No 01644989

Foster + Partners Limited

Annual Report & Financial Statements

For the year ended 30 April 2022

Registered Office:

Riverside Three
22 Hester Road
London
SW11 4AN

Foster + Partners Limited
Contents
For the year ended 30 April 2022

Foster + Partners Limited
Company information
For the year ended 30 April 2022

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 25 Gresham Street, London, EC2V 7HN National Westminster Bank Plc 250 Bishopsgate, London, EC2M 4AA Bank of Ireland (UK) Plc Bow Bells House, 1 Bread St, London, EC4M 9BE
Solicitors	DWF 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 2022

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 / the Group"). 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 by Norman and Wendy Foster in 1967, the Practice has key offices in London, Abu Dhabi, Beijing, Dubai, Hong Kong, Madrid, New York, San Francisco, Shanghai, Shenzhen and Sydney. Our ~~projects are geographically diversified with projects outside the UK generating approximately 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 Group's employees.

Corporate restructuring

In October 2021, Foster + Partners announced a strategic partnership with Hennick & Company, a private family investment firm founded by the Hennick family. This new partnership is an important step in the evolution of the practice and will encourage further growth and innovation while maintaining its distinctive culture. The long-term agreement establishes a 'perpetual partnership model' that enables the practice to expand beyond its current 180 partners, ensures that the next generation of professionals can become shareholders in the practice, and allows for an orderly succession of existing partners over the long-term. As part of the restructuring, a newly formed entity incorporated in England and Wales became the Company's new ultimate parent. Further information is provided in Note 24 and in the financial statements of Foster + Partners Group Limited for the period ending 30 April 2022.

Review of the year

As most of the world started to take its first tentative steps out of the Covid-19 pandemic, this past year has been about learning and new beginnings. Colleagues across the world have had to – and in some cases continue to – react flexibly to changing restrictions due to the spread of new variants. We continue to meet the challenges of hybrid working, learning from our experiences, and continually modifying our policies to reflect the needs of our workforce, the practice, and our clients. Throughout the past year, we have managed to minimise the disruption to our workflow and maintain a healthy position, gaining many new projects.

Review of the year (continued)

For the eleventh year in a row, we retained the top spot in the annual AJ100 survey of the UK's largest architectural practices and were once again voted 'most admired practice'. We have continued to be recognised as a 'Top Employer' for the sixth year running and our Professional Practice Academy students have maintained their 100 per cent pass rate. The practice was also awarded a special plaque by Open City as recognition for its long-standing participation in the Open House Festival, stretching back to 1995.

During 2021-22, we completed 30 projects across the world, including Narbo Via, a new museum of Roman antiquities situated at the heart of Narbonne; Pavilion, University of Pennsylvania, a state-of-the-art inpatient facility centred on patient focused care, serving as a blueprint for the 'hospital of the future'; Le Dôme winery, a sympathetic structure that blends seamlessly with the UNESCO World Heritage Cultural Landscape of the region; and Alif – The Mobility Pavilion, one of the signature pavilions for the Covid-delayed 2020 Expo Dubai held in 2021. The industrial design team launched three new products, Artemide Takku, a portable and rechargeable table lamp; Carpyen Capsule, a new alabaster lamp; and a new range of porcelain tableware manufactured by Furstenberg. We also ~~completed five new stores for Apple including Apple Tower Theatre – a major retrofit project that~~ seeks to reinvigorate one of Los Angeles' most historic cinemas by giving the building a new purpose and Abu Dhabi's Apple Al Maryah, a distinctive new presence on the island's waterfront.

This year, we revealed plans for several new projects including the new headquarters for JPMorgan at 270 Park Avenue, New York City's largest all-electric tower with net zero operational emissions and exceptional indoor air quality that exceeds the highest standards in sustainability, health and wellness. The practice is also working on large-scale masterplans in Beverly Hills, Athens and Ho Chi Minh City.

A particular highlight of the year was the UN Climate Change Conference of the Parties or COP26 of which more details are provided in the Corporate, Social and Environmental Responsibility section of the Directors report below.

