

# BURO HAPPOLD



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## Happold LLP

Members' Report and consolidated financial  
statements for the year ended 30 April 2022

## Cover

### Überseequartier

Hamburg, Germany

With its 14 hectares of urban space, USQ is set to become the commercial heart of HafenCity, this architecturally outstanding development includes a shopping mall, multiplex cinema, office buildings, hotels, a cruise terminal and bus station. We drew on expertise from our teams in Berlin and Warsaw to develop an integrated building services strategy that works across this large-scale, complex project. Our final design includes a centralised cooling energy centre that meets the differing load profiles of the various buildings. We also harnessed waste heat to generate 250kW of energy for the shopping mall, resulting in a construction cost saving of over \$1m.

### Architect

HPP Architekten (architectural masterplanner),  
Imb Asymetria, Werner Sobek

### Services provided by Büro Happold

Building services engineering (MEP), energy  
consultancy, fire protection engineering.

### Image

Moka-Studio / URW

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## **Members and professional advisors**

**Designated members**    A S Best  
                                      J A B Bruce  
                                      J Phillips  
                                      C M Schwitter  
                                      S Wainwright

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

## Chief executive's introduction

**O**ur vision is that everywhere we live, work, move and socialise will respect and contribute to a more equitable world; enabling our clients and partners to develop built environments that are better for people, places and the planet. As such, we have continued to invest in equity, diversity and inclusion, ESG (Environmental Social Governance) and sustainability, consultancy, technology and building a people-centric and client-centric culture.

Buro Happold continues to grow and diversify into new geographies and specialisms, both organically and through acquisition, evolving to the challenges of our times and building a resilient strategy that will allow us to flourish in the post-pandemic period.

Acquisitions in the year included one of the world's leading acoustics and audio-visual consultancies, Vanguardia, and its subsidiary Crowd Dynamics International, London-based Abell Nepp Architects Limited, specialists in laboratory planning and design in the science and higher education sectors and internationally recognised climate action trailblazers and leading sustainability consultancy Paladino. All of these increase our breadth and depth of expertise putting us in the perfect position to advise and design exceptional solutions for our clients.

In the last year we have strengthened our UK market growth. But we have also seen strong growth in both Europe and North America. With highly experienced new managing directors appointed for both regions this year, I am confident this growth will continue.

We have also invested in leadership for our Middle East operation, where we have seen continued steady growth across a broad

range of projects. The APAC region has expanded via launching a presence in the Australian advisory market for the first time.

India has turned a corner after Covid and the market recovered quickly for us, with an encouraging increase in workshare.

We have won numerous awards during the year recognising the innovative and market leading solutions we deliver, often setting a new benchmark for design engineering. This included 16 exceptional projects from 11 countries being honoured with RIBA International Awards for Excellence 2021. The award-winning projects ranged from masterplanning in Qatar and bridge engineering in Denmark, to stadium design, modular construction and heritage buildings in the UK. This phenomenal portfolio of projects cover a range of sectors and specialisms, each with their own varying challenges.

We have a rich heritage of working together to solve complex challenges, and we bring this expertise in the engineering, consultancy and advisory landscape to our determination to thrive with a more balanced and diverse global business.

### Our climate commitments

Buro Happold is an industry leader in building for a sustainable future and we have the skills, expertise and drive to spearhead a green recovery that is healthy, sustainable and fair.

We will reduce our own operational carbon emissions by 21% by 2025. We have also pledged that all our new build projects will be net zero carbon in operation by 2030. In addition, we have set a target to reduce the embodied carbon intensity of all buildings, major retrofits and infrastructure projects by 50% by 2030.

**James Bruce** CEO



**James Bruce**  
Chief Executive Officer

**“**  
**Buro Happold continues to grow and diversify into new geographies and specialisms, both organically and through acquisition, evolving to the challenges of our times and building a resilient strategy that will allow us to flourish in the post-pandemic period.”**

## Members' report

Year ended 30 April 2022

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 2022.

### Designated members

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

A S Best (appointed 30 July 2021)  
N K Billett (resigned 1 May 2021)  
J A B Bruce (appointed 1 May 2021)  
J Phillips (appointed 30 July 2021)  
P Rogers (resigned 1 May 2021)  
C M Schwitter (appointed 1 May 2021)  
N R Squibbs (resigned 1 May 2021)  
S Wainwright (appointed 30 July 2021)

### Business description

Happold LLP, known as "Buro Happold" is a global practice of engineers, consultants and advisers. Operating in 31 locations worldwide, with more than 70 partners and 2,200 employees; for over 45 years we have built a world-class reputation for delivering creative, value-led solutions for an ever-challenging world.

As a truly interconnected community of experts, we value human wellbeing, encourage curiosity, embrace mutual responsibility and genuinely care about the impact and legacy of our work. We use our knowledge and skills to contribute positively to society and the environment. We help to create better outcomes for clients and the communities in which we live, work and play, whilst understanding that a sustainable future is intrinsic to the economic and social impact of our work.

The principal activity of the group is that of engineering and other related skills providing professional, integrated design, consultancy and advisory 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

As a relatively young organisation, Buro Happold is still evolving. We have developed a bold and exciting strategy to deliver scale and drive growth over the next five years through to 2027, targeting turnover of £550m and 3,850 employees. With a 13% growth in turnover in the current year to £213m and 2,200 employees we are on track against our plan. The strategy will enable us to compete for larger, more complex projects, attract and retain leading talent, provide truly global coverage for our

clients, as well as capture high-growth emerging markets and tackle high profile issues such as sustainability and climate change.

We aim to achieve this via a client-centric, talent-centric and ESG-centric focus.

#### Client-centric

We are routinely praised by our clients for the solutions and outcomes we provide, whilst also being recognised for the strength of our relationships with some of our key industry collaborators. We plan to increase our global connectivity for clients whilst continuing to serve our clients through an outcome-based approach, providing innovative solutions to add value to our clients' core business drivers. This is further enhanced by our Client Development Director, Graham Kean, who brings a unique appreciation of the key issues critical to helping our clients to win in their markets and support their strategic pursuits.

#### Talent-centric

We focus on achieving equity above all else – addressing climate, social and racial injustice. Our people strategy is to create opportunities for all our people to reach, and where possible exceed their potential in their careers. We have an environment where we retain and attract top talent offering our people inclusivity, diversity and allyship for all, continuous quality learning, flexible/hybrid working and flat management structures with equitable career, promotion, reward and development opportunities. We are commended for our people and culture, with leading industry players recognising Buro Happold for our heritage, values and people development.

#### ESG-centric

We set and embed industry-leading sustainability goals into all of our activities, allowing us to enhance our brand and attract the best clients, projects, employees and collaborators and deliver solutions that meet ESG goals. We plan to grow our capability and capacity in all regions and increase our turnover from sustainability and energy consulting to £67.2m by 2025, allowing us to respond to the demands from both global and regional clients. Our climate commitments, included on page 5, are another key part of this strategy.

Alongside this, we recognise continued investment in the right technology is essential to enable and drive change. Our desire for innovation with operational excellence is driven by our market leading experts who are empowered to be curious to find new ways of solving problems, exploit new, exciting and untapped potential, use a variety of data analytics and information modelling capabilities and be at the forefront of digital twinning.

Through organic and acquisitive growth we will continue to enhance and expand our consultancy and advisory service thereby building greater resilience and balance for our business whilst growing our capabilities outside the UK.

## Members' report (continued)

Year ended 30 April 2022

### Operations

We operate within seven business units; Asia & Australia, Cities, Europe, India, Middle East, United Kingdom and United States.

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:

#### Museum of The Future, Dubai

The Museum of the Future opened in February 2022. Conceived not as a repository for ancient artefacts, but as an incubator of new ideas, the attraction aims to be a catalyst for innovation.

Our specialist engineers developed bespoke in-house optimisation routines to model and analyse numerous options for the structure to achieve the Museum of the Future's iconic shape. The outcome was a solution comprised of a complex diagrid framework directly aligned to the torus shape and capable of supporting the 890 stainless steel and glass fibre reinforced polymer (GFRP) panels that form the intricate silvery facade.

