses from subsidiaries, associates, branches and interests in jointly controlled entities, that will be assessed to or allow for tax in a future period except where the Group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

## Accounting policies (continued)

### 1.12 Intangible assets

Computer software is initially recognised at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Software is amortised to profit or loss over its estimated useful life, of between two and five years, on a straight line basis.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances. The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

On disposal, the difference between the net disposal proceeds and the carrying amount of the intangible asset is recognised in profit or loss.

### 1.13 Tangible fixed assets and depreciation

Tangible fixed assets are initially recognised at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price and costs directly attributable to bringing the asset to its working condition for its intended use. 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:

**Leasehold improvements** – over the life of lease or useful economic life whichever is shorter

**Fixtures, fittings and equipment** – 10-33% straight line

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of the reporting period. The effect of any change is accounted for prospectively.

An assessment is made at each reporting date of whether there are indications that a tangible fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the company estimates the recoverable amount of the asset. Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply.

Subsequent costs, including replacement parts and major inspections, are capitalised only when it is probable that such costs will generate future economic benefits. Any replaced parts or remaining carrying amounts of previous inspections are then derecognised. All other costs of repairs and maintenance are charged to profit or loss as they are incurred.

Tangible fixed assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

### 1.14 Investments

Fixed asset investments are initially measured at cost less any accumulated impairment losses. Fixed asset investments are assessed for impairment at each reporting date. Any impairment losses are recognised immediately in profit and loss.

### 1.15 Leases

At inception the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

#### *Operating leases*

Rentals under operating leases are charged to profit or loss on a straight line basis over the lease term. Benefits received and receivable as incentives to sign an operating lease are accounted for as a reduction to the expense and are recognised, on a straight line basis over the lease term.

### 1.16 Financial instruments

Financial assets and liabilities are recognised when the group becomes a party to the contractual provisions of the instrument, and are offset only when the group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### **Financial assets**

##### *Trade and other debtors*

Trade and other debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that

## Accounting policies (continued)

objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

### Financial liabilities

#### *Bank overdrafts*

Bank overdrafts are presented within creditors: amounts falling due within one year.

#### *Trade and other creditors (including accruals)*

Trade and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

#### *Derivatives*

The group utilise foreign exchange forward contracts which are derivatives, and are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to fair value, at each reporting date. Fair value gains and losses are recognised in profit or loss.

#### *Derecognition of financial assets and liabilities*

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

### 1.17 Employee Benefits

The group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

#### *Annual bonus*

The group operates an annual bonus arrangement for employees. An expense is recognised in profit and loss when the group has a legal or constructive obligation to make payments as a result of past events and a reliable estimate of the obligation can be made.

#### *Short term benefits*

Short term employee benefits, including holiday pay are recognised as an expense in the period in which the service is received.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the group is demonstrably committed to terminate the employment or to provide termination benefits.

#### *Defined contribution pension plan*

The group operates a defined contribution pension scheme for employees. The pension charge represents the amount payable to the fund during the year. Amounts not paid are shown in other creditors.

### 1.18 Provisions

Provisions are recognised when the group and LLP has a present legal or constructive obligation as a result of a past event, and it is probable that the group and LLP will be required to settle that obligation. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date.

### 1.19 Members' capital classified as a liability

All amounts due to members that are classified as liabilities are presented within 'Loans and other debts due to members' and, where such an amount relates to current year profits, they are recognised within 'Members' remuneration charged as an expense' in arriving at the relevant year's result. Undivided amounts that are classified as equity are shown within 'Members' other interests'. Amounts recoverable from members are separately identified and shown as amounts due from members within members' interests.

### 1.20 Members' remuneration and participation rights

Members' participation rights are the rights of a member against the LLP that arise under the members' agreement (for example, in respect of amounts subscribed or otherwise contributed, remuneration and profits).

Members' participation rights in the earnings or assets of the LLP are analysed between those that are, from the LLP's perspective, either a financial liability or equity, in accordance with section 22 of FRS 102. A member's participation rights including amounts subscribed or otherwise contributed by members, for example members' capital, are classed as liabilities unless the LLP has an unconditional right to refuse payment to members, in which case they are classified as equity.

