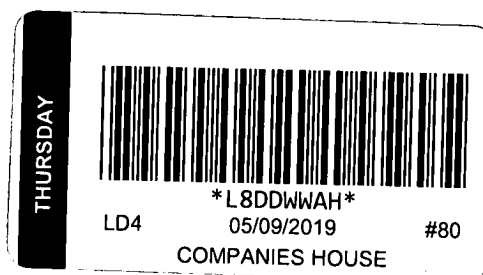


No 01644989

**Foster + Partners Limited**  
**Annual Report & Financial Statements**  
**For the year ended 30 April 2019**

Registered Office:

Riverside Three  
22 Hester Road  
London  
SW11 4AN



# **Foster + Partners Limited**

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### **For the year ended 30 April 2019**

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**Foster + Partners Limited**  
**Company information**  
**For the year ended 30 April 2019**

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Board of directors	Lord Foster of Thames Bank, OM S Behling G A Brooker N V Dancey S T de Grey CBE G P Evenden L K Fox D B Nelson M A Streets D A Summerfield
Registered office	Riverside Three 22 Hester Road London, SW11 4AN
Bankers	HSBC Bank Plc 8 Canada Square London, E14 5HQ  Lloyds TSB Bank Plc Threadneedle Street Branch 39 Threadneedle Street London, EC2R 8AU  The Royal Bank of Scotland Plc 250 Bishopsgate London, EC2M 4AA
Solicitors	DWF Fishburns 20 Fenchurch Street London, EC3M 3NG  Travers Smith 10 Snow Hill London, EC1A 2AL
Independent auditors	PricewaterhouseCoopers LLP Chartered accountants and statutory auditors 1 Embankment Place London, WC2N 6RH
Registered number	01644989

# **Foster + Partners Limited**

## **Strategic report**

### **For the year ended 30 April 2019**

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#### **Business description**

Foster + Partners Limited ("Foster + Partners") is the main trading entity of a group of companies headed by Foster + Partners Group Limited ("the Practice"). Foster + Partners is the leading global design practice covering every aspect of design including; architecture, interior and product design, engineering, project management, research, sustainability, urban design, master-planning, and workplace consultancy. We pursue innovative solutions to current day and future demands including but not limited to conserving environmental resources, creating signature buildings and enhancing the local environment in which our projects are located.

Foster + Partners is unique in the world as a design practice. We are constantly challenging; in our integrated design services; in new technologies – sustainable modelling, materials selection, 3D printing and through our research-based approach to creative urban and building design all informed by hard analysis.

Founded five decades ago in 1967 the Practice has key offices in London, Abu Dhabi, Beijing, Dubai, Hong Kong, Madrid, New York, San Francisco, Shanghai and Sydney. The Company's projects are geographically diversified with projects outside the UK generating 90% of revenues (see Note 4 to the financial statements). Through the extensive use of technology and with the oversight of the design board, the London campus retains control of the design process and houses approximately 80% of the Practice's employees.

#### **Review of the year**

The past year has seen many highlights as Foster + Partners moves from strength to strength with turnover increasing by more than 20%. Two new offices have opened in Shenzhen and Dubai, and the number of employees working in San Francisco, Singapore and Shanghai has grown, with the latter two moving into larger premises. Last year's comprehensive redesign of the practice website was rewarded with wins for best use of video and best overall website at the Archiboo Web Awards 2018.

For the eighth year in a row, the practice retained the top spot in the annual AJ100 survey of the UK's largest architectural practices and has continued to be recognised as a 'Top Employer' for the third year running. The practice also received the most nominations from its peers for Most Admired Architect in the 2019 AJ100 survey. Our wellbeing and learning and development training programmes have been greatly expanded this year and we have established several diversity and inclusion forums including LGBT+, Womens and Parents Forums. We have sponsored several architecture schools, engineering organisations and the LGBT+ Architecture group during the year.

Our recently completed Bloomberg headquarters in the City of London won the most prestigious award for architecture in the UK, the RIBA Stirling Prize. Foster + Partners is the only practice to have won it three times, with the American Air Museum in Duxford and 30 St Mary's Axe in London, being previous winners. Other multi-award-winning projects include The Murray and Ocean Terminal Extension in Hong Kong, Arcoris Mont' Kiara in Kuala Lumpur, Central Park in Sydney and Apple stores in Chicago and Singapore, bringing the total to 56 for the year and the historic total of awards won by the practice now stands at 912.

# **Foster + Partners Limited**

## **Strategic report (continued)**

### **For the year ended 30 April 2019**

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#### **Review of the year (continued)**

During 2018-19 we completed 15 projects across the world, from the West Coast of USA to Hong Kong in the east. Several award-winning Apple flagship stores around the world opened this year and Apple Park in Cupertino is now fully occupied and operational. This year also saw the completion of the Norton Museum of Art, a project that has transformed the existing assemblage of Art Deco buildings into a world-class cultural destination within a sub-tropical garden setting. We also completed our first project in Panama, a new terminal at Tocumen Airport, establishing an important new hub for the Americas. From the scale of the masterplan for Central Park Precinct and DUO in Sydney, to the LG OLED Rollable TV, the range of this year's completed projects illustrates the diversity of the practice's output. We launched six innovative products including furniture and lighting at the Milan Fair during the Spring.

Foster + Partners was part of the first ever Pavilion of the Holy See, representing the Vatican, at the 2018 Venice Architecture Biennale, which attracted huge attention throughout the Biennale and has now found a permanent home at the Cini Foundation Gardens in Venice. In Philadelphia, work continues on the new Comcast Innovation and Technology Centre, a 341-metre tower with loft-like work spaces and state-of-the-art television studios for NBC at the base, and a 12-storey Four Seasons Hotel above, which will be the city's tallest building. Several art commissions that are an integral part of the project were unveiled this year, and the hotel will open for bookings this year.

The various collaborative research projects that we have been involved in over the past year demonstrate the practice's continuing commitment to research, including the LASSIM project that investigates the possibilities of 3D printing with metal with a consortium of ten partner companies across the globe, including BAE Systems and Autodesk. We continue to support four researchers as part of the InnoChain network, examining how advances in digital design tools challenge building culture enabling sustainable, informed and materially smart design solutions.

We have won several design competitions this year including the new JP Morgan Chase Headquarters on Park Avenue in New York. We are designing several city masterplans in China and the United States and healthcare remains a compelling sector for us across the globe.

#### **Corporate restructuring**

On 27th June 2019 at an extraordinary general meeting, the shareholders of the Ultimate Parent Company approved a corporate reorganisation and financial restructuring of the group of companies (the "Group") headed by the Ultimate Parent and which includes the Company. The aim of the restructure is to widen the Group's shareholder base, transfer ownership of the practice amongst new and existing partners and provide a sustainable incentive framework for the future whilst remaining 100% owned by the partners. The restructure took place on 2nd July 2019 and involved a newly incorporated company becoming the new ultimate parent of the Company by the acquisition of the entire share capital of the Ultimate Parent, for a combination of cash and shares in the new ultimate parent. The financial restructure involved the repayment of the Group's existing bank debt and its replacement with new banking facilities provided by the Group's existing bankers.