Working in a BIM environment also proved invaluable in working towards achieving LEED Platinum accreditation.

#### Marina Tower, Athens

Marina Tower, which is to be built in the Agios Kosmas Marina area in Athens, will be the tallest building in the country and the tallest green beachfront high-rise building in the whole of the Mediterranean.

Buro Happold is providing multidisciplinary engineering expertise. Designed by architects Foster + Partners, the tower will be the first landmark to take shape at The Ellinikon urban development project, an ambitious regeneration scheme for the Greek capital's former airport site. The €8bn masterplan includes the creation of a world-class Metropolitan Park covering an area of 2,000,000m<sup>2</sup>.

This emphasis on green regeneration will be showcased in the Marina Tower, which features distinctive 'hanging gardens', with abundant green spaces and water features.

#### Everton Football Club (The People's Project), Liverpool

Buro Happold has supported MEIS architects in producing a design concept for Everton Football Club's new home.

Our integrated team is consulting on 17 disciplines for the construction of this landmark waterfront stadium.

It will be the cornerstone of a transformative community initiative known as The People's Project, which is expected to create jobs and opportunities for more than 15,000 people across the city. The fully accessible venue will have a capacity of 52,000

seats, all with uninterrupted views of the pitch; a "Football First" design approach will enhance fan experience by intensifying the atmosphere to maximise home advantage.

#### Erie Canal, New York

Building off the innovative work of the Reimagine the Canals Task Force, wide-ranging plans will reimagine the iconic Erie Canal with future-oriented uses and development.

Our Cities team is renowned for devising innovative new uses for large-scale public infrastructure and industrial districts, or "stranded assets," such as canals, rail lines and port facilities. This enabled Buro Happold to help shape the initiative's guiding principles of increasing environmental resilience, restoring natural ecosystems, and sparking economic development for canal-side communities across the state of New York.

#### Überseequartier (ÜSQ), Hamburg

With its 14 hectares of urban space, ÜSQ is set to become the new commercial heart of HafenCity in Hamburg, and a landmark project for Germany. The waterfront development will provide a vibrant and eclectic metropolitan quarter while remaining in easy reach of the rest of the city's attractions.

Buro Happold 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.

#### AIUla, Saudi Arabia

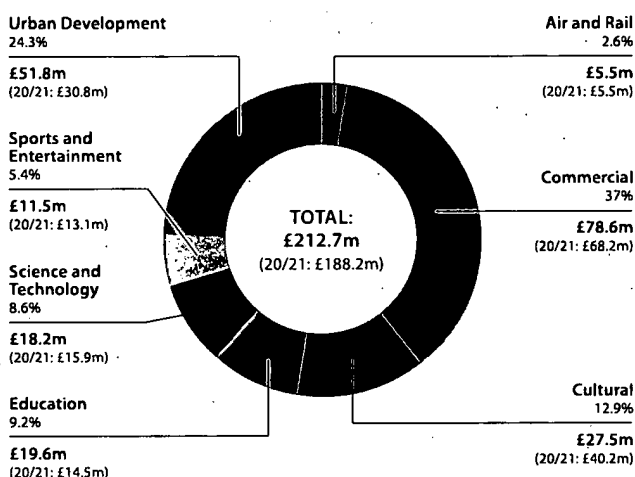
Under the leadership of the Royal Commission for AIUla (RCU), Buro Happold together with Allies and Morrison, Prior and Partners and AS Urban helped to develop the AIUla Framework Plan to guide the sustainable development of AIUla, a region in the northwest of Saudi Arabia. AIUla contains remarkable heritage dating back more than 200,000 years including the Nabataean tombs of Hegra, Saudi Arabia's first UNESCO World Heritage Site. The work aims to protect and safeguard this precious heritage while further advancing the contribution of the tourism sector as an effective means towards fairer growth and advancing the UN Sustainable Development Goals (SDGs).

## Members' report (continued)

Year ended 30 April 2022

### Sector analysis

Our routes to market through our client sectors of Commercial and Urban Development remain as strong and balanced as ever. 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.



Turnover by sector 2021/22

### Future developments

Despite turbulent economic times, our solid portfolio of long term projects around the globe, means we are well positioned to manage the longer term affects arising from economic fluctuations, including inflationary pressures and the post-pandemic recovery period.

Balance continues to be key – between geographic footprint and client base, between buildings, cities and consulting; and between the sectors in which we operate. Through our people, we will continue to deliver exceptional results on world-class projects.

### Governance

Good governance comes from a robust leadership structure. From 1 May 2021 a refreshed Global Board and Global Leadership team structure was put into place to drive the ambitious development and growth of the group.

The Global Board, chaired by our Senior Partner, meets on a quarterly basis with membership consisting of three governance

partners and three non-executive directors, Richard Sykes, Kru Desai and Mark Spelman.

Our Audit Committee, Partnership Committee and Investment Committee add a further layer of governance, with each being chaired by one of our non-executive directors recognising the importance of independent oversight.

The Global Leadership team includes a representative mix of business leadership covering operations, markets, key functions and strategic priorities allowing the team to set the global vision and long term strategic direction of the group.

The appointment of 9 new members in May 2022 is a celebration of the evolving practice that we are today. The cohort add further strength to our leadership team, boost our geographical and capability reach, and support our strategy for growth through 2022 and beyond.

### Members' duties

The members behave and carry out their duties to promote the long-term success of the group for the benefit of all its stakeholders, and in doing so have regard to a range of matters when making decisions. Building positive relationships with stakeholders that share our values is important to us and working together towards shared goals assists us in delivering long-term sustainable success.

The following paragraphs summarise how the members fulfil their duties:

#### Decision making

Each of the group's seven business units has extensive engagement with their own stakeholders, as well as the other companies within the group. The leadership teams make decisions with a long-term view in mind taking care to have regard to the likely consequences on all stakeholders of the decisions and actions they take. Where possible, decisions are discussed with affected groups and are therefore fully understood and supported when taken.

#### Stakeholder engagement

The members promote effective engagement with key stakeholders including employees, shareholders, customers and suppliers, and seek feedback through interactive communication. This enables the members to consider stakeholder views when running the business and in decision making.

The members deliver a well-structured programme of employee engagement to ensure they are kept informed of the company's strategy, initiatives and future plans. There are many ways we engage with and listen to employee views through surveys, newsletters, face-to-face or video briefings and an anonymous platform for employees to ask questions and provide feedback.

## Members' report (continued)

Year ended 30 April 2022

### Community involvement

Buro Happold believes in the need to be actively involved with our local communities wherever we can, as well as making our skills, experience and time available to those in society that are most in need, wherever they are in the world.

One of our main programmes for community involvement is Share Our Skills (SOS), which enables our employees to carry out non-fee paying work during regular work time. Much of this work is focused on international communities in Africa, Asia and South America. Alongside this, Buro Happold has a long history of supporting charities and non-profit organisations by engaging in numerous local community initiatives and volunteer activities.

Examples of this include:

- In Zambia, some of our engineers have worked via SOS on the Build It International charity's project to develop a Centre for Excellence, near Lusaka. So far, Build It has trained over 1,400 unemployed Zambian men and women in a diverse range of construction skills and will train a further 280 young people in 2022. These new skills mean new opportunities for young people to find work, earn a living and provide for their families.
- Engineers from our Cities Infrastructure team spent time working in Madagascar through the SOS scheme, to provide engineering support for a Bristol Zoological Society project to build a new field research station in the Ankarafa Forest for the study of lemurs in the wild.
- Supporting the Happold Foundation, a charity dedicated to using engineering skills and experience to make a positive impact on people's lives.
- **Fair practice and code of conduct**  
Integrity is of fundamental importance to Buro Happold. We treat our stakeholders with the same integrity, respect and professionalism as we expect from each other and we actively develop mutually beneficial relationships with those that share our values and are aligned to our Equality and Diversity Policy. Buro Happold strives to be inclusive, regardless of gender identity, sexuality, disability, race or ethnicity. Equity and social justice for all, sitting alongside climate equity takes a prominent position in all our duties.