Profits which are automatically divided as they arise, so the LLP does not have an unconditional right to refuse payment and the amounts arising that are due to members are in the nature of liabilities, are treated as an expense and presented as members remuneration charged as an expense in arriving at the result for the relevant year. To the extent that they remain unpaid at the period end, they are shown as liabilities.

## Accounting policies (continued)

Conversely, profits which are divided only after a decision by the LLP or its representative, so the LLP has an unconditional right to refuse payment, are classed as equity rather than as liabilities. They are therefore shown as a residual amount available for discretionary division among members in arriving at the result for the year and are shown as appropriations of equity when they are allocated.

Other amounts applied to members, for example remuneration paid under an employment contract and interest on capital balances, are treated in the same way as all other divisions of profits, as described above, according to whether the LLP has, in each case, an unconditional right to refuse payment.

The members' participation rights that are classified as liabilities are repayable upon demand, or at short notice (e.g. upon termination of membership), and as such whilst they are financing transactions, the effect of discounting is considered immaterial and so they are not discounted to present value.

Following retirement, members' capital is repaid over an agreed period of time and is therefore classified as a liability.

Amounts due to members rank equally with unsecured creditors in the event of a winding up. Members' other interests rank after unsecured creditors.

### 1.21 Allocation of profits and drawings

Profits of the LLP entity are automatically allocated between the members in any financial year in accordance with set provisions of the members' agreement.

## 2 Critical accounting estimates and areas of judgement

In producing the financial statements, the group has to make judgements and estimates that directly affect the reported amounts of turnover, expenses, assets and liabilities. These estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

These estimates and assumptions concern the future and will, by definition, seldom equal the related actual results. The estimates and judgements that have the most significant effect on the amounts recognised in the financial statements are discussed below:

### *Revenue recognition*

The group believes that the most significant judgement is made in relation to revenue recognition. Revenue is recognised in line with the completion of projects, using the cost approach which involves estimating the total costs of projects. The group has established procedures to ensure that contracts and estimated costs to completion are reviewed regularly.

### *Impairment of debtors*

The group makes an estimate of the recoverable value of trade and other debtors. When making an assessment as to the impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of the debtor and historical experience.

### *Provisions*

Provisions are made for specific project related matters. The amounts provided are reviewed regularly in light of the most recent information available and, where appropriate, with the use of professional advice.

### *Useful economic lives of intangible and tangible assets*

The annual amortisation and depreciation charges for intangible and tangible assets are sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives are reviewed and amended when necessary to reflect current estimates, based on technological advancement, economic utilisation and the physical condition of the assets.

### 3 Segmental analysis

A geographical analysis of turnover by business unit is as follows:

Turnover	2019	2018
	£'000	£'000
Asia	3,956	6,210
Cities	35,249	31,125
Europe	15,688	11,352
India	4,205	3,230
Middle East	15,990	19,526
United Kingdom	63,030	63,069
United States	35,182	29,126
	<u>173,300</u>	<u>163,638</u>

A geographical analysis of turnover by destination is as follows:

Turnover	2019	2018
	£'000	£'000
UK	62,504	61,585
Europe	16,872	14,150
Middle East	42,714	46,480
United States	37,516	28,519
Rest of the World	13,694	12,904
	<u>173,300</u>	<u>163,638</u>

An analysis of turnover by sector is as follows:

Turnover	2019	2018
	£'000	£'000
Air and Rail	9,126	8,714
Commercial	62,872	61,413
Cultural	31,428	26,826
Education	12,792	13,133
Science and Technology	13,095	7,744
Sports and Entertainment	10,768	14,709
Urban Development	33,219	31,099
	<u>173,300</u>	<u>163,638</u>

#### 4 Other operating income/(expense)

	2019	2018
	£'000	£'000
Foreign exchange gain/(loss)	2,114	(1,554)
Rental income	93	271
Research and development tax credit	231	416
	<u>2,438</u>	<u>(867)</u>

#### 5 Profit before taxation

The profit before taxation is stated after charging/(crediting):

