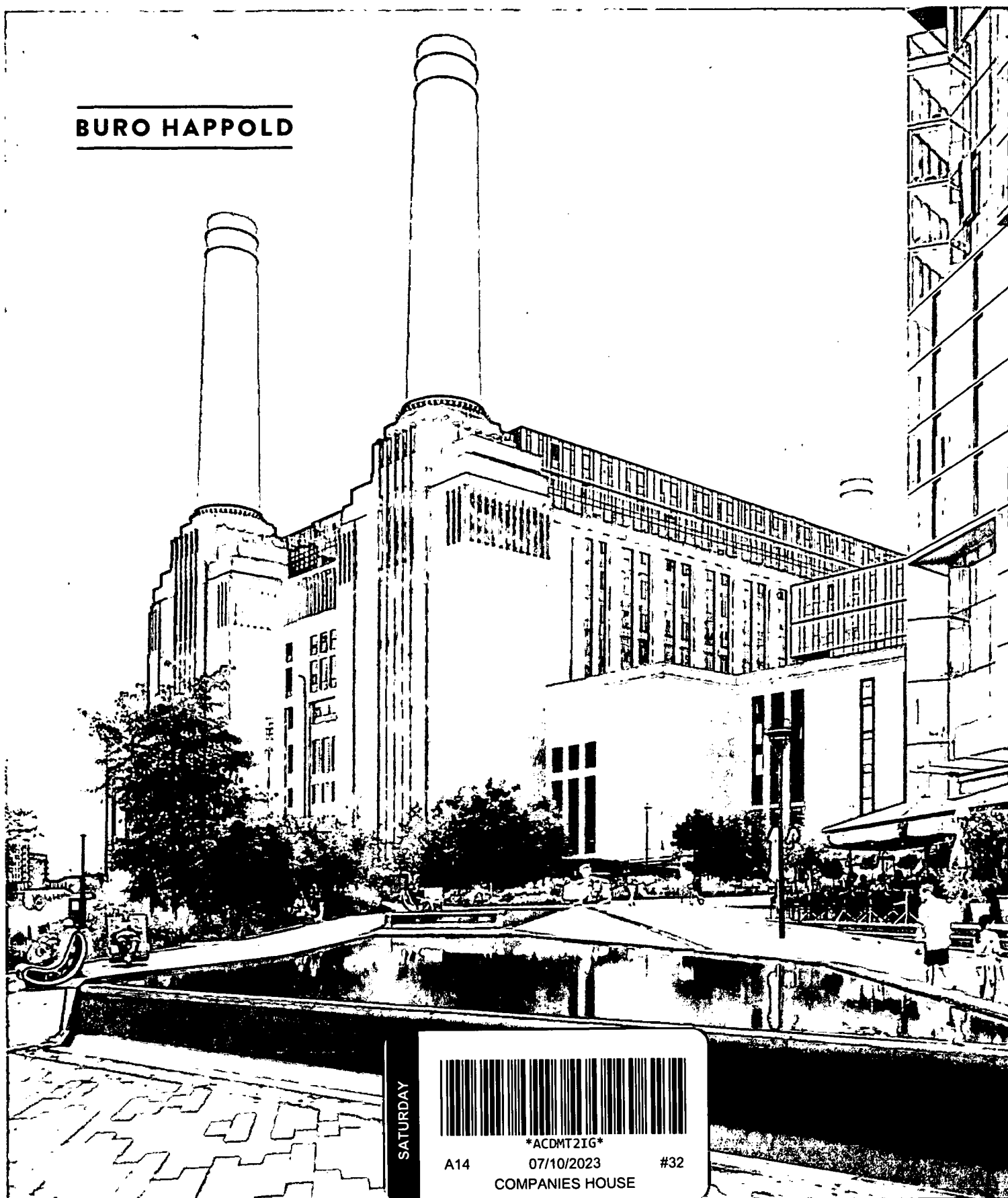


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**HAPPOLD LLP**

Members' Report and  
consolidated financial statements  
for the year ended 30 April 2023



## Cover

### **Battersea Power Station, London, UK**

The Battersea Power Station redevelopment, which has been the work of a generation of engineers and designers. The project was recently named 'Building Project of the Year over £10m' at the SECBE Constructing Excellence Awards 2023.

#### **Architect**

WilkinsonEyre (Phase 2)

#### **Services provided by Buro Happold**

Acoustics, bridge engineering and civil structures, facade engineering, fire engineering, ground engineering, inclusive design, infrastructure, people movement, structural engineering, water.

#### **Image**

Buro Happold

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## Members and professional advisors

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**Designated members** A S Best  
J Phillips  
O C P Plunkett  
C M Schwitter  
J Swift

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  
1-3 Bishopsgate  
London  
EC2N 3AQ

## Chief executive's introduction



Oliver Plunkett CEO

“

In the last financial year, our operating profit increased by 59%, with revenue up by 38%. Our headcount increased by 19% and our win rate was up 11% on the previous year.”

At Buro Happold, we are an international, integrated community of engineers, designers and advisers working with clients and collaborators to transform our built environment, our cities and our natural world. We are driven to make a difference for people, places and planet.

We centre people and clients at the heart of our work, prioritising equity, diversity and inclusion, and sustainability initiatives. Delivering solutions that are driven by sustainability and the ability to have a positive impact on the world around us – as well as using innovative, transformational technologies – are golden threads that run throughout the DNA of the practice.

### The importance of resilience

One of my primary tasks as CEO is building in resilience to Buro Happold. Geo-political pressures and economic uncertainty are stress factors that always have the potential to interrupt our work. Our strategy, based on our ability to be resilient, is designed to address these issues and help us navigate any storms. We are strategically balancing our markets with growth in Europe and the US, while continuing our established and premium position in the UK and Middle East.

Our results show we have made excellent progress in the last year with our Europe and US regions growing 47% and 31% respectively. In the last financial year, our operating profit increased by 59%, with revenue up by 38%. Our headcount increased by 19% and our win rate was up 11% on the previous year.

In the UK, we recognise the potential opportunities around asset transformation and reuse. These projects are complex, and we can help both public and private sector clients navigate the challenges associated with them. Additionally, their delivery is essential to our collective climate impact goals.

The Middle East has been a strong and important market for the practice since we were founded, and we are proud of the impact we continue to have in enabling the ongoing socio-economic development of countries such as Kuwait and Saudi Arabia. The strength and standing of the practice in the region mean that we are increasingly called upon to help shape visionary ideas and strategies for projects in the Middle East and, in doing so, work to ensure that international standards are upheld. We continue to play key roles on many of the 'giga projects' under Plan 2030. All our regions contribute to our work in the Middle East, but we have invested in our local leadership and teams to grow the work delivered from the region, resulting in a 62% uplift on the previous year.

In addition to geographical growth, we are actively growing our advisory services. These offerings can help us address the primary business needs of our clients and maximise the impact that our design and engineering can ultimately have on their primary outcomes. Our teams provide world-class advisory services, with engineering at its core, across the globe. We are focusing our growth in digital, sustainability and resiliency aspects of advisory where clients in our sector are in increasing need of clear and differentiated strategies, backed up by design and engineering.