# Foster + Partners Limited

## Strategic report (continued)

### For the year ended 30 April 2019

#### Financial overview and key performance indicators

The Company continues to perform strongly, turnover rose to £202.0m (2018: £165.8m) and gross profit to £107.0m (2018: £88.6m), EBITDA before partnership payment and exceptionals<sup>1</sup> grew to £55.6m (2018: £47.3m). The average head count increased to 1,099 (2018: 1,075) with turnover per employee remaining high in the UK for architects according to industry surveys.

	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Gross turnover	201,991	165,831	194,273
EBITDA before exceptional items and before partnership payment <sup>1</sup>	55,566	47,316	38,416
Partnership payment <sup>1</sup>	(28,881)	(23,369)	(7,000)
EBITDA before exceptional items <sup>2</sup>	26,685	23,947	31,416
Turnover per employee	184	154	159
Average number of employees	1,099	1,075	1,224

The income statement is set out on page 15 and shows a profit before income tax of £27.5m (2018: £32.9m) and a post-tax profit of £20.1m (2018: £26.2m) for the year. It is proposed that the profit for the financial year of £20.1m (2018: £26.2m) is transferred to reserves.

During the year the Company received dividends from its immediate subsidiary undertakings totalling £2.9m (2018: £11.7m).

As at 30 April 2019, the Company had cash of £55.2m (2018: £37.6m).

<sup>1</sup>Partnership payments are described in more detail in Note 7.

<sup>2</sup>EBITDA refers to operating profit before depreciation and amortisation. Operating profit was £24.4m for the year (2018: £21.2m). The depreciation and amortisation charge for the year was £2.3m (2018: £2.9m).

# **Foster + Partners Limited**

## **Strategic report (continued)**

### **For the year ended 30 April 2019**

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#### **Corporate Social and Environmental Responsibility**

There were two comprehensive exhibitions of the Foster + Partners' work at the Tsinghua Art Museum in Beijing and the Dubai Design District addressing the urgent subject of sustainability and how Foster + Partners is addressing the issue. To that end, we participated at the Davos conference on global warming and were founding signatories of the 'Architects Declare' initiative which pledges to bring built environment practices together to tackle the 'twin crises of climate breakdown and biodiversity loss'.

We continue to open our doors to the public regularly and this year's Open House weekend saw a record 4,000 visitors. Visitors were treated to an overview of the practice's work through a varied display of recent projects, an exhibition showcasing our commitment to sustainability, and a range of interactive workshops that gave insights into the broad range of work at Foster + Partners. More than 800 walkers visited the studio as part of the charity fundraising event – Maggie's Culture Crawl. The practice also held a workshop at the recently completed Ashburnham School playground in West London, as well as partnering with Open Cities on their Architecture in Schools programme, organising a visit to City Hall for school children. As part of the 'Architecture Trailblazer' – a group of architectural practices that have come together to create the UK's first architecture apprentice scheme. We had our first intake of four students in September 2018 who are pursuing their apprenticeships in partnership with Oxford Brookes University.

#### **Principal risks**

The management of the business and the execution of the Company's strategy are subject to a number of risks. These include but are not limited to:

- Attracting and retaining staff of the appropriate calibre;
- The global demand for construction projects;
- Treasury and financial risks; and
- Competition within the sector.

Each risk is addressed under the relevant heading below.

#### **Attracting & retaining staff**

The Company mitigates staff related risks through its commitment to creating an environment which will attract, retain and motivate employees of high calibre, taking into account the specific requirements of the Company's businesses.

The Company's commitment to training and development is endorsed in the form of a Performance and Development Review Scheme, which forms part of the ongoing process of employee development.

# **Foster + Partners Limited**

## **Strategic report (continued)**

### **For the year ended 30 April 2019**

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#### **Global demand for construction projects**

The Company mitigates the risk of fluctuating global demand by constantly monitoring the pipeline of work (contracted projects and potential projects) including analysis by region, work type and value and projecting the demand for staff of the appropriate technical ability accordingly. This monitoring process, coupled with feedback from clients, potential clients and other key business contacts, also provides management with a sense of the competitive environment with which to influence, as necessary, business decisions. Trading results, projections and economic indicators are continually monitored which allows for rapid action when required.

#### **Treasury and financial risk management**

The Company's operations expose it to a variety of financial risks that include credit risk, foreign exchange risk and liquidity risk.

Treasury policies are designed to manage the main financial risks faced by the Company in relation to funding, investment and hedging. These policies ensure that any borrowings and investments are with high quality counterparties; are limited to specific instruments; the exposure to any one counterparty or type of instrument is controlled; and the Company's exposure to exchange rate movements is maintained within set limits. No transactions of a purely speculative nature are undertaken. The Board monitors the Company's financing through its regular review of trading performance and authorises all significant transactions.

Foreign exchange risk arises because the Company earns a proportion of its turnover and carries significant levels of trade receivables in non-sterling currencies whereas the majority of the Company's cost base is in Sterling. This risk is mitigated by adopting conservative exchange rates when calculating the sterling equivalent of foreign currency denominated turnover. The Company further manages its exposure to foreign exchange movements by converting those significant foreign currency cash balances in excess of future cash outflows in the same foreign currency, into sterling as soon as practicable. The Company does not hold any financial instruments designed to manage fluctuations in foreign exchange rates.

Credit risk is mitigated by adopting a policy of requesting fees in advance for its projects in addition to regular project reviews and constant monitoring of trade receivables.

Liquidity risk is managed by regular cash and bank covenant forecasting. The Company has access to a £12.3m (2018: £10.9m) revolving credit facility negotiated by an intermediate parent company. The Company remains focussed on liquidity and retains sufficient cash headroom so as to be able to address short term adverse cash fluctuations.



**Foster + Partners Limited**  
**Strategic report (continued)**  
**For the year ended 30 April 2019**

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**Competition risk**

The Company mitigates the risks of competition by delivering leading edge designs, utilising the latest materials, recruiting the highest quality staff and continually broadening its geographic footprint.



On behalf of the Board:  
M A Streets

**Director**

15<sup>th</sup> August 2019

# **Foster + Partners Limited**

## **Directors' report**

### **For the year ended 30 April 2019**

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The directors present their annual report and the audited financial statements of the Company for the year ended 30 April 2019.

The results for the year, together with the comparative figures for the year ended 30 April 2018, have been prepared under Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

The Company has branches registered in Abu Dhabi, Argentina, Dubai, China, the Republic of Ireland, Japan, Qatar, Saudi Arabia, South Korea and Vietnam. The Company generates revenue from projects located in the Middle East, North America, Asia, the United Kingdom, Continental Europe, South America and Africa as set out in Note 4 to the financial statements.