	2019	2018
	£'000	£'000
Fair value loss on foreign exchange contracts	41	118
Depreciation of tangible fixed assets:		
– owned by the company	1,952	1,928
Profit on disposal of tangible fixed assets	(2)	-
Amortisation of intangible assets	867	721
Operating lease rentals:		
– land and buildings	5,340	6,114
– other operating leases	725	689
Foreign exchange (gain)/loss	(2,114)	1,554
Research and development expenditure written off	3,184	3,841
Research and development tax credit	(231)	(416)
Impairment loss on trade receivables	<u>1,109</u>	<u>3,352</u>

## 6 Auditor's remuneration

Fees payable to the LLP's auditors and its associates in respect of audit services are as follows:

	2019	2018
	£'000	£'000
Audit services – statutory audit of LLP and consolidated accounts	43	41
Other services:		
Audit services – statutory audit of subsidiaries	179	171
Taxation advisory services	28	-
All other non-audit services	99	3
	<u>          </u>	<u>          </u>

## 7 Staff costs

Staff costs were as follows:

	2019	2018
	£'000	£'000
Wages and salaries	77,729	72,770
Social security costs	7,742	7,319
Other pension costs	5,496	5,101
	<u>90,967</u>	<u>85,190</u>

The average monthly number of persons (excluding members) employed during the year was as follows:

	2019	2018
	No.	No.
Technical staff	1,301	1,279
Support staff	397	393
	<u>1,698</u>	<u>1,672</u>



## 8 Members' remuneration

	2019	2018
	No.	No.
The average number of members during the year was	<u>48</u>	<u>51</u>
	£'000	£'000
Profit attributable to the member with the largest entitlement	<u>602</u>	<u>627</u>
The total remuneration of the members, who are considered to be the key management personnel of the group, was £20.4m (2018: £13.0m).		

## 9 Interest receivable

	2019	2018
	£'000	£'000
Other interest receivable	<u>41</u>	<u>53</u>

## 10 Interest payable and similar charges

	2019	2018
	£'000	£'000
On bank loans and overdrafts	27	9
On finance leases and hire purchase contracts	-	6
Other interest payable	<u>224</u>	<u>130</u>
	<u>251</u>	<u>145</u>

## 11 Tax charge on profit

	2019 £'000	2018 £'000
<b>Analysis of tax charge in the year</b>		
<b>Current tax (see note below)</b>		
UK corporation tax charge on profit for the year	1,179	525
Adjustments in respect of prior years	(139)	60
Overseas taxation	3,001	2,109
Double tax relief	(628)	-
<b>Total current tax</b>	<b>3,413</b>	<b>2,694</b>
<b>Deferred tax (see note 19)</b>		
Origination and reversal of timing differences	462	228
Adjustments in respect of prior years	-	(59)
<b>Total deferred tax</b>	<b>462</b>	<b>169</b>
<b>TAX CHARGE ON PROFIT</b>	<b>3,875</b>	<b>2,863</b>

## Tax charge on profit (continued)

### FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower (2018 – lower) than the standard rate of corporation tax in the UK of 19% (2018 – 19%).

The differences are explained below:

	2019	2018
	£'000	£'000
Profit before tax	24,309	15,907
Profit multiplied by standard rate of corporation tax in the UK of 19% (2018 – 19%)	4,619	3,090
Effects of:		
Expenses not deductible for tax purposes, other than goodwill, amortisation and impairment	79	26
Ineligible fixed asset expenditure	24	18
Other timing differences	2	(28)
Non taxable income	(3,287)	(3,804)
Unrelieved tax losses carried forward	660	-
Foreign taxes at different rates	(2,825)	482
Foreign tax credits	175	475
Research and development tax credit adjustment	12	1
Adjust closing deferred tax to average rate	25	4
Adjustments in respect of prior periods	(139)	1
Deferred tax not recognised	4,530	2,598
<b>TOTAL TAX CHARGE FOR THE YEAR</b>	<b>3,875</b>	<b>2,863</b>

### FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The corporation tax rate will remain at 19% for the year commencing on 1 April 2019 and reduce to 17% for the year commencing on 1 April 2020.