We are continuing to build the executive team for the continued growth and greater resilience of the practice. Marc Barone has been appointed as chief operating officer in the past year. Marc is now a key member of Buro Happold's executive and global leadership team and is helping to improve the 'user experience' for our people. This will

## Chief executive's introduction (continued)

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become increasingly important as we grow so we operate as efficiently and effectively as possible, and enable our people to focus on delivering for clients and develop their careers.

The resilience aspect of our strategy continues into what we call our 'strategic themes' with representation on the global leadership team. This helps to ensure that everyone in Buro Happold can identify their place in our practice and with our strategy. We believe this builds strong culture which in turn, also contributes to overall business resilience.

### Our clients

The challenges faced by our clients today as they seek to respond to the needs of the climate, society and stakeholders, are only increasing in terms of both their scale and breadth. Identifying and managing complexity has always been at the heart of what we do, and we remain focused on what our clients need and providing innovative and creative solutions.

As we continue to grow, our approach will remain firmly client centric. The feedback from our client experience programme has highlighted that our clients describe us most as being collaborative, innovative, professional and experienced. We will protect and build on this reputation as our reach and capabilities increase.

### Our people

Our community at Buro Happold grew by nearly 20% this year. This growth was in the face of continuing volatility and economic uncertainty, which is testament to our controlled and strategic expansion of the practice, identifying areas of client requirements and recruiting and upskilling our people as necessary to meet them.

We continue to consider talent management as a central tenet of how we grow, supporting the success of both the practice, and the individuals who choose to develop their career with us. We are committed to enabling the career aspirations of our people through career development pathways and the opportunities to work on exceptional, innovative and iconic projects that have impact.

### Our use of technology

We believe that we are at the forefront of exploring and embracing new technology within our industry. In confidently exploiting new skills and areas of innovation, we are able to learn and impact on positive client outcomes, and on previously untapped areas of potential that enhance and inform our judgement as engineers and designers.

Continuing areas of focus for Buro Happold include data analytics and rapid prototyping, leading the digital twin space and utilisation of technologies, including the use of game engine to deliver exceptional client insight and engagement.

When we began our growth strategy, we recognised that continued investment in the right technology is essential to enable and drive change. This is only accelerating.

### Our climate and sustainability commitments

Addressing the climate crisis is a fundamental responsibility for those of us in the built environment. We must play our part by providing solutions through innovative design, material choices, and clear action to amend working practices to deliver change. Buro Happold is an industry leader in building for a sustainable future and we have the skills,

“

When we began our growth strategy, we recognised that continued investment in the right technology is essential to enable and drive change. This is only accelerating.”

## Chief executive's introduction (continued)

expertise and drive to spearhead a green recovery that is healthy, sustainable and fair. Our experts now advise on everything from small policy changes to implementing a large suite of varied strategies and frameworks.

This year, we launched the Buro Happold routemap to net zero, which sets out a clear course to enable us to track progress against our commitments. It reflects our founding values, reconfirms the importance of our involvement in such critical work, demonstrates how we will continue to deliver for people, places and planet, and contributes to sustainability and resilience becoming business as usual for us, as well as for our clients and collaborators.

The routemap lays out a framework that will support two of our core climate initiative goals by 2030; to design all new build projects to be net zero carbon in operation, and to reduce the embodied carbon intensity of all new buildings, major retrofits and infrastructure projects by 50% from a 2020 baseline.

### Our work

In the UK, we consistently deliver some of the country's biggest, most impactful infrastructure and urban development projects. The redevelopment of Battersea Power Station, which has been the work of a generation of engineers and designers, is an example of this. The project was recently named 'Building Project of the Year over £10m' at the SECBE Constructing Excellence Awards 2023.

With offices in Berlin, Munich, Warsaw, Copenhagen and Rotterdam, we are broadening and scaling up our work in Europe, strengthening our creative and technical talent pools and introducing more advisory work.

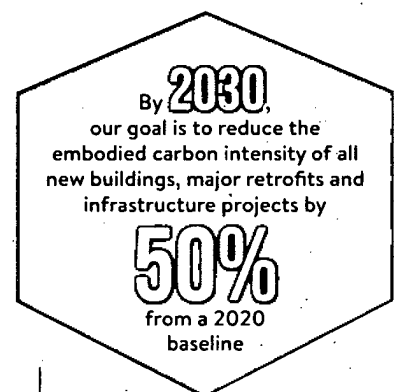
In the USA, we are also expanding into new geographies and sectors. Acquisitions in recent years, such as brightspot and Paladino, have helped not only to develop and grow the sustainability and advisory skills of the business, but have also given us a geographical presence in Seattle and Washington DC. We continue to expand and diversify, building on our established reputation in the culture and higher education sectors, with projects such as the LA County Museum of Art and the new Rob and Melani Walton Center for Planetary Health at Arizona State University, alongside advisory-led work.

We have generated solid growth in India. We are looking to expand our operations in Bangalore, making local connections, scaling up new disciplines and growing our cities work. In Mumbai, our people have shown great resilience and agility post-Covid and are forging ahead with a fantastic portfolio of work as leaders in that market.

In Asia-Pacific, our offices have completed numerous iconic projects, including Jewel Changi Airport and Shanghai Library. We have also been awarded work developing a legacy for the Brisbane 2032 Olympic and Paralympic games with a number of partners and experts.

In conclusion, there is confidence across our practice. Our work and our people are exceptional. We have developed greater resiliency and strength in our practice. These elements have built the momentum that will help to accelerate our progress and enhance our impact on client outcomes.

**Oliver Plunkett** CEO



The net zero routemap lays out a framework that will support two of our core climate initiatives.

## Members' report

*Year ended 30 April 2023*

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 2023.

### Designated members

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

A S Best  
J A B Bruce (resigned 28 September 2022)  
J Phillips  
O C P Plunkett (appointed 28 September 2022)  
C M Schwitter  
J Swift (appointed 1 May 2023)  
S Wainwright (resigned 1 May 2023)

### Business description

Happold LLP, known as "Buro Happold" is an international, integrated consultancy of engineers, designers and advisers. Operating in 37 locations worldwide, with over 80 partners and 2,500 employees; for over 45 years we have built an unrivalled reputation by delivering creative, value-led solutions for the benefit of people, places and planet.

Described by our clients as 'passionate', 'innovative' and 'collaborative', Buro Happold is synonymous with the delivery of exceptionally complex projects on every continent, working with the world's leading architectural practices and organisations, such as the United Nations, UNESCO and C40 Cities.

Through our global community of driven, world-leading engineering, advisory and design professionals, we are acting to address major challenges in an ever-evolving world.

The principal activity of the group is that of engineers, designers and advisers providing professional, integrated 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

We have a bold and exciting strategy to deliver scale and drive growth over the coming years, through to 2027. 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 through a focus on clients, talent and ESG.

### Clients

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 are refreshing our sector approach to ensure we are always looking ahead and delivering insightful thought-leadership on the big issues facing our clients and the wider world. We plan to increase our global connectivity for clients and further embed key relationship management networks whilst continuing to serve our clients through an outcome-based approach, providing innovative solutions to add value to our clients' core business drivers.