#### **Future developments**

The practice intends to continue to invest, to innovate, to influence and ultimately to deliver high quality designs for our clients, all made possible through the effort and dedication of our employees.

#### **Employee involvement**

Foster + Partners are committed to setting appropriate levels of pay that attract, motivate and retain the best talent in our business. Men and women are paid equally for doing equivalent roles and we continue to ensure our policies and practices are fair for all. Foster + Partners recognise that we have a gender pay gap due to us having more men with longer service in senior positions. The Practice will continue to encourage more of our women into senior roles to improve diversity, in all its forms, at leader level. The Practice is proud to be partnering with AJ Women in Architecture, Stonewall, The London Living Wage, Stephen Lawrence Charitable Trust, Top Employers Institute, RIBA and Architecture Apprenticeships.

Employees are regularly communicated with and consulted by means of established communication channels such as monthly partner breakfast meetings, the group's intranet and email.

The Company has a firm policy of non-discrimination on grounds of gender, race, disability or other irrelevant factors.

The Company recognises its duties to make proper provision for health, safety and welfare at work of its employees.

#### **Disabled persons**

Full and fair consideration is given to applications for employment made by disabled persons having regard to their aptitudes and abilities. Appropriate training is arranged for disabled persons, including retraining for alternative work of employees who become disabled, to promote their career development within the organisation.

#### **Dividends**

During the year, Foster + Partners Limited paid a dividend of £nil (2018: £2,697) per share. The directors do not propose the payment of a final dividend (2018: £nil).

# **Foster + Partners Limited**

## **Directors' report (continued)**

### **For the year ended 30 April 2019**

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#### **Treasury and financial risk management**

Details of treasury and financial risk management have been disclosed in the Strategic report.

#### **Directors**

The directors of the Company during the year and up to the date of approval of these financial statements were:

Lord Foster of Thames Bank, OM  
S Behling  
G A Brooker  
N V Dancey  
S T de Grey CBE  
G P Evenden  
L K Fox  
D B Nelson  
M A Streets  
D A Summerfield

#### **Directors' indemnities**

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors

#### **Going concern**

These financial statements have been prepared on a going concern basis. The directors have reviewed the Company's financial position, projections and cash flows for the foreseeable future. The process involved considering the critical assumptions which underpin the projections for operating profit, interest and taxation in addition to the projections for working capital flows, tax, debt, interest and capital expenditure flows. The directors are confident that the Company remains a going concern for the foreseeable future.

#### **Research and development**

The Company commits resources to research in many areas including, but not limited to, the development of sustainable environments, the application of the latest materials and advanced computer modelling.

# **Foster + Partners Limited**

## **Directors' report (continued)**

### **For the year ended 30 April 2019**

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#### **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- State whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- Make judgements and accounting estimates that are reasonable and prudent; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

#### **Directors' confirmations**

In the case of each director in office at the date the Directors' Report is approved:

- So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- They have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

#### **Independent auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

On behalf of the board



M A Streets

**Director**

15<sup>th</sup> August 2019

Registered No. 01644989

# **Foster + Partners Limited**

## **Independent auditors' report to the members of Foster + Partners Limited**

---

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion, Foster + Partners Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report & Financial Statements (the "Annual Report"), which comprise: the Statement of financial position as at 30 April 2019; the Income statement, the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### **Conclusions relating to going concern**

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

# **Foster + Partners Limited**

## **Independent auditors' report to the members of**

### **Foster + Partners Limited (continued)**

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#### **Conclusions relating to going concern (continued)**

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

#### ***Strategic report and directors' report***

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 30 April 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

# **Foster + Partners Limited**

## **Independent auditors' report to the members of Foster + Partners Limited (continued)**

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### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 10, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

# **Foster + Partners Limited**

## **Independent auditors' report to the members of**

### **Foster + Partners Limited (continued)**

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#### **Other required reporting**

##### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Nigel Reynolds (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
15<sup>th</sup> August 2019



**Foster + Partners Limited**  
**Income statement**  
**For the year ended 30 April 2019**

	<b>Note(s)</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
Revenue	4	201,991	165,831
Cost of sales		(95,035)	(77,198)
<b>Gross profit</b>		<b>106,956</b>	<b>88,633</b>
Administrative expenses		(78,427)	(83,008)
Net impairment (losses) / reversal on contract assets	14	(4,148)	15,446
Administrative credit – exceptional items	6	-	99
Total administrative expenses		(82,575)	(67,463)
Operating profit before depreciation, amortisation and exceptional items		26,685	23,947
Depreciation and amortisation	10, 11	(2,304)	(2,876)
Exceptional items	6	-	99
<b>Operating profit</b>	5	<b>24,381</b>	<b>21,170</b>
Income from shares in group undertakings		2,935	11,703
<b>Operating profit on ordinary activities before interest and taxation</b>		<b>27,316</b>	<b>32,873</b>
Finance income	8	181	47
<b>Profit before income tax</b>		<b>27,497</b>	<b>32,920</b>
Income tax expense	9	(7,418)	(6,675)
<b>Profit for the financial year</b>		<b>20,079</b>	<b>26,245</b>

There was no other comprehensive income other than the profit for the financial year as set out above (2018: £nil).

The accompanying notes on pages 18 to 40 form an integral part of these financial statements.

The above results relate to continuing operations of the Company.

**Foster + Partners Limited**  
**Statement of financial position**  
**As at 30 April 2019**

	<b>Note</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	10	282	355
Property, plant and equipment	11	4,109	3,548
Investments	12	1,030	1,056
Deferred tax asset	9	1,676	1,073
		<u>7,097</u>	<u>6,032</u>
<b>Current assets</b>			
Trade and other receivables	14	94,496	84,861
Cash and cash equivalents		55,177	37,574
		<u>149,673</u>	<u>122,435</u>
<b>Total assets</b>		<u>156,770</u>	<u>128,467</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	15	(110,235)	(101,374)
Income tax liability	9	(555)	(1,632)
		<u>(110,790)</u>	<u>(103,006)</u>
<b>Non-current liabilities</b>			
Provisions for liabilities	16	(1,262)	(822)
<b>Total liabilities</b>		<u>(112,052)</u>	<u>(103,828)</u>
<b>Net assets</b>		<u>44,718</u>	<u>24,639</u>
<b>Equity</b>			
Called up share capital	17	41	41
Share premium account		24	24
Retained earnings		44,653	24,574
<b>Total equity</b>		<u>44,718</u>	<u>24,639</u>

The accompanying notes on pages 18 to 40 form an integral part of these financial statements. The financial statements on pages 15 to 40 were approved by the Board of Directors on 15<sup>th</sup> August 2019.