The members are not aware of any other factors that could materially affect the future tax charge.

## 12 Intangible fixed assets

	Computer software
	£'000
<b>GROUP</b>	
<b>Cost</b>	
At 1 May 2018	2,862
Additions	306
Disposals	(629)
Effect of exchange rate movement	1
At 30 April 2019	2,540
<b>Amortisation</b>	
At 1 May 2018	1,375
Charge for year	867
On disposals	(629)
Effect of exchange rate movement	1
At 30 April 2019	1,614
<b>Net book value</b>	
At 30 April 2019	926
At 30 April 2018	1,487

The amortisation charge for the year is recognised within cost of sales.

## 13 Tangible fixed assets

	Leasehold improvements	Fixtures, fittings and equipment	Total
	£'000	£'000	£'000
<b>GROUP</b>			
<b>Cost</b>			
At 1 May 2018	5,043	6,145	11,188
Additions	637	1,672	2,309
Disposals	(20)	(951)	(971)
Effect of exchange rate movement	169	81	250
At 30 April 2019	5,829	6,947	12,776
<b>Depreciation</b>			
At 1 May 2018	3,202	3,721	6,923
Charge for year	691	1,261	1,952
On disposals	(20)	(951)	(971)
Effect of exchange rate movement	113	69	182
At 30 April 2019	3,986	4,100	8,086
<b>Net book value</b>			
At 30 April 2019	1,843	2,847	4,690
At 30 April 2018	1,841	2,424	4,265

## 14 Fixed asset investments

Investments in subsidiary companies	
£'000	
LLP	
Cost	
At 1 May 2018 and at 30 April 2019	<u>29,317</u>

Details of the subsidiaries can be found under note 15.

## 15 Subsidiary undertakings

Company name	Country	Activity	Registered Address
Buro Happold Consulting Engineers Limited	England	(a)	Camden Mill, Bath, BA2 3DQ
Buro Happold Limited	England	(a)	Camden Mill, Bath, BA2 3DQ
Happold Ingenieurbüro GmbH	Germany	(a)	43-44 Pfalzburger St, Berlin
BH Geoenvironmental Limited	England	(a)	Camden Mill, Bath, BA2 3DQ
Buro Happold Polska sp.z.o.o	Poland	(a)	18 Twarda St, Warsaw, 00-105
Happold Consulting Limited	England	(b)	Camden Mill, Bath, BA2 3DQ
Buro Happold Consulting Engineers PC*	USA	(a)	100 Broadway, New York
Buro Happold Consulting Engineers Inc	USA	(a)	800 Wilshire Blvd, Ste 1600, L.A.
Buro Happold International			5th Floor, Tai Yau Building
(Hong Kong) Limited	Hong Kong	(a)	181 Johnston Rd, Wanchai
Happold Safe & Secure Limited	England	(d)	Camden Mill, Bath, BA2 3DQ
Buro Happold ApS	Denmark	(a)	Lavendelstraede 17D, 2. 1462 Kobenhaven K
Buro Happold Engineers India Private Limited			MMRDA Colony, Ambedkar Nagar,
Limited	India	(a)	Kanjurmarg West, Mumbai
Buro Happold and Partner Engineering			Office 515, Al Akariyah 2,
Consultancy Company ^	Saudi Arabia	(a)	Olaya Street
Buro Happold Engineers Limited*	England	(c)	Camden Mill, Bath, BA2 3DQ
Buro Happold Inc	USA	(c)	100 Broadway, New York
Happold Holdings (NA) Inc	USA	(c)	800 Wilshire Blvd, Ste 1600, L.A.
Buro Happold Consulting Engineers			Office Tower A Jainwai SOHO,
(Beijing) Limited	China	(a)	No. 39 East 3rd Ring Road, Beijing

The nature of the activities of the individual companies is as follows:

- |                          |                                 |
|--------------------------|---------------------------------|
| (a) Consulting engineers | (c) Management services company |
| (b) Consultancy services | (d) Dormant company             |

Unless otherwise stated, the companies are 100% owned subsidiaries. Ordinary class share investments are held in all subsidiary companies.