### Talent

We aspire to being the employer of choice in our industry. 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

We set and embed industry-leading sustainability goals into all our activities, allowing us to enhance our brand and attract the best clients, projects, employees and collaborators and deliver solutions that meet ESG goals. Our climate commitments, included above, are a 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.

We will continue to enhance and expand our advisory services, thereby building greater resilience and balance for our business while growing our capabilities outside the UK.

### Operations

We operate within six business units: United Kingdom, Hong Kong and China, Cities, Europe, India, Middle East 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.



## Members' report (continued)

*Year ended 30 April 2023*

Key projects undertaken by the group during the year include:

### **Los Angeles County Museum of Art: Building for the Permanent Collection, California, USA**

As the largest museum in the western United States, the Los Angeles County Museum of Art (LACMA) attracts more than 1.2 million visitors annually and houses over 130,000 works.

As part of an ambitious plan to update its east campus the museum has embarked on a \$650 million project to unify the permanent collection galleries into a cohesive museum space, while opening the ground level areas to the community. Buro Happold is providing integrated engineering services for the museum, whose proposed layout requires a relaxed environmental design criteria in order to achieve a reduction in overall energy consumption.

The innovative design allows perimeter galleries with a flexible temperature range for occupant comfort and more stable artwork display, while more delicate art will be placed in interior galleries with tighter temperature and humidity controls.

### **Wimbledon Park, London, UK**

Wimbledon is one of the highlights of the British sporting year. But the historic site is relatively constrained compared to many other "Grand Slam" facilities. The All England Lawn Tennis Club (AELTC) is developing plans to maintain the world-famous event at the pinnacle of the sport, as well as providing year-round significant public benefits. The plans look to develop the land to the east of the existing site, currently a golf course, into a series of new tennis courts integrated sensitively into the landscape. The project will also see the creation of London's first new public park since the Queen Elizabeth Olympic Park opened almost a decade ago.

A multidisciplinary team from Buro Happold is supporting the client in the realisation of this transformational project, with expert input on everything from structural engineering, transport and mobility and specialist light to sustainability and biodiversity.

### **HY\_Live, Hanover, Germany**

When it was originally built as the Netherlands' pavilion for World Expo 2000, the HY\_Live building was one of the stand-out structures of the event, with rooftop turbines, mid level gardens and cable cars passing beside it. But without a plan for the building's use after the Expo, for more than two decades it stood empty, gradually falling into disrepair, and eventually being officially listed by the local government as a "ruin".

But the unique structure is now seen as a key stranded asset for the city that could be central to enabling the wider regeneration of the district. It is undergoing an ambitious transformation, which will see it turned into a vibrant mixed-use site. MVRDV, the Dutch architects that originally designed the pavilion, have developed a design that will transform the site into a place where

professionals can "live, learn and work". Buro Happold provided expert support around sustainability and campus creation advice, as well as collaborating closely with the client to achieve a DGNB District Pre-Certification.

### **Spring City 66, Kunming, China**

Taking inspiration from the city of Kunming's rich mercantile heritage, Spring City 66 is one of the largest commercial complexes in the area, drawing architectural inspiration from the surrounding landscape of western China. A 430,000m<sup>2</sup> development, located adjacent to two major pedestrian-friendly boulevards and metro lines, Spring City 66 will be dedicated to a lively combination of retail, restaurant, hotel and office spaces as well as luxury serviced apartments. Rising from the terraces will stand the monumental 330m office tower, which will become a new landmark for the capital of Yunnan province.

Buro Happold has been commissioned to provide expert advice on the ESG (environmental, social and governance) strategy and sustainability of the designs, ensuring the complex reaches the client's ambitions of achieving the LEED Gold Standard.

### **King Salman Park, Riyadh, Saudi Arabia**

King Salman Park will deliver a variety of environmental, cultural, sporting, artistic, and entertainment facilities to improve the quality of life in the city, supporting the realisation of Vision 2030 to create a vibrant and healthy society and boost the global ranking of Riyadh among the "world's top liveable cities".

The Park, being constructed on a former airfield, covers more than 16km<sup>2</sup> and is linked to several main roads, as well as the Public Transport Project that includes Riyadh's train and bus network, making it easily accessible for residents and visitors in Riyadh. A broad multidisciplinary team from across Buro Happold has been working on this stand-out, transformational project. A million trees will be planted, making it one of the world's largest urban parks, providing a wealth of greenery and open space for the people of Riyadh.

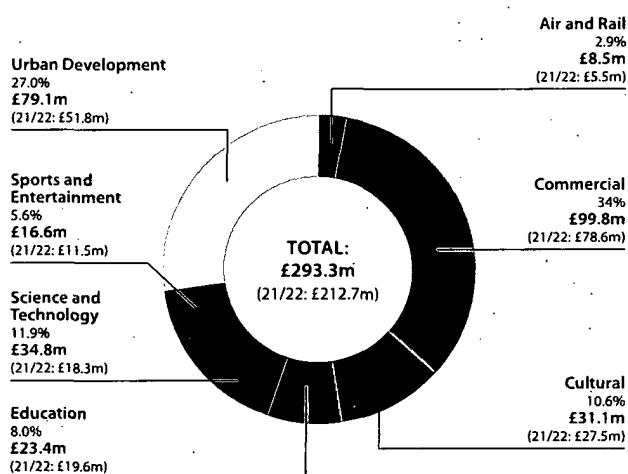
## Members' report (continued)

Year ended 30 April 2023

### Sector analysis

Holding a multi-sector portfolio continues to be 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 every sector.

Our place in sectors such as culture, science and technology, and education have been significantly reinforced in the past year and continue to grow.



Turnover by sector 2022/23

### Future developments

Turbulent economic times have become a new normal. 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 advisory; 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. The Global Board and Global Leadership team 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.

### 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 six 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.

#### 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.

## Members' report (continued)

Year ended 30 April 2023

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:

- **Bridges to Prosperity** – The Nyagakonyi River divides community life in the village of Rubete in rural Rwanda. Thousands rely on crossing the river to reach an array of critical resources and economic opportunities. But when the rain arrives the river becomes dangerous, and often deadly, to attempt crossing the makeshift wooden bridge that spans the gorge and river. In 2022 Buro Happold and WilkinsonEyre teamed up to work alongside the charity Bridges to Prosperity to help construct a new bridge that transformed community life. For 2023, a group from our Middle East team joined forces with collaborators from Gensler, to build another bridge vital to another Rwandan community, this time in the village of Kanyarusanga. These follow previous Bridges to Prosperity projects our teams worked on at Gatere and Gasiza in Rwanda in recent years.
- **Build It International** – 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. Build It has trained more than 1,500 unemployed Zambian men and women in a diverse range of construction skills. These new skills mean new opportunities for young people to find work, earn a living and provide for their families.
- **Holbeck Viaduct Community Green Space** – Holbeck Viaduct, in Leeds, has been disused since the 1980s. Now a community group is seeking to transform the 1.1 miles of former railway, set atop 92 Victorian archways, into a community garden and recreational space, taking inspiration from New York's High Line. A group of infrastructure, structures and sustainability experts from our Leeds office has been supporting the community group to develop a feasibility assessment and help to move the vision on to planning.
- **The Happold Foundation** – The charity is dedicated to using engineering skills and experience to make a positive impact on people's lives. The organisation works with young people, educators and researchers to shape a community of people who are driven to improve the built environment.