Signed on behalf of the Board of Directors of Foster + Partners Limited (Registered no. 01644989).



M A Streets  
**Director**

**Foster + Partners Limited**  
**Statement of changes in equity**  
**For the year ended 30 April 2019**

	<b>Called up share capital £'000</b>	<b>Share premium account £'000</b>	<b>Retained earnings £'000</b>	<b>Total equity £'000</b>
<b>Balance at 1 May 2017</b>	<u>41</u>	<u>24</u>	<u>109,840</u>	<u>109,905</u>
Comprehensive income				
Profit for the financial year	<u>-</u>	<u>-</u>	<u>26,245</u>	<u>26,245</u>
Total comprehensive income for the year	-	-	26,245	26,245
Transactions with owners				
Dividends paid	<u>-</u>	<u>-</u>	<u>(111,511)</u>	<u>(111,511)</u>
Total transactions with owners	-	-	(111,511)	(111,511)
<b>Balance at 30 April 2018</b>	<u>41</u>	<u>24</u>	<u>24,574</u>	<u>24,639</u>
Comprehensive income				
Profit for the financial year	<u>-</u>	<u>-</u>	<u>20,079</u>	<u>20,079</u>
Total comprehensive income for the year	-	-	20,079	20,079
<b>Balance at 30 April 2019</b>	<u>41</u>	<u>24</u>	<u>44,653</u>	<u>44,718</u>

# **Foster + Partners Limited**

## **Notes to the financial statements (continued)**

### **For the year ended 30 April 2019**

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#### **1 General information**

Foster + Partners Limited ('the Company') is incorporated in the United Kingdom and domiciled in England and Wales under the Companies Act 2006. The Company is a private limited company limited by shares. The address of the registered office is Riverside Three, 22 Hester Road, London, SW11 4AN, England. The principal activities of the Company are disclosed in the Strategic report.

#### **2 Significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

##### **2.1 Basis of preparation**

The financial statements of the Company have been prepared in accordance with the Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). The financial statements of Foster + Partners Limited, have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

FRS 101 sets out amendments to EU adopted IFRS that are necessary to achieve compliance with the Companies Act 2006 and related regulations.

The Company is a wholly owned subsidiary of a group headed by Foster + Partners Group Limited, and is included in the consolidated financial statements of that company, which are publicly available.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1 Number of shares outstanding;
  - (ii) paragraph 73(e) of IAS 16 Property, plant and equipment;
  - (iii) paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period).

# **Foster + Partners Limited**

## **Notes to the financial statements (continued)**

### **For the year ended 30 April 2019**

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## **2 Significant accounting policies (continued)**

### **2.1 Basis of preparation (continued)**

- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d), (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B-D (additional comparative information);
  - 111 (cash flow statement information); and
  - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

### **2.2 Going concern**

These financial statements have been prepared on a going concern basis. The directors have reviewed the Company's financial position, projections and cash flows for a period of at least one year from signing the financial statements. The process involved considering the critical assumptions which underpin the projections for operating profit, interest and taxation in addition to the projections for working capital flows, tax, debt, interest and capital expenditure flows. Accordingly, the directors have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements.

### **2.3 Consolidation**

The Company is a wholly owned subsidiary of Foster + Partners Group Limited, a company incorporated in England and Wales, and its results are included in the consolidated financial statements of Foster + Partners Group Limited, which are publicly available. Consequently, the Company can take advantage of the exemption from preparing group financial statements as permitted by the Companies Act 2006, section 400. The Company is also exempt under the terms of FRS 101 paragraph 8(j) 'Related Party Disclosures' from disclosing related party transactions with entities that are part of the group of companies headed by Foster + Partners Group Limited.

These financial statements present information about Foster + Partners Limited as an individual entity.

# **Foster + Partners Limited**

## **Notes to the financial statements (continued)**

### **For the year ended 30 April 2019**

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## **2 Significant accounting policies (continued)**

### **2.4 Joint arrangements**

In accordance with the requirements of IFRS 11, Joint Arrangements, where the company has an interest in a jointly controlled operation ('JCO') the Company accounts for its share of the income, expenses, assets, liabilities and cash flows of that JCO. Unrealised gains on transactions between the Company and its joint ventures are eliminated to the extent of the Company's interest in joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

### **2.5 Plant, property and equipment**

Plant, property and equipment are stated at cost or their fair value at acquisition less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided so as to write off the cost, or valuation, less any residual value, on a straight-line basis over the expected useful economic lives of the assets concerned by applying the following annual rates:

Motor vehicles	25% per annum
Fixtures and fittings	12.5% - 33.3% per annum

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are disclosed as 'losses on disposal of fixed assets' in Note 5.

### **2.6 Intangible assets**

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. These costs are depreciated on a straight-line basis over their estimated useful lives, being three years.

Computer software, which is integral to a related item of hardware equipment, is capitalised as part of that equipment.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

At each statement of financial position date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

### **2.7 Cash and cash equivalents**

Cash and cash equivalents shown in the statement of financial position include cash, short-term deposits and other short-term highly liquid investments with an original maturity of three months or less.

# **Foster + Partners Limited**

## **Notes to the financial statements (continued)**

### **For the year ended 30 April 2019**

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## **2 Significant accounting policies (continued)**

### **2.8 Current and deferred income taxes**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### **2.9 Investments in subsidiaries**

Investments in subsidiaries are stated at cost less provision for any impairment. Impairment reviews are performed whenever there has been an indication of potential impairment.

### **2.10 Foreign currency translation**

#### **(a) Functional and presentation currency**

Transactions included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'Sterling' (£), which is the Company's functional and presentation currency.

# **Foster + Partners Limited**

## **Notes to the financial statements (continued)**

### **For the year ended 30 April 2019**

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## **2 Significant accounting policies (continued)**

### **2.10 Foreign currency translation (continued)**

#### **(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

### **2.11 Share capital**

A ordinary shares are classified as equity.

### **2.12 Financial instruments**

Financial assets and liabilities are recognised on the Company's Statement of financial position when the Company becomes party to the contractual provisions of the instrument. Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangement entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The Company identifies the following types of financial instrument.

#### **(a) Trade receivables**

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment, the Company has applied the simplified approach to recognise lifetime expected credit losses.

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual trade receivables which were known to be uncollectable were written off by reducing the carrying amount directly. Other trade receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet identified.

The Company considered that there was evidence of impairment if any of the following indicators were present:

- significant financial difficulties of the debtor;
- probability that the debtor would enter bankruptcy or financial reorganisation; and
- default or late payments (more than 30 days overdue).

Net impairment losses on contract assets relating to the prior year have been shown separately from administrative expenses in the income statement in accordance with IAS 1.