\* Denotes the immediate subsidiaries of Happold LLP

^ Denotes a 75% owned subsidiary.

Buro Happold Consulting Engineers Limited owns a 75% shareholding in Buro Happold and Partner Engineering Consultancy Company. For accounting purposes, at 30 April 2019, there are no minority interests associated with this investment as the group operates full control of the company and hence it is fully consolidated into the group financial statements.

## 16 Debtors due within one year

	Group		LLP	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Trade debtors	48,908	54,478	-	-
Other debtors	2,491	2,885	-	-
Prepayments and accrued income	6,248	4,305	-	77
Foreign currency forward contracts	15	56	-	-
Amounts recoverable on long term contracts	14,003	8,725	-	-
Amounts owed by group undertakings	-	-	6,204	3,363
Deferred tax asset (see note 19)	1,432	961	-	-
	<u>73,097</u>	<u>71,410</u>	<u>6,204</u>	<u>3,440</u>

The members believe that sufficient profits will be made in future years to fully recover the deferred tax asset but it may not be fully recovered within one year. Included within other debtors is £145,000 (2018: £154,000) which the members believe is recoverable in more than one year.



## 17 Creditors: amounts falling due within one year

	Group		LLP	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Bank overdraft	-	1,636	-	-
Payments on account	26,224	22,983	-	-
Trade creditors	6,498	9,834	17	79
Corporation tax	2,222	2,866	-	-
Other taxation and social security costs	2,991	3,566	402	524
Other creditors	806	900	-	-
Accruals and deferred income	8,468	6,933	3	-
	<u>47,209</u>	<u>48,718</u>	<u>422</u>	<u>603</u>

The bank overdraft of £Nil (2018: £1,636,000) is secured over the assets of Buro Happold Consulting Engineers PC, Buro Happold Inc and Buro Happold Consulting Engineers Inc.

## 18 Creditors: amounts falling due after more than one year

	Group	
	2019	2018
	£'000	£'000
Other creditors	<u>2,926</u>	<u>2,550</u>

## 19 Deferred taxation

	Group	
	2019	2018
	£'000	£'000
At beginning of year	415	643
Charge for the year	(462)	(169)
Exchange movement	110	(59)
At end of year	63	415

The asset for deferred taxation is made up as follows:

	Group	
	2019	2018
	£'000	£'000
Accelerated capital allowances and cash basis timing differences	(22)	34
Tax losses	-	(57)
Accruals and other amounts deductible when paid	(593)	258
Other timing differences	678	180
	63	415
Amount held in debtors	1,432	961
Amount held in liabilities	(1,369)	(546)
	63	415

## 20 Provisions

	Former members' payments	Professional indemnity insurance	Loss making contracts	Dilapidation	Total
	£'000	£'000	£'000	£'000	£'000
<b>GROUP</b>					
At 1 May 2018	543	1,932	4,609	848	7,932
Additions	-	970	2,369	189	3,528
Utilised in the year	(542)	(731)	(2,854)	(21)	(4,148)
Foreign exchange	-	9	78	-	87
At 30 April 2019	<u>1</u>	<u>2,180</u>	<u>4,202</u>	<u>1,016</u>	<u>7,399</u>

### Former members' payments

This is a provision for payments due to former members.

### Professional indemnity insurance

The provision reflects management's estimate of the likely cost of claims including professional indemnity insurance excesses. The provision will be carried forward until the claims to which they relate are agreed and amounts utilised or released as appropriate.

### Loss making contracts

The provision reflects management's estimate of anticipated future losses on contracts.

### Dilapidation

The dilapidation provision represents dilapidations payable in relation to exiting offices.