### 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:

	2023	2022	Change
Turnover (£'000)	293,285	212,691	38%
Adjusted operating profit (£'000)*	34,850	21,922	59%
Adjusted operating profit margin (%)*	12%	10%	2%
Adjusted EBITDA (£'000)*	39,789	26,562	50%
Net asset value (£'000)	40,821	34,833	17%
Cash (£'000)	29,004	19,478	49%
Turnover per employee (£'000)	123	104	18%
Average number of employees	2,393	2,049	17%
Days sales outstanding (DSO)	129	110	17%

\* Adjusted operating profit, operating profit margin and EBITDA are all shown before other operating (expense)/income as the members believe this assists with understanding the underlying performance of the group. DSO represents the average number of days it takes to receive payment for a sale.

### Financial performance

The group experienced a successful year with a 38% growth in turnover to £293.3m (2022: £212.7m) and a 50% increase in EBITDA to £39.8m (2022: £26.6m). The group generated the most significant proportion of turnover from projects located in the Middle East (44%), followed by the United Kingdom (23%).

The average number of employees increased 17%, with turnover generated per employee of £123,000 (2022: £104,000).

The group will always be subject to exchange rate fluctuations due to the global spread of our business. This has resulted in an exchange loss in the year of £2.9m (2022: gain of £3.7m). The fair value gain on foreign exchange forward contracts was £1.3m (2022: loss of £1.2m).

Cash increased 49% to £29.0m (2022: £19.5m) linked to the increase in cash generated from operating activities. Working capital management continues to remain a key focus for the group.

## Members' report (continued)

Year ended 30 April 2023

### 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, 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.

At year end, the group had a £20m multicurrency Revolving Credit Facility ('RCF') with HSBC UK, £13.1m (2022: £7.5m) of which was utilised at year end. Separately the Happold US entities have a \$5m line of credit with HSBC US, \$3.5m (2022: \$nil) of which was utilised at year end with a further \$1.4m 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.

Post year end, the group increased the RCF to £30m, with an additional £10m accordion option after 12 months (see note 28).

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 continues to regularly identify, evaluate and mitigate risks and uncertainties at both a Global and Regional level. Its focus remains on those risk areas which pose the greatest threat to the achievement of our strategy. Our mitigations seek to minimise the likelihood of those risks materialising and lessen the impact should they occur.

Each key risk area has a Risk Owner who is responsible for improving the control and management of the key risk by the development and implementation of new, and improvement of existing, systems, policies and procedures.

The Audit Committee has a risk oversight role and any matters of significance are brought to the Board. The group's key risks and associated mitigations are included below:

RISK AREA	MITIGATIONS
<b>Market</b> – We have continued to keep market risk under review. If economic downturns in any of our regions are deeper and/or longer than currently predicted there would be an impact 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.	We continue to monitor and manage regional and global targets for markets of concern and maintain adverse spread of portfolio and geographies.
<b>People</b> – Our ability to attract, retain and continuously develop 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 8 and engage our employees through various initiatives see page 14. Our appetite for challenging projects also helps ensure that we remain attractive as an employer.

## Members' report (continued)

Year ended 30 April 2023

RISK AREA	MITIGATIONS
<p><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.</p>	<p>We have invested in a 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. Internal Audit checks compliance with our Quality Management System.</p>
<p><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.</p>	<p>A bid/no bid assessment is carried out for all opportunities, where client, location, service type, contract terms, alignment to strategic goals, target profit, and any related risks, are considered. Approval to submit a bid must be obtained in accordance with the Global Authority Matrix. Such approval may be given subject to conditions which mitigate identified risks.</p>
<p><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..</p>	<p>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. We also roll out annual training / testing of employees and regular phishing tests.</p>
<p><b>Legal and 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.</p>	<p>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.</p>
<p><b>Climate Change</b> – The physical impact of increasingly frequent extreme weather events exacerbated by climate change can negatively impact company premises, operations, supply chains, and employee health and safety.</p> <p>In addition, changes to policy and regulation, technologies and markets from planned or potential responses to limiting global long-term temperature rise may result in varying levels of financial and reputational risk and also revenue opportunities from new and evolving climate-related design and advisory services.</p>	<p>Our Business Continuity Strategy, updated at least annually, includes an assessment of extreme weather related risks to company premises, operations and employees. Business Continuity Plans are in place at regional level to support reporting of incidents and mitigate risks and manage recovery. Climate change-related mitigation and adaptation considerations are included when leasing new office premises. We are well-positioned in our market to respond to and take advantage of climate change related policy, regulations and standards to enhance and develop climate change mitigation and adaptation services for our clients to support their own climate change mitigation and adaptation responses.</p>

## Members' report (continued)

Year ended 30 April 2023

### 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.

### Charitable donations

During the year, the group contributed £300,000 (2022: £241,000) 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 operating expenses 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, £2.0m (2022: £2.5m) 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.

## Members' report (continued)

Year ended 30 April 2023

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 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 judgements 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 10 August 2023 and signed on its behalf by:



O C P Plunkett  
Designated member

## Carbon and energy report

Year ended 30 April 2023

At Buro Happold, our vision is to enable our clients and partners to develop built environments that are 'better for people, places and planet'. Our design and engineering services have environmental sustainability as a key focus and we are continuing to grow our sustainability, environmental and climate change advisory services across environmental, social and governance (ESG), net zero carbon, climate resilience, circular economy, biodiversity and nature-based solutions and health, wellbeing and social value. We have invested over £1m in internal initiatives to accelerate our work in these areas through thought leadership, service development, tool development and dissemination of knowledge across all areas of the practice. Our influence also extends through the development of sustainability standards in partnership with sector bodies including the World Green Building Council (and its regional bodies) and C40 Cities, and through The Happold Foundation and Sharing Our Skills initiative on community sustainability projects.

Buro Happold has become one of the first companies to achieve validation for our Science based net zero decarbonisation targets

by the Science Based Targets Initiative (SBTi). Science-based targets enable us to work towards our long-term goal to achieve net zero operational greenhouse gas (GHG) emissions by 2045. Our near-term targets include reducing Scope 1 and 2 emissions by 21% by 2024/25 and Scope 3 commuting and business travel emissions by 52.6% per FTE by 2027/28 against a 2019/20 baseline. We have also set a target for engagement with our suppliers to encourage wider take-up of science-based emissions reduction targets within our supply chain.

Our Global Sustainability Report<sup>1</sup> 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.

GHG emissions and energy consumption for our UK operations for 2022/23 are outlined below with a comparison with the previous year and our baseline year of 2019/20.