The company adheres to a Code of Conduct that refers to the following policies that aim to ensure we implement fair practices throughout employment and procurement:

- Anti-bribery
- Gifts and hospitality
- Anti-fraud
- Conflicts of interest
- Modern slavery
- Speak up (whistleblowing)

### Key performance indicators

The group assesses performance via the following key performance indicators:

	2022	2021	Change
Turnover (£'000)	212,691	188,203	13%
Operating profit (£'000)*	21,922	22,071	(1%)
Operating profit margin (%)*	10%	12%	(2%)
EBITDA (£'000)*	26,562	25,340	5%
Net asset value (£'000)	34,833	38,129	(9%)
Cash (£'000)	19,478	29,123	(33%)
Turnover per employee (£'000)	104	105	(1%)
Average number of employees	2,049	1,791	14%
Days sales outstanding (DSO)	110	106	4%

\* 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 with a 13% growth in turnover to £212.7m (2021: £188.2m) and a 5% increase in EBITDA to £26.6m (2021: £25.3m). The group generated the most significant proportion of turnover from projects located in the Middle East (35%), closely followed by the United Kingdom (27%).

The average number of employees increased 14%, with turnover generated per employee of £104,000 (2021: £105,000).

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 £3.7m (2021: loss of £3.5m). The fair value loss on foreign exchange forward contracts was £1.2m (2021: gain of £0.1m).

Cash decreased 33% to £19.5m (2021: £29.1m) linked to a repayment of capital to members of £7.2m and a £3.8m outflow associated with acquisitions. Working capital management continues to remain a key focus of the group.

### Going concern

The financial statements have been prepared on a going concern basis. In adopting the going concern basis, the members have considered the group's operations, principal risks and uncertainties, changes in global economic conditions, such as those arising from COVID-19, socio-political events such as the conflict in Ukraine and global inflationary pressures. As a professional services firm providing a wide variety of high-end consultancy services to a broad range of markets, the group has

## Members' report (continued)

Year ended 30 April 2022

both a natural resilience and an ability to adapt in response to such matters.

The group continues to manage our resource appropriately and maintain a robust liquidity position. Future operating plans are reviewed regularly to aid timely decision-making and allow appropriate action to be taken if required.

The group has a £20m multicurrency Revolving Credit Facility ('RCF') with HSBC UK, £7.5m (2021: £nil) of which was utilised at year end. Separately the Happold US entities have a \$5m line of credit with HSBC US. Of this, \$1.4m is utilised on a standby letter of credit for the New York property leases. The group's financial arrangements are subject to certain financial covenants which are tested every quarter.

As part of the going concern assessment a detailed modelling exercise has been performed, as detailed in accounting policy 1.2, which indicates the group would not breach the financial covenants for a period of no less than 12 months from approval of the financial statements.

Based on this assessment 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.

### Principal risks and uncertainties

The group has undertaken a comprehensive review of risk within the business – identifying, assessing and prioritising its key risks both at Global and Regional level. This year the focus has been on those risk areas which pose the greatest threat to the

achievement of our strategy and on improving and strengthening the mitigations related to these key risk areas.

The key risks and associated mitigations are included below:

RISK AREA	MITIGATIONS
<b>Market</b> Changes caused by socio-political shifts (including inflation, the pace of post-pandemic recoveries, market volatility, rising energy and fuel costs and the wider "cost of living crisis") present numerous challenges and could impact us in terms of business continuity and revenue. This would be compounded if the global net revenue coming from an affected market, client or sector is disproportionately large.	Targets for markets of concern (both regional and global) have been established along with a procedure for monitoring and managing these targets. Targets are regularly reported on in the relevant forums and, where necessary, action is taken to reduce exposure.
<b>Acquisitions</b> Inorganic growth is a key part of the strategy. Such growth may not be achieved if acquisitions are not adequately integrated or managed effectively or they do not deliver the intended return on investment.	The integration and value creation of past acquisitions is monitored. Lessons learnt have been captured and will be applied to the integration of future acquisitions.
<b>People</b> Our ability to attract and retain key staff with the requisite capabilities remains critical to the group achieving its objectives otherwise we risk being unable to either win or deliver client projects which fit with our strategy.	We have a number of programmes and initiatives to create the Talent-centric approach referred to on page 6 and engage our employees through various initiatives see page 12. Our appetite for challenging projects also helps ensure that we remain attractive as an employer.

## Members' report (continued)

Year ended 30 April 2022

RISK AREA	MITIGATIONS
<b>Management of Projects</b> Effective management of our projects to ensure that we perform in terms of quality, to schedule, and within the proposed fee is a key focus. Inadequate project management could lead to financial loss, loss of future work winning opportunities, contractual disputes, litigation and/or damage to reputation.	We have invested in an universal system for planning, managing and delivering projects. All projects have a risk register and various project monitoring tools are utilised depending on the size, complexity and risk profile of the project. Client feedback is obtained at each stage of the project and lessons learnt are shared.
<b>Competition</b> We exist in a competitive market with a high risk of commoditisation. Our strategy could be at risk if we fail to convert opportunities into profitable wins.	A bid/no bid assessment is carried out for all opportunities, where client, location, service type, contract terms, alignment to strategic goals, target profit etc, and any related risks, are considered. Approval to submit a bid must be obtained in accordance with the Global Authority Matrix and may be given subject to conditions which mitigate identified risks.
<b>Cyber/Information security</b> The risk of cyber-attacks or hacking has the potential to affect our ability to operate. Losing critical business information or access to systems can expose us to financial penalties, claims from clients for delay or other breaches of contract, claims from stakeholders for data breaches and reputational damage.	We have an ISMS with wide-ranging controls including policies, quarterly audits and role-based access control. IT systems are externally audited for vulnerabilities by penetration testing with further assurances provided by Cyber Essentials certification (and IASME certification for the UK business). Business Continuity and Disaster Recovery plans are in place and tested.
<b>Legal &amp; Regulatory compliance</b> As a global business we operate against a complex legal and regulatory landscape. There is an on-going risk of litigation, fines or penalties arising from failure or negligence in complying with laws and regulations in the jurisdictions in which we have offices and/or where we carry out services.	We have established policies which are available to all partners and employees via the intranet. Subject matter experts sit within the Business Services teams and support Global and Regional Management, providing guidance and creating awareness of applicable laws and regulations. Consultants, agents, suppliers and sub-consultants are made aware of the relevant policies and the expectation that they work in accordance with these is made clear prior to work commencing with them.

### 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.

**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 using 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. Credit insurance is also obtained for certain projects.

**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.

**Management of working capital** – The majority of the group's costs, including payroll, are paid before fees are settled by clients. To mitigate this 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.

## Members' report (continued)

Year ended 30 April 2022

### Charitable donations

During the year, the group contributed £241,000 (2021: £182,000) 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 £2.5m (2021: £1.5m) of expenditure was deemed to be of a research and development nature.

### 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, while providing career development support through our culture of continuous learning.

### Employment policy

Buro Happold is determined to continuously improve as an organisation, reflecting the varied cultures of the communities and clients we serve. We are an inclusive employer and actively encourage participation from a wide range of skilled employees.

We foster a culture where all our people, irrespective of gender identity, ethnic or national origin, sexual orientation, marital or civil partner status, race, age, religious belief, or disability have the support and opportunities to reach and exceed their potential. 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 the 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

## Members' report (continued)

Year ended 30 April 2022

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:

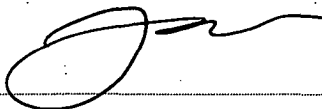
- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
-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

### Auditor

BDO LLP has indicated its willingness to continue in office.

Approved by the board on 15 September 2022 and signed on its behalf by:



J A B Bruce  
Designated member

## Carbon and energy report

Year ended 30 April 2022

At Buro Happold, we believe collective action is the best way to address the climate and biodiversity crisis. It is our responsibility to design and create environments that are sustainable and fair. Every engineer, consultant and advisor must put the environment at the heart of their work.