# **Foster + Partners Limited**

## **Notes to the financial statements (continued)**

### **For the year ended 30 April 2019**

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## **2 Significant accounting policies (continued)**

### **2.12 Financial instruments (continued)**

#### **(b) Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

### **2.13 Revenue**

The Company generates revenue from the provision of Architecture and Design services on projects located worldwide. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Company.

The Company assesses contracts using the five-step approach specified by IFRS 15:

- identify the contract(s) with the customer
- identify the performance obligations in the contract
- determine the transaction price
- allocate the transaction price to the performance obligations in the contract
- recognise revenue when (or as) a performance obligation is satisfied

The Company recognises revenue under the input method. Revenue is recognised progressively in line with the completion of projects, percentage completion is determined by the proportion of project cost incurred to date compared to total project cost to completion.

When contract modifications arise, the Company assesses whether these represent a new performance obligation, and a corresponding change to the transaction price, or an extension to an existing performance obligation. Revenue is adjusted accordingly based on the revision of project costs to completion under the revised performance obligations.

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Company's activities. Upon determining the fair value of each performance obligation, the transaction price is allocated accordingly.

The amount by which recorded revenue is in excess of payments on account is included in trade and other receivables as amounts recoverable on contracts. The amounts by which payments on account are in excess of recorded revenue is included in trade and other payables as deferred income.

A portion of the Company's contracts with customers are denominated in non-sterling currencies. Given the long term nature of the contracts, a level of estimation is required in the determination of foreign exchange rates applied to revenue, deferred income and work in progress.

# **Foster + Partners Limited**

## **Notes to the financial statements (continued)**

### **For the year ended 30 April 2019**

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## **2 Significant accounting policies (continued)**

### **2.14 Cost of sales**

Cost of sales principally comprises staff salaries, sub-consultant costs and other costs directly related to the Company's revenue.

### **2.15 Segmental reporting**

The Company's principal activities of architecture and design are reportable as a single operating segment. A geographic split of revenue, determined by location of project, is disclosed in Note 4.

### **2.16 Leasing**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases are charged against income on a straight-line basis over the lease term.

Rentals receivable under sublease arrangements are recognised against rental expense on a straight-line basis over the lease term.

### **2.17 Pension scheme arrangements**

The Company operates a defined contribution pension scheme for the benefit of employees. The amount charged to the income statement is the contribution payable in the year.

Payments made by the Company to personal pension schemes of employees are also charged to the income statement in the year they are incurred.

Differences between contributions payable and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

### **2.18 Related party transactions**

In accordance with the applicable accounting standard, advantage has been taken of the exemption given under FRS 101 paragraph 8(j) 'Related Party Disclosures' not to disclose transactions between wholly owned group entities.

### **2.19 Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation; and if this amount is capable of being reliably estimated. If such an obligation is not capable of being reliably estimated, it is classified as a contingent liability.

Contracts are assessed continually for profitability. Provisions are recognised in full for loss making contracts.

# **Foster + Partners Limited**

## **Notes to the financial statements (continued)**

### **For the year ended 30 April 2019**

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## **2 Significant accounting policies (continued)**

### **2.20 Changes in accounting policy and disclosures**

#### **(a) New and amended standards adopted by the Company**

The following new standards are effective for annual periods beginning after 1 May 2018, and have been applied in preparing these financial statements:

The Company adopted IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from contracts with customers' on 1 May 2018. The Company has elected to apply the modified retrospective approach to the transition to both IFRS 9 and IFRS 15. The modified retrospective approach requires the transition to be implemented without restatement of the prior year results. The new standards have not had a material impact on the reported results and there is no adjustment to equity at 1 May 2018 as a result of the implementation of the new standards.

#### **(b) New standards, amendments and interpretations not yet adopted by the Company**

The Company has taken advantage of the exemption from making disclosures about new standards that have been issued but are not yet effective, available under FRS 101 paragraph 8(i) 'Accounting Policies, Changes in Accounting Estimates and Errors.'

### **2.21 Employee benefits**

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations within accruals in the balance sheet.

Short-term obligations include any payments in relation to the partnership payment which is calculated in accordance with the relevant agreements that were entered into during the 2014 restructuring and is subject to meeting certain financial targets during the year the employee provided the service and is further subject to adequate cash levels in the business.

### **2.22 Exceptional items**

In order to understand the underlying performance of the business, material, non-recurring items are separately disclosed as exceptional items in the income statement.

## **3 Critical accounting estimates and judgements**

The key sources of estimation uncertainty at the statement of financial position date are discussed below:

# Foster + Partners Limited

## Notes to the financial statements (continued)

### For the year ended 30 April 2019

#### 3 Critical accounting estimates and judgements (continued)

##### (a) Impairment of trade receivables

The Company exercises judgement in its assessment of the collectability of trade receivables. The Company monitors debtors continually and reports on a weekly basis to company director level on any risks or trends evident among the Company's client base. This process allows the Company to assess potential impairments caused by specific client or project related factors in addition to wider macro-economic effects. The assessment of the impairment of trade receivables is performed on a project-by-project basis taking into account all relevant known factors.

##### (b) Revenue recognition

Note 2.13 contains details of accounting estimates and judgements in relation to revenue recognition.

#### 4 Revenue

Revenue is derived entirely from contracts with customers and is wholly attributable to the principal activity of the Company. The analysis by geographical area, based upon the location of each project, is set out below:

	2019 £'000	2018 £'000
<b>Geographical area</b>		
Asia	60,107	50,419
Middle East	54,008	37,648
North America	30,777	26,197
Continental Europe	23,937	20,643
United Kingdom	21,104	22,176
South America	10,951	8,537
Africa	1,107	211
<b>Total</b>	<b>201,991</b>	<b>165,831</b>

Assets and liabilities related to contracts with customers are as follows:

	2019 £'000	2018 £'000
<b>Current assets</b>		
Trade receivables (Note 14)	65,111	75,857
Less provision for impairment (Note 14)	(9,223)	(8,351)
Amounts recoverable on contracts (Note 14)	8,160	4,493
	<b>64,048</b>	<b>71,999</b>

**Foster + Partners Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 30 April 2019**

**4 Revenue (continued)**

	<b>2019</b> <b>£'000</b>	<b>2018</b> <b>£'000</b>
<b>Current liabilities</b>		
Deferred income (Note 15)	53,126	51,630
	<u>53,126</u>	<u>51,630</u>

During the year the Company recognised £43.6m of revenue that was held in deferred income at 30 April 2018 (2018: £38.4m related to amounts as at 30 April 2017).

**5 Operating profit**

	<b>2019</b> <b>£'000</b>	<b>2018</b> <b>£'000</b>
<b>Operating profit is stated after charging / (crediting)</b>		
Staff costs (Note 7)	105,277	96,600
Depreciation and amortisation		
- Property, plant and equipment	1,996	2,277
- Intangible assets	308	599
Loss on disposal of assets	-	16
Operating lease charges	4,828	4,848
Auditors' remuneration;		
Fees payable to company auditors for audit services	205	179
Fees payable to company auditors for taxation services	399	347
Exchange (gain)/ loss	(5,123)	2,013
Exceptional items (Note 6)	<u>-</u>	<u>(99)</u>

All operating leases are in respect of Land and Buildings.