The twelve months to 30 April 2022 saw Foster + Partners win 41 awards for 17 projects including seven for Apple Marina Bay Sands in Singapore. We currently have over 80 projects underway in 51 cities from Santiago to Sydney. The practice won a major competition win for the revitalisation and expansion of Stockholm Central Station, leading an integrated team in collaboration with Marge Arkitekter. The winning design will bring several modes of transport together in a single integrated transport hub, while prioritising pedestrian flows and creating a new mixed-use urban district.

To better serve our hybrid workforce, the majority of our talks and events for staff are now held in-person as well as being broadcast online. Our London campus is in full operation as we welcome our colleagues back to the office. A complete refresh of laptop hardware is underway for all staff across the practice, as we continue to support more agile ways of working, while ensuring the same high-quality service to our clients and projects. Through the launch of +Plus, a new online journal, the practice's wide array of expertise and thought leadership has found new voice with in-depth articles on the practice's extra-terrestrial research, the partnership with Boston Dynamics' Spot robot dog, and a look back at the three wineries we have designed and the shared themes among them. 'Urban Visions: Sustainable Communities', a major exhibition about the work of the practice was held at the Xintai Warehouse in Shanghai between November 2021 and February 2022. The exhibition featured a wide range of projects spanning several decades, highlighting the variety and depth of projects that demonstrate our sustainable approach to design.

Review of the year (continued)

From city masterplans to the work of the practice's industrial design team, projects from across the world were illustrated through models, photos and videos.

Pushing the boundaries of innovation, our in-house support teams are developing state-of-the-art tools to augment and enhance the design process. Glaucon is a transformative design tool that places virtual buildings onto real, physical sites. This tool combines game engine technologies with state-of-the-art augmented reality hardware and tracking, to create a multi-sensory experience in which sound, temperature, wind and even the feel of the pavement beneath your feet, blend seamlessly with photorealistic virtual models. This rich experience of a design, created through an interdisciplinary collaboration between the practice's in-house Applied Research & Development and Visualisation teams, ties in with our data-driven design and analysis tools.

Financial overview and key performance indicators

The following narrative and the accompanying table describe the performance of the Company ~~before the effects of the partnership payment and IFRS 16 (leases) and includes comparatives for~~ the previous two years. The practice's bank borrowings have financial covenants that are based upon EBITDA stated before the effects of partnership payments and IFRS 16 and therefore key stakeholders (including the Group's bankers and shareholders) have an active interest in understanding these performance measures.

Turnover for the twelve months grew by £32.5m to £232.7m (2021: £200.2m). EBITDA before partnership payments and the effects of IFRS 16, increased by £21.3m to £62.5m (2021: £41.4m). The average headcount across the twelve months increased to an average 1,243 (2021: 1,195) with turnover per employee increasing to £187,000 (2021: £168,000).

Financial overview and key performance indicators (continued)

	2022 £'000	2021 £'000	2020 £'000
Gross turnover	232,720	200,226	233,004
Pre-IFRS 16 EBITDA before exceptional items[1] and before partnership payment[2]	62,514	41,379	51,746
EBITDA impact of IFRS 16[3]	5,801	5,683	5,373
EBITDA before exceptional items and partnership payment[2]	68,315	47,062	57,118
Partnership payment[2]	85	(10,086)	-
EBITDA before exceptional items	68,400	36,976	57,118
Turnover per employee	187	168	192
Average number of employees	1,243	1,195	1,211

[1]'Pre-IFRS 16 EBITDA' is a non-GAAP measure that refers to operating profits before IFRS 16 adjustments and before depreciation and amortisation. The measure is reported as it is unaffected by the transition to IFRS 16 and is an important measure for key stakeholders. Operating profit was £23.0m for the year (2021: £30.2m). The depreciation and amortisation charge for the year was £7.1m (2021: £6.7m). Disclosure of exceptional items £38.3m (2021: £nil) can be found in Note 6 of these financial statements.
[2]Partnership payments include social security and are described in Note 7.
[3]IFRS 16 was adopted in 2020 and consequently EBITDA is higher by £5.8m (2021: £5.7m) due to rental charges now capitalised and foreign exchange.