	£'000
<b>LLP</b>	
At 1 May 2018	543
Additions	-
Utilised and released in the year	(542)
At 30 April 2019	<u>1</u>

This is a provision for payments due to former members. It is expected to be utilised as follows:

	2019	2018
	£'000	£'000
Within 12 months of the balance sheet date	<u>1</u>	<u>543</u>

## 21 Loans and other debts due to members

	Group		LLP	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Member capital treated as debt	(16,083)	(11,149)	(16,083)	(11,149)
Amounts due from members	147	379	3,687	1,341
Amounts due to members	(9,756)	(20,443)	(11,095)	(18,860)
	<u>(25,692)</u>	<u>(31,213)</u>	<u>(23,491)</u>	<u>(28,668)</u>

## 22 Financial instruments

The carrying amount of the group and LLP's financial instruments at 30 April were:

	Group		LLP	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
<b>Financial assets</b>				
Measured at amortised cost	62,911	63,203	6,204	3,363
Measured at fair value through profit or loss	15	56	-	-
Measured at cost less impairment	-	-	29,317	29,317
	<u>62,926</u>	<u>63,259</u>	<u>35,521</u>	<u>32,680</u>
<b>Financial liabilities</b>				
Measured at amortised cost	<u>(14,967)</u>	<u>(18,403)</u>	<u>(20)</u>	<u>(79)</u>

## Financial instruments (continued)

### Foreign exchange forward contracts

The group has significant overseas operations with a significant proportion of turnover relating to transactions conducted in US Dollars. As a consequence the group uses foreign currency forward contracts to manage the foreign exchange risk of future transactions and cash flows.

The contracts are valued based on available market data. The group does not adopt hedge accounting for forward contracts, as such fair value gains and losses are recognised in the profit and loss. At the year end, the total carrying amount of outstanding foreign exchange forward contracts that the group has committed to selling are as follows:

	2019	2018
	\$'000	\$'000
US Dollars	4,560	2,250

## 23 Reconciliation of profit after tax to net cash generated from operations

	2019	2018
	£'000	£'000
Profit for the financial year before members' remuneration	20,434	13,044
Tax on profit	3,875	2,863
Interest receivable	(41)	(53)
Interest payable	251	145
Fair value loss on foreign exchange contracts	41	118
<b>OPERATING PROFIT BEFORE INTEREST</b>	<b>24,560</b>	<b>16,117</b>
Amortisation of intangible fixed assets	867	721
Depreciation of tangible fixed assets	1,952	1,928
Impairment of investments	-	20
Foreign exchange gain	(1,183)	23
Decrease in provisions	(79)	(2,904)
Gain on disposal of tangible fixed assets	(2)	-
<b>Working capital movements:</b>		
Increase in debtors	(619)	(877)
Increase/(decrease) in creditors	626	(4,243)
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>26,122</b>	<b>10,785</b>

## 24 Pension commitments

The group contributes to a number of pension plans throughout the world. The major plan is in the UK and is a defined contribution scheme. The scheme and its assets are held by independent managers. The amount charged to the profit and loss account in relation to pension contributions was £5,496,000 (2018: £5,101,000). At the year-end £434,000 (2018: £406,000) was included in other creditors.

## 25 Operating lease commitments

At 30 April 2019 the group had total future minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
<b>GROUP PAYMENTS DUE:</b>				
Within 1 year	5,422	4,858	427	706
Between 2 and 5 years	14,748	8,453	210	535
After more than 5 years	3,896	4,799	-	-
	<u>24,066</u>	<u>18,110</u>	<u>637</u>	<u>1,241</u>

## 26 Related party transactions

Certain members are landlords of the Camden Mill property leased by Buro Happold Limited. During the year total lease payments of £452,000 (2018: £452,000) were made to the trust operating on behalf of the landlords. No balances were outstanding at year end (2018: £Nil).

*Certain members are beneficiaries of the trust that owns the Bread Street leased property located in Edinburgh. During the year total lease payments of £172,000 (2018: £170,000) were made by Buro Happold Engineers Limited to the Bread Street property trust. No balances were outstanding at year end (2018: £Nil).*

During the year the group contributed £240,000 (2018: £250,000) to the Happold Foundation, a UK registered charity. Certain members are trustees of the charity.

Advantage has been taken of the exemption as permitted by Financial Reporting Standard 102 from disclosing in the consolidated financial statements intra-group transactions and balances with wholly owned group entities.

## 27 Controlling party

The LLP is controlled by its members as delegated to the management team and as such there is no one controlling party.

**BUROHAPPOLD**  
**ENGINEERING**

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