**6 Exceptional Items**

During the year the company had exceptional items amounting to £nil (2018: £0.1m credit). The credit in the prior year comprises the unused portion of the staff reduction costs provided in the preceding year.

**Foster + Partners Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 30 April 2019**

**7 Employees and directors**

(a) Employee benefit expense

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	65,399	60,791
Partnership payment	25,268	20,027
Social security costs	11,445	12,614
Other pension costs (Note 20)	3,165	3,168
<b>Total employee costs</b>	<b>105,277</b>	<b>96,600</b>

The partnership payment refers to a payment to all partners which, in addition to the annual bonus, is to be paid post year end in recognition of services provided during the year. Arising under the partnership payment plan set up in 2014 this is the third such payment. Social security of £3.6m (2018: £3.4m) on this partnership payment is included in social security costs.

(b) Average number of people employed

	<b>2019</b>	<b>2018</b>
<b>Monthly average number of people employed during the year (including directors)</b>		
Technical	855	825
Administration	244	250
<b>Total employee numbers</b>	<b>1,099</b>	<b>1,075</b>

(c) Directors' emoluments and key management compensation

Key management are considered to be the directors.

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>Directors' emoluments</b>		
Aggregate emoluments	22,165	19,430
Amounts paid to defined contribution pension scheme	92	129
<b>Total directors' emoluments</b>	<b>22,257</b>	<b>19,559</b>

The Company makes pension contributions on behalf of seven (2018: seven) of the Company's ten directors (2018: ten) who served during the year. The contributions are made into the Company's defined contribution scheme and a privately held defined contribution scheme.

# Foster + Partners Limited

## Notes to the financial statements (continued)

### For the year ended 30 April 2019

#### 7 Employees and directors (continued)

(c) Directors' emoluments and key management compensation (continued)

Aggregate emoluments include partnership payments as described in Note 7(a) above.

	2019 £'000	2018 £'000
<b>Highest paid director</b>		
Aggregate emoluments	2,554	2,232
<b>Total</b>	<u>2,554</u>	<u>2,232</u>

The Company has not made any pension contributions on behalf of the highest paid director (2018: none).

#### 8 Finance income

	2019 £'000	2018 £'000
Other interest receivable and similar income	181	47
<b>Total finance income</b>	<u>181</u>	<u>47</u>

#### 9 Income tax expense

(i) Income tax expense

	2019 £'000	2018 £'000
<b>Current tax</b>		
UK Corporation tax	3,732	4,149
Adjustments in respect of prior years	263	(10)
Foreign tax	4,520	3,048
Double tax relief	(494)	(695)
<b>Total tax charge</b>	<u>8,021</u>	<u>6,492</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(364)	175
Adjustments in respect of prior years	(239)	8
<b>Total deferred tax (credit) / charge</b>	<u>(603)</u>	<u>183</u>
<b>Net income tax expense</b>	<u>7,418</u>	<u>6,675</u>

# Foster + Partners Limited

## Notes to the financial statements (continued)

### For the year ended 30 April 2019

#### 9 Income tax expense (continued)

##### (i) Income tax expense (continued)

UK corporation tax is calculated at 19.00% (2018: 19.00%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in those jurisdictions.

##### (ii) Reconciliation of the total tax charge

The tax charge reported in the income statement for the year is higher (2018: higher) than the standard rate of Corporation Tax in the UK of 19% (2018: 19.00%). The differences are reconciled below:

	<b>2019</b> <b>£'000</b>	<b>2018</b> <b>£'000</b>
Profit before income tax	27,497	32,920
Profit before income tax multiplied by the Company's effective rate of 19.00% (2018: 19.00%)	5,224	6,255
Expenses not deductible for tax purposes	52	142
Income not taxable for tax purposes	(607)	(2,224)
Group relief claimed	(1,338)	(242)
Transfer pricing adjustments	(6)	-
Tax rate change	43	126
Overseas tax suffered	4,026	2,620
Adjustments in respect of prior years	24	(2)
<b>Total tax charge</b>	<b>7,418</b>	<b>6,675</b>

##### (iii) The deferred tax included in the statement of financial position is as follows:

	<b>2019</b> <b>£'000</b>	<b>2018</b> <b>£'000</b>
<b>Deferred tax asset</b>		
Depreciation in excess of capital allowances	834	854
Short term timing differences	842	219
<b>Total deferred tax asset</b>	<b>1,676</b>	<b>1,073</b>



**Foster + Partners Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 30 April 2019**

**9 Income tax expense (continued)**

	<b>2019</b> <b>£'000</b>	<b>2018</b> <b>£'000</b>
<b>Depreciation in excess of capital allowances</b>		
<b>At the start of the year</b>	854	914
Deferred tax credit / (charge) in the income statement for the financial year	(20)	(60)
<b>At the end of the year</b>	<u>834</u>	<u>854</u>
<b>Short term timing differences</b>		
<b>At the start of the year</b>	219	342
Deferred tax credit / (charge) in the income statement for the financial year	623	(123)
<b>At the end of the year</b>	<u>842</u>	<u>219</u>

The directors consider that it is more likely than not that there will be sufficient taxable profits in the future such as to realise the deferred tax asset, and therefore the asset has been recognised in these financial statements.

The deferred tax asset has been analysed between current and non-current as follows:

	<b>2019</b> <b>£'000</b>	<b>2018</b> <b>£'000</b>
Deferred tax to be recovered after more than 12 months	1,676	1,073
<b>Total deferred tax asset</b>	<u>1,676</u>	<u>1,073</u>

Deferred tax assets have been recognised in respect of temporary differences where it is considered probable that these assets will be recovered.

(iv) Income tax liability

	<b>2019</b> <b>£'000</b>	<b>2018</b> <b>£'000</b>
Corporation tax liability	(555)	(1,632)
<b>Total income tax liability</b>	<u>(555)</u>	<u>(1,632)</u>

(v) Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2017 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

**Foster + Partners Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 30 April 2019**

**10 Intangible assets**

	<b>Software £'000</b>
<b>Cost</b>	
<b>At 1 May 2017</b>	4,469
Additions	178
<b>At 30 April 2018</b>	4,647
Additions	235
<b>At 30 April 2019</b>	4,882
<b>Accumulated amortisation</b>	
<b>At 1 May 2017</b>	3,693
Charge for the year	599
<b>At 30 April 2018</b>	4,292
Charge for the year	308
<b>At 30 April 2019</b>	4,600
<b>Net book value</b>	
<b>At 30 April 2019</b>	282
<b>At 30 April 2018</b>	355

Intangible assets amortisation of £308,000 (2018: £599,000) is recorded in administrative expenses in the income statement.