### Our UK Carbon Footprint was as follows:

Type of Emission	2023 Tonnes of CO <sub>2e</sub>	2022 Tonnes of CO <sub>2e</sub>	2020 Tonnes of CO <sub>2e</sub>	2023 kWh	2022 kWh	2020 kWh
Scope 1 – Direct (Gas emission and owned transport)	138	195	120	755,582	1,066,766	632,744
Scope 2 – Indirect (Purchased electricity and heat)	186	148	538	896,687	698,005	1,000,347
Scope 3 – Indirect (Business travel, commuter travel)	1,418	529	2,006	4,686,157	1,186,559	5,855,550
Sub-total	1,742	872	2,664	6,338,426	2,951,330	7,488,641
Scope 2 – Renewable electricity energy emissions - market-based	(186)	(148)	(538)	-	-	-
Total	1,556	724	2,126	6,338,426	2,951,330	7,488,641
<b>Emissions Ratios (based on UK revenue and number of employees)</b>				<b>2023</b>	<b>2022</b>	<b>2020</b>
Tonnes of CO <sub>2e</sub> per £m revenue				10.61	7.04	20.57
Tonnes of CO <sub>2e</sub> per employee				1.28	0.64	2.20

### Methodology

GHG emissions are calculated in line with the GHG Protocol Corporate Accounting and Reporting Standard. Scope 1 and Scope 2 data is collated direct from meter readings or invoices. Scope 2 electricity emissions are reported under both the location and market-based methods in line with the HM Government Environmental Reporting Guidelines. 100% of electricity consumed directly by Buro Happold UK offices

is covered by Renewable Energy Guarantees of Origin (REGO) certificates. To calculate our Scope 3 travel consumption and emissions, we used travel data from our travel booking provider and employee mileage claims. Emissions totals include business and commuting travel. Energy consumption figures include business travel only. Emissions factors are derived from the 2023 UK Government GHG reporting conversion factors for the appropriate energy type.

<sup>1</sup> The Global Sustainability Report does not form part of these financial statements. The global report covering 30 April 2023 will be issued in Autumn 2023.



## Carbon and energy report (continued)

Year ended 30 April 2023

### Energy efficiency improvement measures undertaken during the year

In line with our Science-Based Targets for GHG Scope 1 and 2 emissions reductions, we have continued to identify opportunities for energy efficiency measures that also support productive, healthy and safe working environments. During FY23 measures have included:

- Ongoing office lighting replacement programme to upgrade to LED lighting with Passive Infrared (PIR) sensors where practicable.
- Office closures and part closures for low occupancy periods to reduce energy consumptions and emissions associated with space heating and lighting.
- Installation of electronic radiator thermostatic controls in our London office.
- Replacing gas-fired water heating calorifier with electric unit in our Bath office.
- Supporting employee active travel and lower emissions commuting with installation of electric vehicle and bicycle charge points.

2022/23 saw our Scope 1 total energy use reducing overall compared with the previous year driven by reduced gas usage from heating efficiency measures. Although total carbon emissions have reduced compared to our baseline year, they have increased in the last financial year due to a significant increase in business travel emissions associated with a continual rebound from Covid-period travel levels and business growth.

### Future energy efficiency improvement

Buro Happold will be carrying out energy audits across our UK offices during 2023/24 in line with Phase 3 of the Energy Savings Opportunity Scheme (ESOS) and to identify further measures to improve energy efficiency and reduce GHG emissions. These recommendations will be considered and incorporated within financial and operational planning for the 2024/25 financial year as part of our actions to achieve our near-term emissions reduction targets.

In the meantime, we are continuing with several energy efficiency and emissions reduction initiatives including:

- Rolling out carbon awareness training covering the main sources of emissions and how employees can make positive contributions to reducing these through their roles.
- Working through regional management teams to review business travel emissions and continuing to encourage 'climate-conscious' business travel choices.

- Including energy efficiency and GHG emissions as key material factors in the selection of new or replacement office space/buildings. An example of this is consolidating our two London offices into one new office, which has an 'A' EPC (Energy Performance Certificates) rating and BREEAM (Building Research Establishment Environmental Assessment Methodology) Outstanding rating.
- Office lighting upgrade programme for our Manchester office.
- Managing our office capacity across the UK to ensure that we are utilising our offices to the most efficient levels by regularly monitoring energy consumption.
- Working with key suppliers and external partners to support emissions reduction in our wider supply chain.
- Publishing 'thought leadership' articles and participating in third-party events and publications to drive and enable energy efficiency and emissions reduction in the built environment sector. This includes publication of the Buro Happold Net Zero Roadmap to drive the measures we take to continue to reduce our own operational energy use and emissions alongside supporting our clients to reduce embodied and operational energy consumption and emissions through our projects.

The list of designated members can be found in the members report on page 8. 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 10 August 2023 and signed on their behalf by:



O C P Plunkett  
Designated member

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

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### 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 2023 and of the Group's profit and the Limited Liability Partnership's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 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 2023 which comprise the Consolidated statement of comprehensive income, the Consolidated statement of financial position, the Limited Liability Partnership statement of financial position, the Consolidated reconciliation of members' interests, the Limited Liability Partnership reconciliation of members' interests, 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 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 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, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

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

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

In the light of the knowledge and understanding of the Group and the Limited Liability Partnership and its environment obtained in the course of the audit, we have not identified material misstatements in the Members' report.

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 by the Limited Liability Partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- the Limited Liability Partnership financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Members' remuneration specified by law are not made; 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 the Limited Liability Partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Members either intend to liquidate the Group or the Limited Liability Partnership 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.

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

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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.

**10 August 2023**

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 2023

	Note	2023 £'000	2022 £'000
<b>Turnover</b>	3	293,285	212,691
Operating expenses		<u>(258,435)</u>	<u>(190,769)</u>
<b>Operating profit before other operating (expense)/income</b>		34,850	21,922
Other operating (expense)/income	4	<u>(1,571)</u>	<u>3,914</u>
<b>Operating profit before interest</b>		33,279	25,836
Fair value gains/(losses) on foreign exchange contracts		1,318	(1,212)
Interest receivable and similar income	9	28	42
Interest payable and similar expenses	10	<u>(768)</u>	<u>(274)</u>
<b>Profit before taxation</b>	5	33,857	24,392
Tax on profit	11	<u>(3,578)</u>	<u>(1,986)</u>
<b>Profit for the financial year before members' remuneration and profit shares</b>		30,279	22,406
Members' remuneration charged as an expense	8	<u>(15,957)</u>	<u>(12,573)</u>
<b>Profit for the financial year available for discretionary division among members</b>		<u>14,322</u>	<u>9,833</u>
<b>Other comprehensive income/(expense)</b>			
Currency translation differences		<u>326</u>	<u>(318)</u>
<b>Total comprehensive income</b>		<u>14,648</u>	<u>9,515</u>

All amounts relate to continuing operations.

The notes on pages 29 to 52 form part of these financial statements.