The income statement is set out on page 19 and shows a profit before income tax of £20.9m (2021: £36.2m) and a post-tax profit of £18.1m (2021: £29.7m) for the year.

During the year the Company received dividends from its immediate subsidiary undertakings totalling £0.4m (2021: £8.6m).

As at 30 April 2022, the Company had cash of £11.8m (2021: £17.5m).

Corporate, social and environmental responsibility

Sustainability has been the central focus of the practice from its inception, which has been brought into sharp focus by the ongoing climate emergency. The UN Climate Change Conference of the Parties (COP26) was held at Glasgow's Scottish Exhibition Centre, including the SEC Armadillo and OVO Hydro buildings which were both designed by the practice. Foster + Partners participated in and organised several talks and events both in Glasgow as well as its London campus, highlighting innovative sustainable designs, processes and thought leadership. Norman Foster was in conversation with US Special Presidential Envoy for Climate, John Kerry, and Leader of Glasgow

Corporate, social and environmental responsibility (continued)

City Council (Mayor) Susan Aitken, on the post-covid city, joined by an audience of mayors from across the world. Our Head of Sustainability, Chris Trott also gave presentations to delegates as part of the Buildings Pavilion programme, talking about some of our latest projects that emphasise community, business, low carbon and the benefits of circular economy. An inspiring range of sustainability related events for our internal audience also took place on our London campus throughout the duration of COP26.

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
- Competition within the sector
- Treasury and financial risks

Each of these risks is addressed under the relevant heading below.

Attracting and retaining staff

The Company mitigates staff related risks through its commitment to creating an environment that will attract, retain and motivate employees of high calibre, considering 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 to ensure our colleagues have the expertise and capabilities to deliver to our clients.

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, 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.

Principal risks (continued)

Competition risk

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

Treasury and financial risk management

The Company's operations expose it to a variety of financial risks that include interest rate risk, foreign exchange risk, credit 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 the 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 interest 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 revenue and carries significant levels of trade debtors in non-Sterling currencies (largely the US Dollar) though the majority of the Company's cost base is in Sterling. This risk is mitigated by denominating a portion of the Group's bank debt in US Dollars. The Group 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. At 30 April 2022, the Company had access to unutilised revolving credit facilities of £12.8m (2021: £12.8m) which can be utilised to address short term cash requirements. The Company remains focussed on liquidity and retains enough cash headroom so as to be able to address short term adverse cash fluctuations.

Section 172 (1) Statement

The revised UK Corporate Governance Code ('2018 Code') was published in July 2018 and applies to accounting periods beginning on or after 1 January 2019. The Companies (Miscellaneous Reporting) Regulations 2018 ('2018 MRR') require Directors to explain how they considered the interests of key stakeholders and the broader matters set out in section 172(1) (A) to (F) of the Companies Act 2006 ('S172') when performing their duty to promote the success of the Company under S172. This S172 statement, explains how the Directors:

- have engaged with employees, suppliers, customers and others; and
- have had regard to employee interests, the need to foster the company's business relationships with suppliers, customers and other, and the effect of that regard, including on the principal decisions taken by the company during the financial year.

When making decisions, each Director ensures that he/she acts in the way he/she considers, in good faith, would most likely promote the Company's success for the benefit of its members as a whole, and in doing so have regard (among other matters) to:

S172(1) (A) "The likely consequences of any decision in the long term"

At the heart of all our work is the knowledge that our designs will be in existence for the long term and that decisions made today will have consequences far into the future.

S172(1) (B) "The interests of the company's employees"

The Practice is committed to creating an environment that will attract, retain and motivate our people. The Directors recognise that the Company's employees are fundamental and core to our business and delivery of our ambitions. From ensuring that we remain a responsible employer, from pay and benefits to our health, safety and workplace environment, the Directors factor the implications of decisions on our people and the wider workforce, where relevant and feasible.

Our policies and practices are benchmarked and audited as part of the Top Employers accreditation.

S172(1) (C) "The need to foster the company's business relationships with suppliers, customers and others"

Delivering our architectural and engineering designs requires strong, mutually beneficial relationships with customers, joint venture partners, suppliers, sub-consultants and debt providers. The Directors promote open and healthy dialogue with all parties.