Buro Happold is clear in its mission to be recognised as a leader in sustainability. We have, once again, benchmarked our sustainability performance through the UKGBC 360 Leading the Way report. This ensures we remain comprehensive in our approach to setting sustainability goals, hardwiring these into our systems and processes and measuring performance across our operations and our projects.

We have recently been programme partners for a range of important initiatives, including Advancing Net Zero, Resilience and Nature-Based Solutions, Circular Economy and Social Value. We are programme partners for the World Green Building Council Better Places for People, including the Beyond the Business Case task group report launched at COP26.

We have worked closely with C40 Cities on their Clean Construction programme, helping six cities in different continents assess how to transform their construction sectors to adopt the clean construction hierarchy. We have also supported another 25 to develop building-related policies and programmes that help to meet the goals of the Paris agreement.

Our approach to net zero carbon is now mainstream, with the embedment of systems, processes, data and dashboards to capture performance across our portfolio of projects, benchmark best practice and use data science to accelerate learning for clients and collaborators. We are pleased with the progress we have made, but are under no illusion that the challenge ahead is far greater.

### Our UK Carbon Footprint was as follows:

Type of Emission	2022 Tonnes of CO <sub>2e</sub>	2021 Tonnes of CO <sub>2e</sub>	2020 Tonnes of CO <sub>2e</sub>	2022 Total kWh	2021 Total kWh	2020 Total kWh
Scope 1 – Direct (Gas emission and owned transport)	195	74	93	1,066,766	407,517	484,972
Scope 2 – Indirect (Purchased electricity and heat)	148	117	277	698,005	507,006	1,000,347
Scope 3 – Indirect (Business travel)	529	123	2,006	1,186,559	169,858	5,855,550
Total carbon emissions	872	314	2,376	2,951,330	1,084,381	7,340,869
Carbon offset	(148)	(117)	(277)	-	-	-
Total carbon emissions with offset	724	197	2,099	2,951,330	1,084,381	7,340,869

The group's methodology uses the Government's greenhouse gas reporting conversion factors to quantify emissions and aligns with Defra's environmental reporting guidelines.

Emissions Ratios (based on UK revenue and number of employees)	2022	2021	2020
Tonnes of CO <sub>2e</sub> per £m revenue	7.04	1.99	20.57
Tonnes of CO <sub>2e</sub> per employee	0.64	0.21	2.20

## Carbon and energy report (continued)

Year ended 30 April 2022

### Energy efficiency improvement measures undertaken during the year

Following our sign up to the Science Based Targets Initiative (SBTi) in March 2021 when we committed to reducing our operational carbon emissions by 21% by 2025, annual reduction targets were set in the UK. Our Global Carbon footprint for 2020/21 was independently verified by Carbon Footprint Limited in October 2021 who declared that Buro Happold was Carbon Neutral following purchasing of Carbon offsets.

During 2021/22 our UK employees gradually returned to working in our offices under a hybrid working pilot. Improvements to our offices during the year have focussed on creating a working office environment that enhances productivity and our work winning interface. Alongside this, energy efficiency improvement measures have included installing a more efficient boiler in the Edinburgh office. In February 2022, an efficient lighting system was also installed in the kitchen including LED lights which began a programme of installing LED lights throughout the office. New eco-driers were also installed.

In 2021/22 our total energy use increased by 172% with carbon emissions increasing 287% compared with 2020/21. However, as our office and travel activities were significantly reduced owing to the Covid pandemic in 2020/21, a comparison to 2019/20 shows a decrease of 60% of our total energy use and a decrease of 66% of our total carbon emissions mainly due to a reduction in business and commuter travel.

Our total Scope 1 gas emissions in 2021/22 increased compared to 2019/20. This is largely due to the Covid regulations that required us to provide adequate ventilation during winter months when heating was also required.

### Future energy efficiency improvement

To continue to make energy efficiencies, we are planning the following initiatives:

- Work more closely with our key suppliers to ensure that they are aligned to our carbon reduction commitments;
- Manage our office capacity across the UK to ensure that we are utilising our offices to the most efficient levels by regularly monitoring energy consumption;
- Work towards ways of decarbonising our offices; and
- Continual programme of replacing energy "hungry" appliances and equipment with more efficient alternatives such as LED lights.

In addition, we will be encouraging employees to make behavioural changes by:

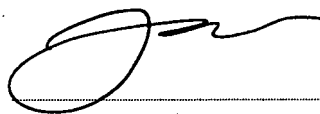
- The roll out of an employee carbon footprint platform, called Pawprint. This will enable us to report more accurate working from home data and implement initiatives to encourage employees to make changes to reduce their carbon footprint.
- Following up on our lifestyle survey by providing more plant-based food and drink that has a lower carbon impact as recommended by the Climate Change Committee.
- Continue communication campaigns to inform employees about their carbon emissions and energy consumption whilst at the office and at home

Our Global Sustainability Report\* which is available on our website provides further details on our global carbon footprint and how the group implements our principles and engages positively with the wider environment including further targets for improvement and plans to report on these in the future.

The list of designated members can be found in the members report on page 6. The full list of members of Happold LLP can be found on Companies House at the following link:

<https://find-and-update.company-information.service.gov.uk/company/OC331879/officers>

The streamlined energy and carbon report was approved by the members on 15 September 2022 and signed on their behalf by:



J A B Bruce  
Designated member

\* The Global Sustainability Report does not form part of these financial statements. The global report covering 30 April 2022 will be issued in Autumn 2022.

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

### 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 Limited Liability Partnership's affairs as at 30 April 2022 and of the Group's profit and the Limited Liability Partnership'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.

We have audited the financial statements of Happold LLP ("the Limited Liability Partnership") and its subsidiaries ("the Group") for the year ended 30 April 2022 which comprise consolidated statement of comprehensive income, consolidated statement of financial position, the Limited Liability Partnership statement of financial position, the consolidated reconciliation of members' interest, the Limited Liability Partnership reconciliation of members' interest, the consolidated cash flow statement, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

### 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 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.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Members' 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 or Limited Liability Partnership'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 Members with respect to going concern are described in the relevant sections of this report.

### Other information

The Members are responsible for the other information. The other information comprises the information included in the Members' Report and Consolidated Financial Statements, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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.

## Independent auditor's report to members of Happold LLP (continued)

### Other Companies Act 2006 reporting as applied to limited liability partnerships

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

### Responsibilities of members

As explained more fully in the Members' responsibilities, 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's and 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.

*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:

We obtained an understanding of the legal and regulatory frameworks that are applicable to Happold LLP. 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 (FRS 102 and the Companies Act 2006 applied to limited liability partnerships), regulations impacting labour regulations and tax in the United Kingdom.

- We understood how the Group and limited liability partnership is complying with those legal and regulatory frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes and inspection of legal fee expenses incurred in the year.
- We assessed the susceptibility of the Group and limited liability partnership'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 processes and controls that the Group and limited liability partnership 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 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; professional indemnity, bad debt provisions and estimations of costs to complete on long term projects.

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:

<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.

DocuSigned by:

*Tim Neathercoat*

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

Date 15 September 2022

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 2022

	Note	2022 £'000	2021 £'000
TURNOVER	3	212,691	188,203
Cost of sales		<u>(190,769)</u>	<u>(166,132)</u>
OPERATING PROFIT BEFORE OTHER OPERATING INCOME/(EXPENSE)		21,922	22,071
Other operating income/(expense)	4	<u>3,914</u>	<u>(2,892)</u>
OPERATING PROFIT BEFORE INTEREST		25,836	19,179
Fair value (losses)/gains on foreign exchange contracts		(1,212)	118
Interest receivable and similar income	9	42	10
Interest payable and similar expenses	10	<u>(274)</u>	<u>(213)</u>
PROFIT BEFORE TAXATION	5	24,392	19,094
Tax on profit	11	<u>(1,986)</u>	<u>(3,217)</u>
PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES		22,406	15,877
Members' remuneration charged as an expense	8	<u>(12,573)</u>	<u>(10,391)</u>
PROFIT FOR THE FINANCIAL YEAR AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS		<u>9,833</u>	<u>5,486</u>
OTHER COMPREHENSIVE INCOME			
Currency translation differences		<u>(318)</u>	<u>(126)</u>
TOTAL COMPREHENSIVE INCOME		<u>9,515</u>	<u>5,360</u>

All amounts relate to continuing operations.