## Consolidated statement of financial position

At 30 April 2023

	Note	2023		2022	
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Intangible assets	12		5,626		7,687
Tangible assets	13		6,729		4,623
Investments	14		<u>2</u>		<u>2</u>
			12,357		12,312
<b>Current assets</b>					
Debtors due within one year	16	145,233		100,441	
Amounts due from members		62		2,938	
Cash at bank and in hand		<u>29,004</u>		<u>19,478</u>	
		174,299		122,857	
<b>Creditors:</b>					
Amounts falling due within one year	17	<u>(129,473)</u>		<u>(85,612)</u>	
<b>Net current assets</b>			<u>44,826</u>		<u>37,245</u>
<b>Total assets less current liabilities</b>			57,183		49,557
<b>Creditors:</b>					
Amounts falling due after more than one year	18		(5,734)		(5,731)
<b>Provisions for liabilities</b>					
Other provisions	20		<u>(10,628)</u>		<u>(8,993)</u>
<b>Net assets attributable to members</b>			<u>40,821</u>		<u>34,833</u>

The notes on pages 29 to 52 form part of these financial statements.

## Consolidated statement of financial position (continued)

At 30 April 2023

	Note	2023		2022	
		£'000	£'000	£'000	£'000
<b>Represented by:</b>					
<b>Loans and other debts due to members</b>					
Members' capital classified as a liability		16,271		14,352	
Amounts due to members		<u>9,902</u>		<u>10,966</u>	
	21		26,173		25,318
<b>Members' other interests</b>					
Other reserves			<u>14,648</u>		<u>9,515</u>
			<u>40,821</u>		<u>34,833</u>
<b>Total members' interests</b>					
Amounts due from members	21		(62)		(2,938)
Loans and other debts due to members	21		26,173		25,318
Members' other interests			<u>14,648</u>		<u>9,515</u>
			<u>40,759</u>		<u>31,895</u>

The financial statements were approved by the members and authorised for issue on 10 August 2023 and are signed on their behalf by:



O C P Plunkett  
Designated member

The notes on pages 29 to 52 form part of these financial statements.

## LLP statement of financial position

At 30 April 2023

	Note	2023		2022	
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Investments	14		29,317		29,317
<b>Current assets</b>					
Debtors	16	16,951		15,577	
Amounts due from members	21	8,483		5,881	
Cash at bank and in hand		452		52	
		<u>25,886</u>		<u>21,510</u>	
<b>Creditors:</b>					
Amounts falling due within one year	17	<u>(12,113)</u>		<u>(10,890)</u>	
<b>Net current assets</b>			<u>13,773</u>		<u>10,620</u>
<b>Total assets less current liabilities</b>			<u>43,090</u>		<u>39,937</u>
<b>Provisions for liabilities</b>					
Other provisions	20		<u>(941)</u>		<u>(1,984)</u>
<b>Net assets attributable to members</b>			<u>42,149</u>		<u>37,953</u>

The notes on pages 29 to 52 form part of these financial statements.



## LLP statement of financial position (continued)

At 30 April 2023

	Note	2023	2022
		£'000	£'000
<b>Represented by:</b>			
<b>Loans and other debts due to members</b>			
Members' capital classified as a liability		16,271	14,352
Amounts due to members		11,556	13,768
	21	27,827	28,120
<b>Members' other interests</b>			
Other reserves		14,322	9,833
		42,149	37,953
<b>Total members' interests</b>			
Amount due from members	21	(8,483)	(5,881)
Loans and other debts due to members	21	27,827	28,120
Members' other interests		14,322	9,833
		33,666	32,072

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 £13,027,000 (2022: £13,782,000).

The financial statements were approved by the members and authorised for issue on 10 August 2023 and are signed on their behalf by:



O C Plunkett  
Designated member

The notes on pages 29 to 52 form part of these financial statements.

## Consolidated reconciliation of members' interests

Year ended 30 April 2023

	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 2021</b>	5,360	20,357	11,719	32,076
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>
<b>Members' interests: at 1 May 2022</b>				
Members' remuneration charged as an expense, including employment and retirement benefits	-	-	15,957	15,957
Profit for the year available for discretionary division among members	14,322	-	-	14,322
	23,837	14,352	23,985	62,174
Allocation of prior year profit	(9,515)	-	9,515	-
Amounts introduced by members	-	2,639	-	2,639
Transfer to provision for retired members	-	(720)	(700)	(1,420)
Amounts withdrawn by members	-	-	(22,960)	(22,960)
Currency translation differences	326	-	-	326
<b>Members' interests: at 30 April 2023</b>	<b>14,648</b>	<b>16,271</b>	<b>9,840</b>	<b>40,759</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 29 to 52 form part of these financial statements.

## LLP reconciliation of members' interests

Year ended 30 April 2023

	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 2021</b>	5,486	20,357	12,155	32,512
Members' remuneration charged as an expense, including employment and retirement benefits	-	-	12,572	12,572
	5,486	20,357	24,727	50,570
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>32,072</b>
<b>Members' interests: at 1 May 2022</b>				
Members' remuneration charged as an expense, including employment and retirement benefits	-	-	15,957	15,957
	9,833	14,352	23,844	48,029
Allocation of profit	4,489	-	(4,489)	-
Amounts introduced by members	-	2,639	-	2,639
Transfer to provision for retired members	-	(720)	(700)	(1,420)
Amounts withdrawn by members	-	-	(12,652)	(12,652)
Other movements	-	-	(2,930)	(2,930)
<b>Members' interests: at 30 April 2023</b>	<b>14,322</b>	<b>16,271</b>	<b>3,073</b>	<b>33,666</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 29 to 52 form part of these financial statements.

## Consolidated cash flow statement

Year ended 30 April 2023

	Note	2023 £'000	2022 £'000
<b>Operating activities</b>			
Cash generated from operations	23	30,728	21,047
Taxation		(1,792)	(1,797)
<b>Net cash from operating activities</b>		<b>28,946</b>	<b>19,250</b>
<b>Investing activities</b>			
Purchase of subsidiaries (net of cash acquired)		-	(3,767)
Purchase of intangible fixed assets	12	(416)	(541)
Disposal of intangible fixed assets	12	-	94
Purchase of tangible fixed assets	13	(4,561)	(2,834)
Disposal of tangible fixed assets	13	3	45
Purchase of unlisted and other investments		-	(2)
Interest received		28	42
<b>Net cash used in investing activities</b>		<b>(4,946)</b>	<b>(6,963)</b>
<b>Financing activities</b>			
Interest paid		(768)	(274)
Receipt of revolving credit facility		8,352	7,500
Capital introduced by members		2,640	2,123
Payments to members		(22,960)	(27,938)
Payments to former members	20	(2,464)	(3,815)
<b>Net cash used in financing activities</b>		<b>(15,200)</b>	<b>(22,404)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>8,790</b>	<b>(10,117)</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>19,478</b>	<b>29,123</b>
Effect of foreign exchange rate changes		736	472
<b>Cash and cash equivalents at end of year</b>		<b>29,004</b>	<b>19,478</b>
Cash and cash equivalents consists of:			
Cash at bank and in hand		29,004	19,478
Overdrafts included in creditors:			
amounts falling due within one year	17	-	-
<b>Cash and cash equivalents</b>		<b>29,004</b>	<b>19,478</b>

The notes on pages 29 to 52 form part of these financial statements.

# Notes to the financial statements

Year ended 30 April 2023

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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 8.

## 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, 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.

At year end, the group had a £20m multicurrency Revolving Credit Facility ('RCF') with HSBC UK, £13.1m (2022: £7.5m) of which was utilised at year end. Separately the Happold US entities have a \$5m line of credit with HSBC US, \$3.5m (2022: \$nil) of which was utilised at year end with a further \$1.4m 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.