S172(1) (D) "The impact of the company's operations on the community and the environment"

The impact of the company's designs on the community and the environment is central to our work. Every aspect of our designs and of our influence in the sphere of design has an impact on either the community or the environment.

Section 172 (1) Statement (continued)

S172(1) (E) "The desirability of the company maintaining a reputation for high standards of business conduct"

Our business relies on our people. The Directors understand the importance of the ongoing delivery of support, training and professional development to provide our people with the necessary skills and attitudes to enable them to continue to deliver the high standards the business requires.

S172(1) (F) "The need to act fairly as between members of the company"

The Directors consider which course of action best enables delivery of successful outcomes that are balanced and fair as between the members of the Company.

Section 172 - Stakeholder Engagement

The Board recognises the important role the business has to play in society and is deeply committed to stakeholder engagement for the good of the public and the environment. The Board strongly believes that the company will only prosper by working with clients, governments, business partners, investors and other stakeholders. Working together is critical, particularly at a time when society, including businesses, governments and consumers, faces issues as complex and challenging as climate change. Promoting sustainable architecture, engineering and design is central to the future of the practice and society and the practice engages from customer level right up to governmental level.

Section 172 - Employee Engagement

The Practice recognises that a motivated and diverse workforce produces significantly better results and designs for our clients. We believe that creating a culture where everyone feels welcome and that fosters talent will allow our people to achieve their full potential. Creating an inclusive environment is fundamental to our people agenda. We have taken further steps to increase workforce diversity and have signed up to the 'Inclusive Employers' initiative and employed a Diversity and Inclusion Manager to ensure we meet our plan. We continue to see an increase in our diversity statistics across characteristics. Our Diversity Champions encompass the Women's forum, Parents and Carers, MADE (ethnicity), LGBT+ and Differing Abilities and have launched mentoring and learning activities as well as building awareness and conversation across the Practice. We are proud to be part of Black Professionals in Construction, Blue Print for all, Architecture LGBT+ and the Sociability which provide accessibility data. Our mandatory E-learning module on inclusion has been well received with a 100% completion rate.

Our inclusion policies and events have been benchmarked and audited as part of the Inclusive Employers accreditation in which we achieved a 'Highly Commended' rating.

On behalf of the Board:

M A Streets
Managing Partner & Director
17 October 2022

Foster + Partners Limited
Directors' report
For the year ended 30 April 2022

The directors present their annual report and the audited financial statements of the Company for the year ended 30 April 2022.

The results for the year, together with the comparative figures for the year ended 30 April 2021, have been prepared under Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

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

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, comprising a period of no less than 12 months from the approval of the financial statements. The process involved considering the critical assumptions which underpin the projections for operating profit in addition to the cash projections for working capital, tax and capital expenditure flows. In the context of the particular macro-economic uncertainty posed by Covid-19 and other geo-political factors, the Directors have modelled a downside scenario containing a reduction in revenue of up to 20% for the remainder of FY2022/23 together with the benefit of mitigating cost savings and growth of 4% (in line with medium term economic growth rates) from 1 May 2023. The outcome of this modelling demonstrates the Company's continued ability to meet its obligations. Consequently, the Directors are confident that the Company remains a going concern for the foreseeable future.

Treasury and financial risk management

Details of treasury and financial risk management have been disclosed in the Strategic report (page 7).

Dividends

During the year, Foster + Partners Limited paid a dividend of £nil (2021: nil) per share. The directors do not propose the payment of a final dividend (2021: £nil).

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.

Employee involvement

Our annual People Strategy provides a focus to make sure all colleagues feel able to do their best and are supported with the right tools. In 2021/22, we focused on wellbeing and inclusion to create a meaningful and inclusive workplace as the Practice is committed to supporting colleagues in taking responsibility for their own wellbeing. During the year we promoted focused sessions on dealing with stress while our online wellbeing programme provided access to a multitude of interventions including virtual GPs, counselling, mindfulness as well as physical counselling and mentoring programmes. We also accredited an increasing number of colleagues as Mental Health First Aiders. We made significant changes to our operating model during the Covid-19 pandemic to support our colleagues when working from home. Following the lifting of UK government-imposed restrictions we supported colleagues with the transition to hybrid working – a blend of office and home working. Throughout the pandemic we engaged with colleagues via surveys while ensuring we were aligned with the relevant government guidance.