**Foster + Partners Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 30 April 2019**

**11 Property, plant and equipment**

	<b>Motor Vehicles £'000</b>	<b>Fixtures &amp; Fittings £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
<b>At 1 May 2017</b>	69	17,768	17,837
Additions	-	1,471	1,471
Disposals	-	(94)	(94)
<b>At 30 April 2018</b>	69	19,145	19,214
Additions	23	2,530	2,553
Foreign exchange movement	-	8	8
<b>At 30 April 2019</b>	92	21,683	21,775
<b>Accumulated depreciation</b>			
<b>At 1 May 2017</b>	62	13,405	13,467
Charge for the year	5	2,272	2,277
Disposals	-	(78)	(78)
<b>At 30 April 2018</b>	67	15,599	15,666
Charge for the year	1	1,995	1,996
Foreign exchange movement	-	4	4
<b>At 30 April 2019</b>	68	17,598	17,666
<b>Net book value</b>			
<b>At 30 April 2019</b>	24	4,085	4,109
<b>At 30 April 2018</b>	2	3,546	3,548

Depreciation expense of £1,996,000 (2018: £2,277,000) is included within 'administrative expenses' in the income statement.

During the year the Company disposed of no assets (2018: assets with a carrying value of £16,000 and a cost of £94,000).

# Foster + Partners Limited

## Notes to the financial statements (continued)

### For the year ended 30 April 2019

#### 12 Investments

	Investment in subsidiary undertakings £'000
<b>Cost and net book value at 1 May 2017</b>	1,034
Additions	22
<b>Cost and net book value at 30 April 2018</b>	1,056
Disposals	(26)
<b>Cost and net book value at 30 April 2019</b>	1,030

In August 2018, the subsidiary undertaking Foster + Partners Brasil Projetos E Constucoes LTDA was liquidated. The company had held 100% of the shares at a value of £26,129.

In April 2019, the subsidiary undertaking Foster & Partners (Japan) Limited was liquidated. The company had held 100% of the shares at a value of £100.

During the prior year, the Company paid £22,042 for 48% of the registered share capital of F&P (Thailand) Limited.

On 26 March 2019 an application for dissolution was submitted for Piers Heath Associates Limited, a subsidiary undertaking of the company, it was subsequently dissolved after the year end on 11 June 2019.

In the opinion of the directors, the aggregate value of the Company's investments in its subsidiary undertakings is not less than the amount included in the statement of financial position.

#### Holdings of more than 20%

The Company holds the issued share capital of the following companies in the percentages indicated:

Company	Registered Address	Principal activity	Shares held Class	%
<b>Subsidiary undertaking</b>				
Piers Heath Associates Limited	Riverside Three, 22 Hester Road, London, SW11 4AN	Dormant	Ordinary	100
Foster and Partners (Hong Kong) Limited	42/F., Central Plaza, 18 Harbour Road, Wanchai, Hong Kong	Architects	Ordinary	100
Foster and Partners (Singapore) Pte Ltd	133 Cecil Street #16-01 Keck Seng Tower, Singapore 069535	Architects	Ordinary	100
F & P Architekten GmbH	Unter den Linden 14 10117 Berlin	Architects	Ordinary	100

**Foster + Partners Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 30 April 2019**

**12 Investments (continued)**

Investments (continued)			Shares held	
Company	Registered Address	Principal activity	Class	%
Subsidiary undertaking				
Office Design Services Limited	Riverside Three, 22 Hester Road, London, SW11 4AN	Printers	Ordinary	100
Foster (Nederland) BV	Riverside Three, 22 Hester Road, London, SW11 4AN	Dormant	Ordinary	100
Foster and Partners SL	Paseo De La Castellana Number 13, Madrid	Architects	Ordinary	100
F+P Architects New York Inc	300 W 57th Street, New York, NY 10009-3741	Architects	Ordinary	100
Foster and Partners Mimarlik Musavirlik Limited	Kagithane Ofis Park, Ofis Park, Merkez Mah, Baglar Cad No 14, Istanbul, Turkey	Architects	Ordinary	100
Foster + Partners Architects (Tianjin) Co., Ltd	2903 The Exchange Tower Two, 189 Nanjing Road, Heping District Tianjin 300051, PRC	Architects	Ordinary	100
Foster Plus P India Private Limited	Level 2, Raheja Centre Point, 294 CST Road Near Mumbai University, Off Bandra-Kurla Complex, Santacruz, Mumbai, Maharashtra, 400098	Architects	Ordinary	100
Foster + Partners Sweden AB	c/o Foyen Advokatfirma AB P.O. Box 7229 103 89 Stockholm Sweden	Architects	Ordinary	100
F&P Project Management Malaysia SDN. BHD.	Lot 6.05, Level 6 KPMG Tower, 8 First Avenue, Bandar Utama, 47800, Petaling Jaya, Selangor Darul Ehsan, Malaysia	Project Management	Ordinary	100
Rungruangpisarnkaona Co., Limited	No. 999/9 Central World, 26 <sup>th</sup> Floor, Rama 1 Road, Pathumwan Sub-District, Pathumwan District, Bangkok, Thailand	Holding	Ordinary	49
F&P (Thailand) Limited	No. 57 Park Ventures Ecoplex, Unit 1003-1004, 10 <sup>th</sup> Floor, Wireless Road Lumpini Sub-district, Pathumwan District, Bangkok, Thailand	Architects	Ordinary	74
Foster and Partners Mexico S.A de C.V.	Miguel Mendoza 64, Merced Gomez, Alvaro Obregon, Distrito Federal, 01600, Mexico	Architects	Ordinary	100

# Foster + Partners Limited

## Notes to the financial statements (continued)

### For the year ended 30 April 2019

#### 12 Investments (continued)

Investments (continued)			Shares held	
Company	Registered Address	Principal activity	Class	%
Subsidiary undertaking				
FP-FREE, S. de R.L. de C.V.	Paseo de la Reforma 404, Piso 9, Colonia Juarez C.P. 06600 Ciudad de Mexico	Architects	Ordinary	50
Foster and Partners Australia Pty Ltd	Level 11, 485 Bourke Street. Melbourne VIC 3000, Australia	Architects	Ordinary	100

100% of the voting rights are owned for all subsidiaries with the exception of Rungruangpisarnkaona Co., Limited and FP-FREE S. de R.L. de C.V. where the percentage of voting rights are equal to the percentage of ordinary shares indicated in the table above.

#### 13 Joint operations

In the year to 30 April 2016, Foster + Partners Limited entered into a joint arrangement with Hyder and Solaiman Elkhareiji Engineering Consulting Company (HEK). The joint arrangement was for the provision of architectural and management services for the design of metro stations as part of the Jeddah Integrated Public Transport Programme. To facilitate the joint arrangement an unincorporated joint operation known as The Foster and Partners Team was formed.