The notes on pages 27 to 53 form part of these financial statements.

## Consolidated statement of financial position

At 30 April 2022

	Note	2022		2021	
		£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>					
Intangible assets	12		7,687		4,193
Tangible assets	13		4,623		4,698
Investments	14		2		-
			<u>12,312</u>		<u>8,891</u>
<b>CURRENT ASSETS</b>					
Debtors due within one year	16	100,441		78,392	
Amounts due from members		2,938		693	
Cash at bank and in hand		<u>19,478</u>		<u>29,123</u>	
		122,857		108,208	
<b>CREDITORS:</b>					
Amounts falling due within one year	17	<u>(85,612)</u>		<u>(64,268)</u>	
<b>NET CURRENT ASSETS</b>			<u>37,245</u>		<u>43,940</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			49,557		52,831
<b>CREDITORS:</b>					
Amounts falling due after more than one year	18		(5,731)		(4,090)
<b>PROVISIONS FOR LIABILITIES</b>					
Other provisions	20		<u>(8,993)</u>		<u>(10,612)</u>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>			<u>34,833</u>		<u>38,129</u>

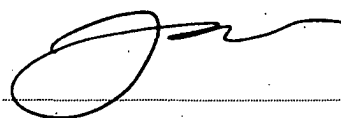
The notes on pages 27 to 53 form part of these financial statements.

## Consolidated statement of financial position

At 30 April 2022 (continued)

	Note	2022		2021	
		£'000	£'000	£'000	£'000
REPRESENTED BY:					
LOANS AND OTHER DEBTS DUE TO MEMBERS					
Members' capital classified as a liability		14,352		20,357	
Amounts due to members		<u>10,966</u>		<u>12,412</u>	
	21		25,318		32,769
MEMBERS' OTHER INTERESTS					
Other reserves			<u>9,515</u>		<u>5,360</u>
			<u>34,833</u>		<u>38,129</u>
TOTAL MEMBERS' INTERESTS					
Amounts due from members	21		(2,938)		(693)
Loans and other debts due to members	21		25,318		32,769
Members' other interests			<u>9,515</u>		<u>5,360</u>
			<u>31,895</u>		<u>37,436</u>

The financial statements were approved by the members and authorised for issue on 15 September 2022 and are signed on their behalf by:



**J A B Bruce**  
Designated member

The notes on pages 27 to 53 form part of these financial statements.

## LLP statement of financial position

At 30 April 2022

	Note	2022		2021	
		£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>					
Investments	14		29,317		29,317
<b>CURRENT ASSETS</b>					
Debtors	16	15,577		14,402	
Amounts due from members	21	5,881		3,345	
Cash at bank and in hand		<u>52</u>		<u>328</u>	
		21,510		18,075	
<b>CREDITORS:</b>					
Amounts falling due within one year	17	<u>(10,890)</u>		<u>(2,062)</u>	
<b>NET CURRENT ASSETS</b>			<u>10,620</u>		<u>16,013</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>39,937</u>		<u>45,330</u>
<b>PROVISIONS FOR LIABILITIES</b>					
Other provisions	20		<u>(1,984)</u>		<u>(3,986)</u>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>			<u><u>37,953</u></u>		<u><u>41,344</u></u>

The notes on pages 27 to 53 form part of these financial statements.

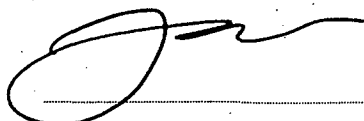
## LLP statement of financial position

At 30 April 2022 (continued)

	Note	2022		2021	
		£'000	£'000	£'000	£'000
REPRESENTED BY:					
LOANS AND OTHER DEBTS DUE TO MEMBERS					
Members' capital classified as a liability		14,352		20,357	
Amounts due to members		<u>13,768</u>		<u>15,501</u>	
	21		28,120		35,858
MEMBERS' OTHER INTERESTS					
Other reserves			<u>9,833</u>		<u>5,486</u>
			<u>37,953</u>		<u>41,344</u>
TOTAL MEMBERS' INTERESTS					
Amount due from members	21		(5,881)		(3,345)
Loans and other debts due to members	21		28,120		35,857
Members' other interests			<u>9,833</u>		<u>5,486</u>
			<u>32,072</u>		<u>37,998</u>

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 £13,782,000 (2021: £14,461,000).

The financial statements were approved by the members and authorised for issue on 15 September 2022 and are signed on their behalf by:



**J A B Bruce**  
Designated member

The notes on pages 27 to 53 form part of these financial statements.

## Consolidated reconciliation of members' interests

Year ended 30 April 2022

	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
	£'000	£'000	£'000	£'000
<b>Members' interests: at 1 May 2020</b>	11,620	19,957	10,747	42,324
Members' remuneration charged as an expense, including employment and retirement benefits	-	-	10,391	10,391
Profit for the year available for discretionary division among members	5,486	-	-	5,486
	17,106	19,957	21,138	58,201
Allocation of prior year profit	(11,620)	-	11,620	-
Amounts introduced by members	-	2,803	-	2,803
Transfer to members' capital	-	259	(259)	-
Transfer to provision for retired members	-	(2,662)	(3,026)	(5,688)
Amounts withdrawn by members	-	-	(17,754)	(17,754)
Currency translation differences	(126)	-	-	(126)
<b>Members' interests: at 30 April 2021</b>	<b>5,360</b>	<b>20,357</b>	<b>11,719</b>	<b>37,436</b>
<b>Members' interests: at 1 May 2021</b>				
Members' remuneration charged as an expense, including employment and retirement benefits	-	-	12,572	12,572
Profit for the year available for discretionary division among members	9,833	-	-	9,833
	15,193	20,357	24,291	59,841
Allocation of prior year profit	(5,360)	-	5,360	-
Amounts introduced by members	-	2,123	-	2,123
Transfer to members' capital	-	(65)	65	-
Transfer to provision for retired members	-	(880)	(933)	(1,813)
Amounts withdrawn by members	-	(7,183)	(20,755)	(27,938)
Currency translation differences	(318)	-	-	(318)
<b>Members' interests: at 30 April 2022</b>	<b>9,515</b>	<b>14,352</b>	<b>8,028</b>	<b>31,895</b>

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 27 to 53 form part of these financial statements.

## LLP reconciliation of members' interests

Year ended 30 April 2022

	Equity Members' other interests	Debt Loans and other debts due to Members less any amounts due from Members		Total Members' interests
	Other reserves £'000	Members' capital £'000	Other amounts £'000	Total £'000
<b>Members' interests: at 1 May 2020</b>	11,928	19,957	7,052	27,009
Members' remuneration charged as an expense, including employment and retirement benefits	-	-	10,391	10,391
	11,928	19,957	17,443	37,400
Dividend income	-	-	840	840
Allocation of profit	(6,442)	-	6,442	-
Amounts introduced by members	-	2,803	-	2,803
Transfer to members' capital	-	259	(259)	-
Transfer to provision for retired members	-	(2,662)	(3,026)	(5,688)
Amounts withdrawn by members	-	-	(12,515)	(12,515)
Other movements	-	-	3,230	3,230
<b>Members' interests: at 30 April 2021</b>	<b>5,486</b>	<b>20,357</b>	<b>12,155</b>	<b>32,512</b>
<b>Members' interests: at 1 May 2021</b>				
Members' remuneration charged as an expense, including employment and retirement benefits	-	-	12,572	12,572
	5,486	20,357	24,727	45,084
Allocation of profit	4,347	-	(4,347)	-
Amounts introduced by members	-	2,123	-	2,123
Transfer to members' capital	-	(65)	65	-
Transfer to provision for retired members	-	(880)	(933)	(1,813)
Amounts withdrawn by members	-	(7,183)	(13,080)	(20,263)
Other movements	-	-	1,455	1,455
<b>Members' interests: at 30 April 2022</b>	<b>9,833</b>	<b>14,352</b>	<b>7,887</b>	<b>22,239</b>

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 27 to 53 form part of these financial statements.