Post year end the group increased the RCF to £30m, with an additional £10m accordion option after 12 months (see note 28).

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.

## Accounting policies (continued)

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.

### 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.

## Accounting policies (continued)

### *Deferred taxation*

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax 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.



## Accounting policies (continued)

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

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

### 1.15 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.

## Accounting policies (continued)

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### *Defined contribution pension plan*

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

### 1.19 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

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

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

### *Revenue recognition*

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

### *Impairment of debtors*

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

### *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.

### *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.

### 3 Segmental analysis

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

Turnover	2023	2022
	£'000	£'000
Cities	44,137	34,564
Europe	30,229	20,501
India	4,807	3,921
Middle East	44,281	27,340
United Kingdom, Hong Kong and China	98,535	71,892
United States	71,296	54,473
	<u>293,285</u>	<u>212,691</u>

A geographical analysis of turnover by destination is as follows:

Turnover	2023	2022
	£'000	£'000
UK	67,200	58,144
Europe	29,277	21,265
Middle East	130,297	74,788
United States	54,636	49,958
Rest of the World	11,875	8,536
	<u>293,285</u>	<u>212,691</u>

An analysis of turnover by sector is as follows:

Turnover	2023	2022
	£'000	£'000
Air and Rail	8,513	5,506
Commercial	99,764	78,575
Cultural	31,123	27,524
Education	23,448	19,557
Science and Technology	34,775	18,256
Sports and Entertainment	16,560	11,465
Urban Development	79,102	51,808
	<u>293,285</u>	<u>212,691</u>

## 4 Other operating (expense)/income

	2023	2022
	£'000	£'000
Foreign exchange (loss)/gain	(2,904)	3,688
Rental income	719	83
Grant income	-	13
Research and development tax credit	614	130
	<u>(1,571)</u>	<u>3,914</u>

## 5 Profit before taxation

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

	2023	2022
	£'000	£'000
Fair value (gain)/loss on foreign exchange contracts	(1,318)	1,212
Depreciation of tangible fixed assets	2,437	2,359
Profit on disposal of tangible fixed assets	(5)	(26)
Amortisation of intangible assets	2,502	2,281
Operating lease rentals:		
– land and buildings	7,059	5,974
– other operating leases	1,398	1,106
Foreign exchange loss/(gain)	2,904	(3,688)
Research and development expenditure written off	2,000	2,500
Research and development tax credit	(614)	(130)
Impairment loss on trade receivables	1,949	1,202
Adjusted EBITDA *	<u>39,789</u>	<u>26,562</u>

\* Adjusted EBITDA is shown before other operating (expense)/income as the members believe this assists with understanding the underlying performance of the group.

## 6 Auditor's remuneration

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

	2023	2022
	£'000	£'000
Audit services – statutory audit of LLP and consolidated accounts	66	58
Other services:		
Audit services – statutory audit of subsidiaries	286	268
Taxation advisory services	3	2
All other non-audit services	4	4

## 7 Staff costs

Staff costs were as follows:

	2023	2022
	£'000	£'000
Wages and salaries	135,958	103,186
Social security costs	13,452	10,344
Other pension costs	9,297	7,228
	<u>158,707</u>	<u>120,758</u>

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

	2023	2022
	No.	No.
Technical staff	1,877	1,614
Support staff	516	435
	<u>2,393</u>	<u>2,049</u>

## 8 Members' remuneration

	2023	2022
	No.	No.
The average number of members during the year was	82	72
	£'000	£'000
Profit attributable to the member with the largest entitlement	642	605
<p>The total remuneration of the members, who are considered to be the key management personnel of the group, was £30.2m (2022: £22.4m).</p> <p>Members' remuneration charged as an expense amounted to £16.0m (2022: £12.6m).</p>		

## 9 Interest receivable

	2023	2022
	£'000	£'000
Other interest receivable	28	42

## 10 Interest payable and similar charges

	2023	2022
	£'000	£'000
On bank loans and overdrafts	68	-
Other interest payable	700	274
	768	274

## 11 Tax charge on profit

	2023 £'000	2022 £'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	2,017	134
Overseas taxation	1,977	797
Double tax relief	(1,021)	
Adjustments in respect of prior years	134	(422)
<b>Total current tax</b>	<b>3,107</b>	<b>509</b>
<b>Deferred tax (see note 19)</b>		
Origination and reversal of timing differences	469	1,563
Effect of tax rate change on opening balance	133	(77)
Adjustments in respect of prior years	(131)	(9)
<b>Total deferred tax</b>	<b>471</b>	<b>1,477</b>
<b>Tax charge on profit</b>	<b>3,578</b>	<b>1,986</b>



## 11 Tax charge on profit (continued)

### Factors affecting tax charge for the year

The tax assessed for the year is lower (2022 – lower) than the standard rate of corporation tax in the UK of 19.49% (2022 – 19.00%).

The differences are explained below:

	2023	2022
	£'000	£'000
Profit before tax	33,857	24,392
Profit multiplied by standard rate of corporation tax in the UK of 19.49% (2022 – 19.00%)	6,600	4,634
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill, amortisation and impairment	439	218
Ineligible fixed asset expenditure	225	167
Fixed asset differences	(108)	-
Other timing differences	7	(76)
Non taxable income	(4,546)	(4,154)
Unrelieved tax losses carried forward	70	567
Foreign taxes at different rates	1,628	180
Foreign tax credits	(1,022)	(199)
Other taxes	10	227
Research and development tax credit	(65)	-
Adjust closing deferred tax to average rate	134	(77)
Adjustments in respect of prior periods	3	(431)
Deferred tax not recognised	203	930
<b>Total tax charge for the year</b>	<b>3,578</b>	<b>1,986</b>

### Factors that may affect future tax charges

The corporation tax rate increased 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 2022	7,690	4,196	11,886
Additions	-	416	416
Disposals	-	(84)	(84)
Effect of exchange rate movement	1	2	3
At 30 April 2023	7,691	4,530	12,221
<b>Amortisation</b>			
At 1 May 2022	1,520	2,679	4,199
Charge for year	1,540	962	2,502
Disposals	-	(84)	(84)
Effect of exchange rate movement	(25)	3	(22)
At 30 April 2023	3,035	3,560	6,595
<b>Net book value</b>			
At 30 April 2023	4,656	970	5,626
At 30 April 2022	6,170	1,517	7,687

The amortisation charge for the year is recognised within operating expenses.