Collaboration is core to our culture, as are senses of 'team' and 'belonging' while understanding the benefits of flexibility. To enhance collaboration, we have introduced key tools including Microsoft ~~Teams and a weekly briefing by email from the Managing Partner to maintain colleague engagement.~~

Our policies and practices are benchmarked and audited as part of the Top Employer accreditation. We introduced a new, simplified on-line system of performance management this year, which focuses on continuous performance conversations and improving the experience for colleagues and leaders. To support this change, we introduced new learning materials, workshops and guidance to help our people and their managers get the most out of the process.

Foster + Partners is committed to setting appropriate levels of pay that attract, motivate and retain the best talent. Men and women are paid equally for doing equivalent roles and we continue to ensure our policies and practises are fair for all. We recognise that we have a gender pay gap due to us having more men with longer service in senior positions but are pleased to see that we have more women moving into the upper pay band quartiles. The Practice will continue to encourage more of its women into senior roles.

We are proud to retain our membership of the London Living Wage Foundation and to benchmark our reward strategies to ensure our remuneration approach continues to support our business, attract and retain talent, and aligns with the Practice's strategy.

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

The Practice recognises its duties to make proper provision for the 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 re-training for alternative work of employees who become disabled, to promote their career development within the organisation.

S172 (1) Reporting

The revised UK Corporate Governance Code ('2018 Code') was published in July 2018 and applies to accounting periods beginning on or after 1 January 2019. The Companies (Miscellaneous Reporting) Regulations 2018 ('2018 MRR') require Directors to explain how they have complied with their duty to have regard to the matters in Section 172 (1) (a) – (f) of the Companies Act 2006 when performing their duties and to summarise how directors have engaged with employees, suppliers, customers, and others in a business relationship with the company. These explanations are provided within the Section 172 (1) Statement and related headings included in the Strategic Report.

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.

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 at the date of approval of these financial statements. The Company purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

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, 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 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 also 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.

Streamlined Energy and Carbon Reporting

From the perspective of the Company, issues surrounding streamlined energy and carbon reporting are integrated with those of Foster + Partners Group Limited, its ultimate parent company, and are not managed separately. Accordingly, the streamlined energy and carbon reporting of Foster + Partners Group Limited, which includes that of the Company, is addressed in the Directors' report of the consolidated financial statements of Foster + Partners Group Limited, which does not form part of this report.

On behalf of the board

M A Streets
Director
17 October 2022

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 2022 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, which comprise: the statement of financial position as at 30 April 2022; the income statement and 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

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 company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 2022 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.

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, 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.

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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Companies Act 2006 and UK tax regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Evaluating management's controls designed to prevent and detect irregularities;
- Enquiries of management (including the in-house legal counsel) in respect of known or suspected instances of fraud and non-compliance with laws and regulations;
- Challenging assumptions, judgements and estimates made by management, in particular in relation to long term contracts, impairment reviews, inputs to Black-Scholes model and expected credit losses;
- Identifying and testing journal entries and period end adjustments, including those posted with unusual account combinations or posted with unusual descriptions; and
- Incorporating unpredictability into our testing through varying the timing and nature of our procedures.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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 or intentional misrepresentations, or through collusion.

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. 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.

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 obtained 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.

Andrew Johns (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
18 October 2022

Foster + Partners Limited
Income statement
For the year ended 30 April 2022

	Note(s)	2022 £'000	2021 £'000
Revenue	4	232,720	200,226
Cost of sales		(101,196)	(95,552)
Gross profit		131,524	104,674
Administrative expenses		(69,381)	(73,522)
Net impairment losses on contract assets	15	(820)	(914)
Administrative expenses – exceptional items	6	(38,311)	-
Total administrative expenses		(108,512)	(74,436)
Operating profit before depreciation, amortisation and exceptional items		68,400	36,976
Depreciation and amortisation	10, 11,12	(7,077)	(6,738)
Exceptional items	6	(38,311)	-
Operating profit	5	23,012	30,238
Income from shares in group undertakings		443	8,562
Operating profit on ordinary activities before interest and taxation		23,455	38,800
Finance income	8	3	15
Finance expense	8	(2,513)	(2,606)
Finance expenses - net		(2,510)	(2,591)
Profit before income tax		20,945	36,209
Income tax expense	9	(2,804)	(6,535)
Profit for the financial year		18,141	29,674

There was no other comprehensive income other than the profit for the financial year as set out above (2021: £nil).