## Consolidated cash flow statement

Year ended 30 April 2022

	Note	2022 £'000	Amended 2021 £'000
<b>OPERATING ACTIVITIES</b>			
Cash generated from operations	23	21,047	34,560
Taxation		(1,797)	(3,818)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>19,250</b>	<b>30,472</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of subsidiaries (net of cash acquired)	27	(3,767)	(1,144)
Purchase of intangible fixed assets	12	(541)	(2,413)
Disposal of intangible fixed assets	12	94	-
Purchase of tangible fixed assets	13	(2,834)	(1,055)
Disposal of tangible fixed assets	13	45	1
Purchase of unlisted and other investments		(2)	-
Interest received		42	10
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(6,963)</b>	<b>(4,601)</b>
<b>FINANCING ACTIVITIES</b>			
Interest paid		(274)	(213)
Receipt/(repayment) of revolving credit facility		7,500	(20,000)
Capital introduced by members		2,123	2,803
Payments to members		(27,938)	(17,754)
Payments to former members	20	(3,815)	(1,703)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(22,404)</b>	<b>(36,867)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(10,117)</b>	<b>(10,726)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>29,123</b>	<b>40,737</b>
Effect of foreign exchange rate changes		472	(888)
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>19,478</b>	<b>29,123</b>
Cash and cash equivalents consists of:			
Cash at bank and in hand		19,478	29,123
Overdrafts included in creditors:			
amounts falling due within one year	17	-	-
<b>CASH AND CASH EQUIVALENTS</b>		<b>19,478</b>	<b>29,123</b>

The comparatives for 2021 have been amended to separately disclose the purchase of subsidiaries (net of cash acquired).

The notes on pages 27 to 53 form part of these financial statements.

# Notes to the financial statements

Year ended 30 April 2022

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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 4. The LLP's principal activities and nature of operations are set out in the members' report on page 6.

## 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 financial statements have been prepared on a going concern basis. In adopting the going concern basis, the members have considered the group's operations, principal risks and uncertainties, changes in global economic conditions, such as those arising from COVID-19, socio-political events such as the conflict in Ukraine and global inflationary pressures. As a professional services firm providing a wide variety of high-end consultancy services to a broad range of markets, the group has both a natural resilience and an ability to adapt in response to such matters.

The group continues to manage our resource appropriately and maintain a robust liquidity position. Future operating plans are reviewed regularly to aid timely decision-making and allow appropriate action to be taken if required.

As part of the going concern assessment a detailed modelling exercise has been performed using a base case which has been stress-tested and sensitised. Under the sensitised model an adverse impact on revenue was modelled with a corresponding reduction in direct costs. Both models include an element of discretionary spend which the group has the ability to constrain, if required, to conserve short term cash. Under both models, the group maintains a healthy net cash position.

The group has a £20m multicurrency Revolving Credit Facility ('RCF') with HSBC UK, £7.5m (2021: £nil) of which was utilised at year end. Separately the Happold US entities have a \$5m line of credit with HSBC US. Of this, \$1.4m is utilised on a standby letter of credit for the New York property leases.

The group's financial arrangements are subject to certain financial covenants which are tested every quarter. If the group's results were to be in line with the sensitised model, it would not breach the financial covenants for a period of no less than 12 months from approval of the financial statements.

A review was performed to determine the point at which covenants would be breached. The members consider the likelihood of this scenario arising to be remote since current trading is performing above this. If there were a significant downward trend in results, there are additional mitigating actions available to the group to prevent the covenants being breached.

Based on this assessment, 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.

## Accounting policies (continued)

### 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 sub contractor 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.

### 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.

#### *Grant income*

Grant income is recognised when the right to receive payment is established.

### 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.

## Accounting policies (continued)

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.

### 1.12 Business combinations and goodwill

Business combinations are accounted for by applying the purchase method. The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination.

Contingent consideration is initially recognised at an estimated amount where the consideration is probable and can be measured reliably. Where (i) the contingent consideration is not considered probable or cannot be reliably measured but subsequently becomes probable and measurable or (ii) contingent consideration previously measured is adjusted, the amounts are recognised as an adjustment to the cost of the business combination.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Intangible assets are only recognised separately from goodwill where they are separable and arise from contractual or other legal rights. Where the fair value of contingent liabilities cannot be reliably measured, they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

Goodwill is amortised over its expected useful life which is estimated to be five years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to profit or loss.

### 1.13 Intangible assets (excluding goodwill)

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.

### 1.14 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.

## Accounting policies (continued)

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.

### 1.15 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.

### 1.16 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.

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

#### **Financial liabilities**

##### *Bank loans and overdrafts*

Bank loans and 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.

### 1.18 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.

## Accounting policies (continued)

### 1.19 Provisions

Provisions are recognised when the group and LLP have 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.

### 1.20 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.

### 1.21 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.

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.

### 1.22 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. See accounting policies 1.5 and 1.6 and note 3.

### *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. See accounting policy 1.17 and notes 5 and 16.

### *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. See accounting policies 1.13 and 1.14 and notes 5, 12 and 13.

### *Provisions*

Provisions are made for specific project related matters. The amounts provided are reviewed regularly considering the most recent information available and, where appropriate, with the use of professional advice. See accounting policy 1.19 and note 20.

### 3 Segmental analysis

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

Turnover	2022	2021
	£'000	£'000
Asia	3,993	4,030
Cities	34,225	28,550
Europe	20,501	20,261
India	3,921	2,897
Middle East	27,340	21,018
United Kingdom	68,238	65,107
United States	54,473	46,340
	<u>212,691</u>	<u>188,203</u>

A geographical analysis of turnover by destination is as follows:

Turnover	2022	2021
	£'000	£'000
UK	58,144	57,170
Europe	21,265	21,285
Middle East	74,788	53,664
United States	49,958	46,397
Rest of the World	8,536	9,687
	<u>212,691</u>	<u>188,203</u>

An analysis of turnover by sector is as follows:

Turnover	2022	2021
	£'000	£'000
Air and Rail	5,506	5,447
Commercial	78,575	68,150
Cultural	27,524	40,227
Education	19,557	14,537
Science and Technology	18,256	15,949
Sports and Entertainment	11,465	13,065
Urban Development	51,808	30,828
	<u>212,691</u>	<u>188,203</u>

## 4 Other operating income/(expense)

	2022	2021
	£'000	£'000
Foreign exchange gain/(loss)	3,688	(3,481)
Rental income	83	84
Grant income	13	292
Research and development tax credit	130	213
	<u>3,914</u>	<u>(2,892)</u>

During the prior year the Group received £0.7m under the UK Government Coronavirus Job Retention Scheme (CJRS). As at 30 April 2021 the Members had agreed to repay amounts received in the year under CJRS and the amount payable was held as an accrual at the year end. The Group repaid monies received under CJRS in June 2021.