## 13 Tangible fixed assets

	Leasehold improvements	Fixtures, fittings and equipment	Total
	£'000	£'000	£'000
<b>Group</b>			
<b>Cost</b>			
At 1 May 2022	7,638	9,899	17,537
Additions	1,430	3,131	4,561
Disposals		(1,099)	(1,099)
Effect of exchange rate movement	1	9	10
At 30 April 2023	9,069	11,940	21,009
<b>Depreciation</b>			
At 1 May 2022	6,205	6,709	12,914
Charge for year	590	1,847	2,437
On disposals		(1,102)	(1,102)
Effect of exchange rate movement	18	13	31
At 30 April 2023	6,813	7,467	14,280
<b>Net book value</b>			
At 30 April 2023	2,256	4,473	6,729
At 30 April 2022	1,433	3,190	4,623

## 14 Fixed asset investments

	Unlisted investments
	£'000
<b>Group</b>	
<b>Cost</b>	
At 1 May 2022 and at 30 April 2023	<u>2</u>

The group has an investment of £2,252 in VAAR Ltd 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 2022 and at 30 April 2023	<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
Buro Happold 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
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	(b)	Camden Mill, Bath, BA2 3DQ
Buro Happold Inc	USA	(b)	100 Broadway, New York
Happold Holdings (NA) Inc	USA	(b)	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	(c)	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
- (b) Management services company
- (c) 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 2023, 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	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Trade debtors	105,533	64,242	-	-
Other debtors	4,688	3,432	-	-
Corporation tax	521	800	-	-
Prepayments and accrued income	6,066	9,242	-	-
Foreign currency forward contracts	240	-	-	-
Amounts recoverable on long term contracts	29,185	21,218	-	-
Amounts owed by group undertakings	-	-	16,951	15,577
Deferred tax asset (see note 19)	1,000	1,507	-	-
	<u>145,233</u>	<u>100,441</u>	<u>16,951</u>	<u>15,577</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	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	15,852	7,500	-	-
Payments on account	64,868	31,957	-	-
Trade creditors	11,301	8,218	-	-
Corporation tax	2,984	2,688	-	-
Other taxation and social security costs	5,424	3,611	-	-
Deferred consideration	63	63	-	-
Contingent consideration	1,977	2,076	-	-
Other creditors	1,492	1,251	-	-
Amounts owed to group undertakings	-	-	12,113	10,890
Foreign currency forward contracts	-	1,079	-	-
Accruals and deferred income	25,512	27,169	-	-
	<u>129,473</u>	<u>85,612</u>	<u>12,113</u>	<u>10,890</u>

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

	Group	
	2023	2022
	£'000	£'000
Deferred consideration		63
Contingent consideration	1,644	2,066
Other creditors	4,090	3,602
	<u>5,734</u>	<u>5,731</u>

## 19 Deferred taxation

	Group	
	2023	2022
	£'000	£'000
At beginning of year	1,507	2,597
Charge for the year	(471)	(1,477)
Exchange movement	(36)	387
At end of year	<u>1,000</u>	<u>1,507</u>

Deferred taxation is made up as follows:

	Group	
	2023	2022
	£'000	£'000
Accelerated capital allowances and cash basis timing differences	9	153
Tax losses brought forward	-	148
Accruals and other amounts deductible when paid	584	275
Other timing differences	407	931
	<u>1,000</u>	<u>1,507</u>
Amount held in debtors	<u>1,000</u>	<u>1,507</u>

## 20 Provisions

	Former members' payments	Professional indemnity insurance	Loss making contracts	Dilapidation	Total
Group	£'000	£'000	£'000	£'000	£'000
At 1 May 2022	1,984	3,658	1,980	1,371	8,993
Additions	1,421	2,179	1,292	1,014	5,906
Utilised/released in the year	(2,464)	(700)	(1,097)	-	(4,261)
Foreign exchange	-	4	(14)	-	(10)
At 30 April 2023	941	5,141	2,161	2,385	10,628

### Former members' payments

This is a provision for payments due to former members.

### Professional indemnity insurance

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

### Loss making contracts

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

### Dilapidation

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

### LLP

£'000

At 1 May 2022	1,984
Additions	1,421
Utilised in the year	(2,464)
At 30 April 2023	941

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

	2023	2022
	£'000	£'000
Within 1 year	941	1,743
Between 2 and 5 years	-	241
	941	1,984



## 21 Loans and other debts due to members

	Group		LLP	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Member capital treated as debt	(16,271)	(14,352)	(16,271)	(14,352)
Amounts due from members	62	2,938	8,483	5,881
Amounts due to members	(9,902)	(10,966)	(11,556)	(13,768)
	<u>(26,111)</u>	<u>(22,380)</u>	<u>(19,344)</u>	<u>(22,239)</u>

## 22 Financial instruments

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

	Group		LLP	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
<b>Financial assets</b>				
Measured at amortised cost	132,718	86,908	16,952	15,577
Measured at fair value through profit or loss	240	-	-	-
Measured at cost less impairment	2	2	29,317	29,317
	<u>132,960</u>	<u>86,910</u>	<u>46,269</u>	<u>44,894</u>
<b>Financial liabilities</b>				
Measured at amortised cost	(52,665)	(44,228)	(12,113)	(10,890)
Measured at fair value through profit or loss	-	(1,078)	-	-
	<u>(52,665)</u>	<u>(45,306)</u>	<u>(12,113)</u>	<u>(10,890)</u>

### 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:

	2023	2022
	'000	'000
US Dollars	3,000	3,150
Saudi Riyals	-	40,005

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

	2023	2022
	£'000	£'000
Profit for the financial year before members' remuneration	30,279	22,406
Tax on profit	3,577	1,986
Interest receivable	(28)	(42)
Interest payable	768	274
Fair value (gain)/loss on foreign exchange contracts	(1,319)	1,212
<b>Operating profit before interest</b>	<b>33,277</b>	<b>25,836</b>
Amortisation of intangible fixed assets	2,502	2,333
Depreciation of tangible fixed assets	2,437	3,223
Foreign exchange loss/(gain)	233	(2,033)
Increase in provisions	4,109	2,111
Transfer to provision for former members	(1,421)	(1,812)
Gain on disposal of tangible fixed assets	(5)	(26)
<b>Working capital movements:</b>		
Increase in debtors	(47,125)	(19,712)
Increase in creditors	36,721	11,127
<b>Net cash inflow from operating activities</b>	<b>30,728</b>	<b>21,047</b>

## 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 £9,297,000 (2022: £7,228,000). At the year-end £749,000 (2022: £597,000) was included in other creditors.

## 25 Operating lease commitments

At 30 April 2023 the group had total future minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
<b>GROUP PAYMENTS DUE:</b>				
Within 1 year	8,360	5,839	1,447	1,359
Between 2 and 5 years	22,050	10,900	1,394	2,249
After more than 5 years	533	4,054	-	-
	<b>30,943</b>	<b>20,793</b>	<b>2,841</b>	<b>3,608</b>

## 26 Related party transactions

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 (2022: £190,000) were made by Buro Happold Engineers Limited to the Bread Street property trust. No balances were outstanding at year end (2022: £nil).

During the year the group contributed £300,000 (2022: £241,000) 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 Contingent liabilities

As a part of the ordinary business activities of the group, claims may arise in relation to work it undertakes.

These claims are continually assessed and where required a provision is recognised (see note 20).

Where the company believes it has acted properly, has robust defences for such claims or if insufficient information is available to assess the extent of the claim no provision is made.

## 28 Post balance sheet event

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On 14 July 2023 the group increased the Revolving Credit Facility with HSBC UK to £30m, with an additional £10m accordion option after 12 months. There are no changes to the financial covenants as a result of this change.

## 29 Controlling party

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

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# **BURO HAPPOLD**

## **Contact**

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