The accompanying notes on pages 23 to 49 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 2022

	Note	2022 £'000	2021 £'000
Assets			
Fixed assets			
Intangible assets	10	254	290
Property, plant and equipment	11	6,554	4,349
Right-of-use assets	12	70,009	72,392
Investments	13	1,026	1,030
Deferred tax asset	9	2,149	1,765
		79,992	79,826
Current assets			
Trade and other receivables	15	247,729	192,300
Income tax receivable	9	2,627	2,985
Cash and cash equivalents		11,836	17,494
		262,192	212,779
Total assets		342,184	292,605
Liabilities			
Creditors: amounts falling due within one year			
Trade and other payables	17	(100,118)	(101,688)
Lease liabilities	16	(3,420)	(3,123)
		(103,538)	(104,811)
Creditors: amounts falling due after more than one year			
Provisions for liabilities	18	(1,616)	(1,505)
Lease liabilities	16	(67,496)	(69,175)
		(69,112)	(70,680)
Total liabilities		(172,650)	(175,491)
Net assets		169,534	117,114
Equity			
Called up share capital	19	41	41
Share premium account		24	24
Capital contribution reserve		236,529	28,500
Accumulated losses/ Retained earnings		(67,060)	88,549
Total equity		169,534	117,114

Foster + Partners Limited
Statement of financial position (continued)
For the year ended 30 April 2022

The accompanying notes on pages 23 to 49 form an integral part of these financial statements. The financial statements on pages 19 to 49 were approved by the Board of Directors on 17 October 2022.

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 2022

	Called up share capital £'000	Share premium account £'000	Capital contribution reserve £'000	Accumulated losses £'000	Total equity £'000
Balance at 1 May 2020	41	24	28,500	58,875	87,440
Comprehensive income					
Profit for the financial year	-	-	-	29,674	29,674
Total comprehensive income for the year	-	-	-	29,674	29,674
Balance at 30 April 2021	41	24	28,500	88,549	117,114
Comprehensive income					
Profit for the financial year	-	-	-	18,141	18,141
Total comprehensive income for the year	-	-	-	18,141	18,141
Transactions with owners					
Capital contributions	-	-	208,029	-	208,029
Share-based payment movements	-	-	-	(173,750)	(173,750)
Total transactions with owners	-	-	208,029	(173,750)	34,279
Balance at 30 April 2022	41	24	236,529	(67,060)	169,534

Foster + Partners Limited
Notes to the financial statements
For the year ended 30 April 2022

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. 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 as applicable to companies using FRS 101.

FRS 101 sets out amendments to UK 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).
- 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);

2 Significant accounting policies (continued)

2.1 Basis of preparation (continued)

  - o 38B-D (additional comparative information);
  - o 111 (cash flow statement information); and
  - o 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.

2.1.1 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Company

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 30 April 2022 that have a material impact on the company's financial statements.

(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.'

2.2 Going concern

These financial statements have been prepared on a going concern basis.

The directors of the Company have reviewed the financial position, projections and cash flows for the foreseeable future of the Company comprising a period of no less than 12 months from the approval of the financial statements of the Company. 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 will be able to meets its liabilities as they fall due. Accordingly, the directors have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements. Further details are included in the Directors' report on page 10.

2 Significant accounting policies (continued)

2.3 Consolidation

The Company is a wholly owned indirect 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.

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. Unrealised gains on transactions between the Company and its joint operations are eliminated to the extent of the Company's interest in joint operations. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

2.5 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 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 Significant accounting policies (continued)

2.6 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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised as 'gains/losses on disposal of fixed assets' in the income statement.