In the year to 30 April 2018, Foster + Partners Limited entered into an unincorporated joint arrangement with KEO International Consultants W.L.L., a Kuwaiti engineering consultancy in order to perform architectural services under the contract for South Sabah Al-Ahmad New City in Kuwait. Foster + Partners Limited holds 53% of the participating rights in this joint arrangement.

In the year to 30 April 2018, Foster + Partners Limited entered into an unincorporated joint arrangement with Dar Gulf Consult for Engineering Consultancy, a Kuwaiti architecture & engineering practice in order to perform architectural services under the contract for Kuwait International Airport. Foster + Partners Limited holds 60% of the participating rights in this joint arrangement.

In the year to 30 April 2018, Foster + Partners Limited recommenced work under an unincorporated joint arrangement with WSP UK Limited, a United Kingdom engineering practice in order to perform architectural services under the contract for Sheikh Zayed National Museum in Abu Dhabi. Foster + Partners Limited holds 43% of the participating rights in this joint arrangement.

Each of these joint arrangements are considered joint operations.

**Foster + Partners Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 30 April 2019**

**14 Trade and other receivables**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Trade receivables	65,111	75,857
Less provision for impairment	(9,223)	(8,351)
	<u>55,888</u>	<u>67,506</u>
Amounts recoverable on contracts	8,160	4,493
Amounts owed by group undertakings	24,680	8,594
Other receivables	300	328
Prepayments	5,468	3,940
<b>Total</b>	<u><u>94,496</u></u>	<u><u>84,861</u></u>

Amounts due from group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Movements on the provision for impairment of trade receivables are as follows:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>At 1 May 2018</b>	8,351	25,011
Provision for receivables impairment	10,127	3,746
Amounts reversed	(5,979)	(19,192)
Amounts utilised	(3,276)	(1,214)
<b>At 30 April 2019</b>	<u><u>9,223</u></u>	<u><u>8,351</u></u>

Net impairment losses on contract assets of £4.1m is comprised of provision for receivables impairment and amounts reversed (2018: £15.4m credit).

**15 Trade and other payables**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Trade payables	5,250	5,364
Amounts owed to group undertakings	4,765	2,373
Other taxation and social security	1,976	1,725
Other payables	642	628
Accruals	44,476	39,654
Deferred income	53,126	51,630
<b>Total</b>	<u><u>110,235</u></u>	<u><u>101,374</u></u>

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**Foster + Partners Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 30 April 2019**

**16 Provisions for liabilities**

	<b>Claims on contracts £'000</b>	<b>Loss making contracts £'000</b>	<b>Total £'000</b>
<b>Balance at 1 May 2017</b>	250	348	598
Utilised	(250)	-	(250)
Released	-	(26)	(26)
Provided for in the current year	500	-	500
<b>Balance at 30 April 2018</b>	500	322	822
Utilised	(250)	-	(250)
Provided for in the current year	550	140	690
<b>Balance at 30 April 2019</b>	800	462	1,262

The provision for claims on contracts represent the directors' estimate of the potential cost of claims in respect of contracts. There are several other notifications, which in the opinion of the directors, are not valid and have not been provided for.

The provision for loss making contracts relates to anticipated future losses.

**17 Called up share capital**

	<b>2019 £'000</b>	<b>2018 £'000</b>
<b>Allotted, called up and fully paid</b>		
41,347 (2018: 41,347) 'A' ordinary shares of £1 each	41	41

**18 Dividends**

	<b>2019 £'000</b>	<b>2018 £'000</b>
£nil (2018: £2,697) per £1 share	-	111,511
<b>Total</b>	-	111,511

The directors do not propose the payment of a final dividend (2018: £nil).



# **Foster + Partners Limited**

## **Notes to the financial statements (continued)**

### **For the year ended 30 April 2019**

#### **19 Commitments**

Operating lease commitments

The Company leases various land and buildings under non-cancellable operating lease agreements. The lease terms are between 1 and 10 years and have various terms and renewal rights.

The lease expenditure charged to the income statement during the year is disclosed in Note 5.

The future aggregate lease payments under non-cancellable operating leases are as follows:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Within one year	4,944	4,616
Within two to five years	16,381	16,432
After 5 years	9,864	13,728
<b>Total</b>	<b>31,189</b>	<b>34,776</b>

#### **20 Pension schemes**

The Company operates a defined contribution scheme for which the pension cost charge for the year amounted to £3.2m (2018: £3.2m). As at 30 April 2019 a £0.4m payable is held in the statement of financial position (2018: £0.4m) for contributions to be paid over.

#### **21 Related party transactions**

Details of directors' emoluments are disclosed in Note 7.

During the year, the Company leased premises and other assets on arm's length, commercial terms from a director and a related party of the director, Foster Germany Limited amounting to £3.5m (2018: £3.6m).

The Company has taken advantage of the exemption from making related party disclosures available in FRS 101 paragraph 8(j) 'Related Party Disclosures', as the consolidated financial statements of the ultimate parent company are publicly available as stated in Note 23.

#### **22 Contingent assets and liabilities**

At 30 April 2019, certain borrowings in Amber Bidco Limited, a fellow subsidiary undertaking of Foster + Partners Group Limited, were secured on the Company's assets. The amount of secured borrowings as at 30 April 2019 was £105.6m (2018: £112.8m).

# **Foster + Partners Limited**

## **Notes to the financial statements (continued)**

### **For the year ended 30 April 2019**

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#### **23 Controlling parties**

The immediate parent undertaking is Foster Holdings Limited.

At the year end the Company's ultimate parent undertaking was Foster + Partners Group Limited, a company incorporated in England and Wales.

Foster + Partners Group Limited is the parent company of the largest and smallest group of undertakings to consolidate these financial statements at 30 April 2019. Copies of the financial statements of Foster + Partners Group Limited are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

The Company is controlled by its directors.

#### **24 Post balance sheet events**

On 27th June 2019 at an extraordinary general meeting, the shareholders of the Ultimate Parent Company approved a corporate reorganisation and financial restructuring of the group of companies (the "Group") headed by the Ultimate Parent and which includes the Company. The aim of the restructure is to widen the Group's shareholder base, transfer ownership of the practice amongst new and existing partners and provide a sustainable incentive framework for the future whilst remaining 100% owned by the partners. The restructure took place on 2nd July 2019 and involved a newly incorporated company becoming the new ultimate parent of the Company by the acquisition of the entire share capital of the Ultimate Parent, for a combination of cash and shares in the new ultimate parent. The financial restructure involved the repayment of the Group's existing bank debt and its replacement with new banking facilities provided by the Group's existing bankers. Accordingly, the borrowings referred to in Note 22 will be replaced by new borrowings in the new ultimate parent. The new borrowings of £180m are secured on the Company's assets.