## 5 Profit before taxation

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

	2022	2021
	£'000	£'000
Fair value loss/(gain) on foreign exchange contracts	1,212	(118)
Depreciation of tangible fixed assets	2,359	2,450
(Profit)/loss on disposal of tangible fixed assets	(26)	2
Amortisation of intangible assets	2,281	819
Operating lease rentals:		
– land and buildings	5,974	5,584
– other operating leases	1,106	854
Foreign exchange (gain)/loss	(3,688)	3,481
Research and development expenditure written off	2,500	1,500
Research and development tax credit	(130)	(213)
Impairment loss on trade receivables	<u>1,202</u>	<u>180</u>

## 6 Auditor's remuneration

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

	2022	2021
	£'000	£'000
Audit services – statutory audit of LLP and consolidated accounts	58	52
Other services:		
Audit services – statutory audit of subsidiaries	268	197
Taxation advisory services	2	28
All other non-audit services	4	47
	<u>          </u>	<u>          </u>

## 7 Staff costs

Staff costs were as follows:

	2022	2021
	£'000	£'000
Wages and salaries	103,186	88,661
Social security costs	10,344	8,917
Other pension costs	7,228	6,324
	<u>120,758</u>	<u>103,902</u>

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

	2022	2021
	No.	No.
Technical staff	1,614	1,382
Support staff	435	409
	<u>2,049</u>	<u>1,791</u>

## 8 Members' remuneration

	2022	2021
	No.	No.
The average number of members during the year was	<u>72</u>	<u>58</u>
	£'000	£'000
Profit attributable to the member with the largest entitlement	<u>605</u>	<u>520</u>

The total remuneration of the members, who are considered to be the key management personnel of the group, was £22.4m (2021: £15.9m).

Members' remuneration charged as an expense amounted to £12.6m (2021: £10.4m).

## 9 Interest receivable

	2022	2021
	£'000	£'000
Other interest receivable	<u>42</u>	<u>10</u>

## 10 Interest payable and similar charges

	2022	2021
	£'000	£'000
On bank loans and overdrafts	-	28
Other interest payable	<u>274</u>	<u>185</u>
	<u>274</u>	<u>213</u>

## 11 Tax charge on profit

	2022 £'000	2021 £'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	134	86
Adjustments in respect of prior years	(422)	(82)
Overseas taxation	797	4,096
<b>Total current tax</b>	<b>509</b>	<b>4,100</b>
<b>Deferred tax (see note 19)</b>		
Origination and reversal of timing differences	1,563	(721)
Effect of tax rate change on opening balance	(77)	25
Adjustments in respect of prior years	(9)	(187)
<b>Total deferred tax</b>	<b>1,477</b>	<b>(883)</b>
<b>TAX CHARGE ON PROFIT</b>	<b>1,986</b>	<b>3,217</b>

## Tax charge on profit (continued)

### FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower (2021 – lower) than the standard rate of corporation tax in the UK of 19% (2021 – 19%).

The differences are explained below:

	2022	2021
	£'000	£'000
Profit before tax	24,392	19,094
Profit multiplied by standard rate of corporation tax in the UK of 19% (2021 – 19%)	4,634	3,628
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill, amortisation and impairment	218	129
Ineligible fixed asset expenditure	167	17
Other timing differences	(76)	-
Non taxable income	(4,154)	(3,398)
Unrelieved tax losses carried forward	567	143
Foreign taxes at different rates	180	2,838
Foreign tax credits	(199)	(201)
Other taxes	227	407
Research and development tax credit adjustment	-	46
Adjust closing deferred tax to average rate	(77)	25
Adjustments in respect of prior periods	(431)	(269)
Deferred tax not recognised	930	(148)
<b>TOTAL TAX CHARGE FOR THE YEAR</b>	<b>1,986</b>	<b>3,217</b>

### FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

As per the government Budget 2021 the corporation tax rate will remain at 19% for the year commencing on 1 April 2022, increasing to 25% from 1 April 2023.

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

## 12 Intangible fixed assets

	Goodwill	Computer Software	Total
	£'000	£'000	£'000
<b>GROUP</b>			
<b>Cost</b>			
At 1 May 2021	2,157	3,895	6,052
Additions	5,157	393	5,550
Disposals	-	(94)	(94)
Effect of exchange rate movement	376	2	378
At 30 April 2022	7,690	4,196	11,886
<b>Amortisation</b>			
At 1 May 2021	161	1,698	1,859
Charge for year	1,301	980	2,281
Effect of exchange rate movement	58	1	59
At 30 April 2022	1,520	2,679	4,199
<b>Net book value</b>			
At 30 April 2022	6,170	1,517	7,687
At 30 April 2021	1,996	2,197	4,193

The amortisation charge for the year is recognised within cost of sales and there was no impairment of goodwill during the year. Details on the goodwill additions can be found under note 27.

## 13 Tangible fixed assets

	Leasehold improvements	Fixtures, fittings and equipment	Total
	£'000	£'000	£'000
<b>GROUP</b>			
<b>Cost</b>			
At 1 May 2021	6,977	8,427	15,404
Additions	303	1,918	2,221
Disposals	-	(748)	(748)
Effect of exchange rate movement	358	302	660
At 30 April 2022	7,638	9,899	17,537
<b>Depreciation</b>			
At 1 May 2021	5,113	5,593	10,706
Charge for year	773	1,586	2,359
On disposals	-	(729)	(729)
Effect of exchange rate movement	319	259	578
At 30 April 2022	6,203	6,709	12,914
<b>Net book value</b>			
At 30 April 2022	1,433	3,190	4,623
At 30 April 2021	1,864	2,834	4,698

## 14 Fixed asset investments

	Unlisted investments
	£'000
<b>GROUP</b>	
<b>Cost</b>	
At 1 May 2021	-
Additions via acquisition	2
At 30 April 2022	<u>2</u>

The group has an investment of £2,252 in VAAR Limited which is incorporated in the UK. The company's principal activity is designing a creative app solution linked to the events industry. The company's registered address is 9 St. Georges Yard, Farnham, GU9 7LW.

	Investments in subsidiary companies
	£'000
<b>LLP</b>	
<b>Cost</b>	
At 1 May 2021 and at 30 April 2022	<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 Ingenieurburo 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.
Brightspot strategy LLC	USA	(a)	100 Broadway, New York
Buro Happold International (Hong Kong) Limited	Hong Kong	(a)	5th Floor, Tai Yau Building, 181 Johnston Rd, Wanchai
Buro Happold ApS	Denmark	(a)	Lavendelstraede 17D, 2. 1462 Kobenhaven K
Buro Happold Engineers India Private Limited.	India	(a)	MMRDA Colony, Ambedkar Nagar, Kanjurmarg West, Mumbai
Buro Happold and Partner Engineering Consultancy Company^	Saudi Arabia	(a)	Office 515, Al Akariyah 2, 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 (Beijing) Limited	China	(a)	Office Tower A Jainwai SOHO, No. 39 East 3rd Ring Road, Beijing
Buro Happold B.V.	Netherlands	(a)	Rotterdam, Netherlands
PT Buro Happold Indonesia	Indonesia	(a)	WeWork Revenue Tower, Units 26-105, Senayan, Jakarta
Buro Happold Australia Pty Limited	Australia	(a)	Level 10 530 Collins Street, Melbourne VIC 3000, Australia
Abell Nepp Architects Limited	England	(d)	Camden Mill, Bath, BA2 3DQ
Vanguardia Limited	England	(a)	Camden Mill, Bath, BA2 3DQ
Crowd Dynamics International Limited	England	(a)	Camden Mill, Bath, BA2 3DQ
Paladino and Company Inc	USA	(a)	1932 First Avenue, Seattle, WA 98101

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

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

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 2022, 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 these group financial statements.

## 16 Debtors due within one year

	Group		LLP	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade debtors	64,242	54,413	-	-
Other debtors	3,432	3,002	-	-
Corporation tax	800	290	-	-
Prepayments and accrued income	9,242	6,897	-	-
Foreign currency forward contracts	-	133	-	-
Amounts recoverable on long term contracts	21,218	11,060	-	-
Amounts owed by group undertakings	-	-	15,577	14,402
Deferred tax asset (see note 19)	1,507	2,597	-	-
	<u>100,441</u>	<u>78,392</u>	<u>15,577</u>	<u>14,402</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.