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.

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.

2 Significant accounting policies (continued)

2.8 Current and deferred income taxes (continued)

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.

(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.

(c) Foreign branches

The results and financial position of all foreign branches (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) All resulting exchange differences are recognised in the income statement.

2 Significant accounting policies (continued)

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.

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).

Trade receivables are written off when management form a judgement that the outstanding debt is irrecoverable.

(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 Significant accounting policies (continued)

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 amounts recoverable on contracts.

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

Any contract entered into, which contains an identified asset, whose use the Company has the right to direct throughout the period of the lease, and the right to obtain substantially all of the economic benefits from, is accounted for as a lease.

At the lease commencement date, the Company recognises a right-of-use asset and a lease liability on the Statement of financial position. The lease liability is measured at the present value of the total lease payments due, discounted using the interest rate implicit in the lease if readily available, or at the Company's incremental borrowing rate. The right-of-use asset is measured at cost, being the lease liability, plus any initial direct costs incurred by the Company, or lease payments made in advance of the commencement date.

Right-of-use assets are depreciated on a straight-line basis to the end of the lease term. The Company assesses the right-of-use asset for impairment when such indicators exist. Lease liabilities are remeasured to reflect any reassessment or modification of the lease – when the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use leased asset, or in the Income statement if the asset is already reduced to zero.

The Company accounts for leases with a lease term of less than 12 months as short term leases.

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 Significant accounting policies (continued)

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.

2.20 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 Statement of financial position.

Short-term obligations include any payments in relation to the partnership payment which is calculated in accordance with the relevant agreements that were first 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.

2.21 Income from shares in group undertakings

Income from shares in group undertakings is recognised when the right to receive payment is established.

2.22 Capital contribution reserve

The capital contribution reserve arose as part of the corporate restructurings in the years to 30 April 2020 and 30 April 2022 (see Note 26).

2.23 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.

2 Significant accounting policies (continued)

2.24 Share-based payments

The fair values of equity settled share-based payment transactions are measured at the dates of grant considering the terms and conditions upon which the awards are granted. The awards fully vest at the date of grant. The fair value of such transactions is expensed and a capital contribution recognised.

3 Critical accounting estimates and judgements

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

(a) Revenue recognition

Revenue is recognised 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. Revenue, deferred income and amounts recoverable on contracts are sensitive to changes in those estimates.

(b) Lease Liabilities

The Company estimates the incremental borrowing rate used to measure lease liabilities based on expected third party financing costs when the interest rate implicit in the lease cannot be readily determined. This is explained further in the leases accounting policy.

Key judgements at the statement of financial position date are discussed below:

(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 debtors is performed on a project-by-project basis considering all relevant known factors. In addition to any specific impairments identified through this process, the Company carries an estimate for expected credit losses based on recent historical experience of amounts written off.

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:

	2022 £'000	2021 £'000
Geographical area		
Middle East	83,020	88,629
Asia	74,701	55,163
North America	28,640	21,613
United Kingdom	23,921	17,763
Continental Europe	21,677	14,398
South America	609	2,318
Africa	152	342
Total	232,720	200,226

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

	2022 £'000	2021 £'000
Current assets		
Trade receivables (Note 15)	76,626	53,529
Less provision for impairment (Note 15)	(6,423)	(7,418)
Amounts recoverable on contracts (Note 15)	8,363	7,502
	78,566	53,613

	2022 £'000	2021 £'000
Current liabilities		
Deferred income (Note 17)	59,888	59,772
	59,888	59,772

During the year the Company recognised £46.3m of revenue that was held in deferred income at 30 April 2021 (2021: £39.1m related to amounts as at 30 April 2020).

5 Operating profit

Operating profit is stated after charging / (crediting)	2022 £'000	2021 £'000
Staff costs (Note 7)	107,690	98,503
Depreciation and amortisation		
- Property, plant and equipment	2,634	2,337
- Right-of-use assets	4,277	4,233
- Intangible assets	166	168
Gain on disposal of assets	-	(10)
Operating lease charges	125	13
Foreign exchange (gain)/loss	(80)	6,561
Auditors' remuneration:		
- Fees payable to company auditors for audit services	154	195
- Fees payable to company auditors for taxation services	296	375
- Fees payable to company auditors for other services	-	5

All operating leases are in respect of Land and Buildings.