## 17 Creditors: amounts falling due within one year

	Group		LLP	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	7,500	-	-	-
Payments on account	31,957	29,060	-	-
Trade creditors	8,218	7,656	-	-
Corporation tax	2,688	3,546	-	-
Other taxation and social security costs	3,611	5,285	-	2,062
Deferred consideration	63	54	-	-
Contingent consideration	2,076	347	-	-
Other creditors	1,251	930	-	-
Amounts owed to group undertakings	-	-	10,980	-
Foreign currency forward contracts	1,079	-	-	-
Accruals and deferred income	27,169	17,390	-	-
	<u>85,612</u>	<u>64,268</u>	<u>10,980</u>	<u>2,062</u>

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

	Group	
	2022	2021
	£'000	£'000
Deferred consideration	63	-
Contingent consideration	2,066	990
Other creditors	3,602	3,100
	<u>5,731</u>	<u>4,090</u>

## 19 Deferred taxation

	Group	
	2022	2021
	£'000	£'000
At beginning of year	2,597	2,154
(Charge)/credit for the year	(1,477)	883
Exchange movement	387	(440)
At end of year	<u>1,507</u>	<u>2,597</u>

Deferred taxation is made up as follows:

	Group	
	2022	2021
	£'000	£'000
Accelerated capital allowances and cash basis timing differences	153	140
Tax losses brought forward	148	504
Accruals and other amounts deductible when paid	275	1,121
Other timing differences	931	832
	<u>1,507</u>	<u>2,597</u>
Amount held in debtors	1,507	2,597
Amount held in liabilities	-	-
	<u>1,507</u>	<u>2,597</u>

## 20 Provisions

	Former members' payments	Professional indemnity insurance	Loss making contracts	Revenue	Dilapidation	Total
GROUP	£'000	£'000	£'000	£'000	£'000	£'000
At 1 May 2021	3,986	3,993	1,166	250	1,217	10,612
Additions	1,813	1,300	1,465	-	154	4,732
Utilised/released in the year	(3,815)	(1,665)	(705)	(250)	-	(6,435)
Foreign exchange	-	30	54	-	-	84
At 30 April 2022	1,984	3,658	1,980	-	1,371	8,993

### 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.

### Revenue

The provision reflects management's estimate of an anticipated revenue claim on a project.

### Dilapidation

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

### LLP

	£'000
At 1 May 2021	3,986
Additions	1,813
Utilised in the year	(3,815)
At 30 April 2022	1,984

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

	2022	2021
	£'000	£'000
Within 1 year	1,743	2,721
Between 2 and 5 years	241	1,265
	1,984	3,986

## 21 Loans and other debts due to members

	Group		LLP	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Member capital treated as debt	(14,352)	(20,357)	(14,352)	(20,357)
Amounts due from members	2,938	693	5,881	3,345
Amounts due to members	(10,966)	(12,412)	(13,768)	(15,501)
	<u>(22,380)</u>	<u>(32,076)</u>	<u>(22,239)</u>	<u>(32,513)</u>

## 22 Financial instruments

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

	Group		LLP	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
<b>Financial assets</b>				
Measured at amortised cost	86,908	65,604	15,577	14,402
Measured at fair value through profit or loss	-	133	-	-
Measured at cost less impairment	2	-	29,317	29,317
	<u>86,910</u>	<u>65,737</u>	<u>44,894</u>	<u>43,719</u>
<b>Financial liabilities</b>				
Measured at amortised cost	(44,228)	(25,046)	(10,980)	-
Measured at fair value through profit or loss	(1,078)	-	-	-
	<u>(45,306)</u>	<u>(25,046)</u>	<u>(10,980)</u>	<u>-</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, Euros and Saudi Riyals. Consequently, the group uses foreign currency forward contracts and options 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 and options, 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 and options that the group has committed to are as follows:

	2022	2021
	'000	'000
US Dollars	3,150	2,400
Euros	-	6,460
Saudi Riyals	40,005	-

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

	2022	Amended 2021
	£'000	£'000
Profit for the financial year before members' remuneration	22,406	15,877
Tax on profit	1,986	3,217
Interest receivable	(42)	(10)
Interest payable	274	213
Fair value loss/(gain) on foreign exchange contracts	1,212	(118)
<b>OPERATING PROFIT BEFORE INTEREST</b>	<b>25,836</b>	<b>19,179</b>
Amortisation of intangible fixed assets	2,333	819
Depreciation of tangible fixed assets	3,223	2,450
Foreign exchange (gain)/loss	(2,033)	3,350
Increase in provisions	2,111	5,388
Increase in provision for former members	(1,812)	(5,687)
(Gain)/loss on disposal of tangible fixed assets	(26)	1
<b>Working capital movements:</b>		
(Increase)/decrease in debtors	(19,712)	10,840
Increase/(decrease) in creditors	11,127	(1,780)
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>21,047</b>	<b>34,560</b>

The comparatives for 2021 have been amended to separately disclose the purchase of subsidiaries (net of cash acquired) within the consolidated cash flow statement.

## 24 Pension commitments

The group contributes to several 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 £7,228,000 (2021: £6,324,000). At the year-end £597,000 (2021: £480,000) was included in other creditors.

## 25 Operating lease commitments

At 30 April 2022 the group had total future minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
<b>GROUP PAYMENTS DUE:</b>				
Within 1 year	5,839	5,190	1,359	953
Between 2 and 5 years	10,900	13,431	2,249	715
After more than 5 years	4,054	384	-	-
	<u>20,793</u>	<u>19,005</u>	<u>3,608</u>	<u>1,668</u>

## 26 Related party transactions

Certain members were landlords of the Camden Mill property leased by Buro Happold Limited. The property was sold during the year. Prior to the sale total lease payments of £38,000 (2021: £482,000) were made to the trust operating on behalf of the landlords. At year end nil (2021: £nil) was included in trade creditors associated with the lease.

Certain members are beneficiaries of the trust that owns the Bread Street leased property located in Edinburgh. During the year total lease payments of £190,000 (2021: £190,000) were made by Buro Happold Engineers Limited to the Bread Street property trust. No balances were outstanding at year end (2021: £nil).

During the year the group contributed £241,000 (2021: £182,000) 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 Business combinations

### Vanguardia and Crowd Dynamics

On 21 May 2021 the group acquired 100% of the ordinary share capital of one of the world's leading acoustics and audio-visual consultancies, Vanguardia Limited, and its subsidiary Crowd Dynamics International Limited.

The following summarises the consideration paid by the group, the book and fair value of assets acquired and liabilities assumed at the acquisition date.

#### Consideration at 21 May 2021

	£'000
Cash	3,275
Contingent consideration	2,754
Directly attributable costs	214
	<u>6,243</u>

The contingent consideration is payable over a 4 year period based on agreed earn out accounts and EBITDA measures. The amount recognised is based on management's expectation of Vanguardia and Crowd Dynamics' future performance. The amount has not been discounted, as the effect of discounting is not material.

The following amounts of assets and liabilities were recognised at the acquisition date:

	Book and fair value £'000
Tangible fixed assets and investments	51
Cash and cash equivalents	1,210
Trade and other receivables	1,030
Trade and other payables	(404)
	<u>1,887</u>
Goodwill	<u>4,356</u>
Total	<u>6,243</u>

Vanguardia and Crowd Dynamics contributed revenue of £3,279,000 and a loss of £83,000 to the group for the period since acquisition.

## Business combinations (continued)

### Paladino and Company

On 31 August 2021 the group acquired 100% of the ordinary share capital of one of the world's leading sustainability consultancies Paladino and Company.

The following summarises the consideration paid by the group, the book and fair value of assets acquired and liabilities assumed at the acquisition date.

Consideration at 31 August 2021	£'000
Cash	958
Contingent consideration	273
Directly attributable costs	115
	<u>1,346</u>

The contingent consideration is payable based on turnover generated by Paladino and Company over a 3 year period. The amount recognised is based on management's expectation of Paladino and Company's future performance. The amount has not been discounted, as the effect of discounting is not material.

The following amounts of assets and liabilities were recognised at the acquisition date:

	Book and fair value £'000
Intangible fixed assets	72
Tangible fixed assets	113
Cash and cash equivalents	228
Trade and other receivables	721
Trade and other payables	(182)
	<u>952</u>
Goodwill	<u>394</u>
Total	<u>1,346</u>

Paladino and Company contributed revenue of £1,631,000 and a loss of £117,000 to the group for the period since acquisition.