6 Exceptional Items

Immediately prior to the corporate restructuring discussed in the Strategic Report, the Company's then ultimate parent, Foster + Partners Group Limited granted options over 31,711 B Ordinary Shares, 25,774 D Ordinary shares, 10,436 C Ordinary shares and 65,793 D Preference shares of Foster + Partners Group Limited to certain employees of the Company. The fair value of the shares over which options were granted was £22.1m. The fair value of the shares was based on a third-party valuation. The shares were supplied by other shareholders and not the Company. All the options granted were exercised during the year at no cost to the option holders and no options remained outstanding at the end of the year. As the share options were granted to recipients in their capacity as employees and were not exercised for cash, the transaction is reflected as an equity settled share-based payment. The total charge to the Company was £25.2m including £3.1m of social security costs. Accordingly, a charge of £25.2m arises in the income statement of the Company. In recognition that the £22.1m fair value of shares was provided by other shareholders the Company has recorded a capital contribution directly through reserves.

As part of the restructuring, bonuses of £11.1m in aggregate were awarded to all employees except partners from funds held by Amber Holdco Share Trust. Of the total, £6.9m was paid within the year and £4.2m will be paid in the year to 30 April 2023. In recognition that the £11.1m was provided by Amber Holdco Share Trust, the Company has recorded a capital contribution of £11.1m directly through reserves. The total cost of the bonus was £12.1m including £1.0m of social security costs.

Also as part of the restructuring, bonuses of £0.9m in aggregate were paid to all the holders of the D2 Ordinary shares from funds held by Amber Holdco Share Trust. In recognition that the £0.9m was provided by Amber Holdco Share Trust, the Company has recorded a capital contribution of £0.9m directly through reserves. The total cost of the bonus was £1.0m including £0.1m of social security costs.

7 Employees and directors

(a) Employee benefit expense

	2022 £'000	2021 £'000
Wages and salaries	80,831	75,824
Partnership payment	(85)	8,824
Social security costs	9,813	10,012
Other pension costs (Note 21)	4,014	3,843
Total employee costs before exceptional items	94,573	98,503
Restructuring bonuses and related social security costs (exceptional item)	13,117	-
Total employee costs	107,690	98,503

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 first set up in 2014, £nil is accrued in respect of the financial year ending 30 April 2022 (2021: £8.8m). Social security of £nil (2021: £1.3m) on this partnership payment is included in social security costs.

(b) Average number of people employed

Monthly average number of people employed during the year (including directors)	**2022**	**2021**
Technical	970	936
Administration	273	259
Average employee numbers	1,243	1,195

7 Employees and directors (continued)

(c) Directors' emoluments and key management compensation

Key management are considered to be the directors.

	2022 £'000	2021 £'000
Directors' emoluments		
Aggregate emoluments	5,024	12,269
Amounts paid to defined contribution pension scheme	16	22
Total directors' emoluments	5,040	12,291

The Company makes pension contributions on behalf of four (2021: six) of the Company's ten directors (2021: ten) who served during the year. The contributions are made into the Company's defined contribution scheme.

Remuneration, included above, for three of the Company's ten directors is borne by the ultimate parent company, Foster + Partners Group Limited.

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

	2022 £'000	2021 £'000
Highest paid director		
Aggregate emoluments	652	1,379
Total	652	1,379

The Company has not made any pension contributions on behalf of the highest paid director (2021: none).

8 Finance income and expense

	2022 £'000	2021 £'000
Finance expense		
Interest expense on lease liabilities	(2,513)	(2,606)
Total finance expense	(2,513)	(2,606)
Finance income		
Interest income	3	15
Total finance income	3	15
Net finance expenses	(2,510)	(2,591)

9 Income tax expense

(i) Income tax expense

	2022 £'000	2021 £'000
Current tax		
UK Corporation tax	2,124	5,428
Adjustments in respect of prior years	(676)	(709)
Overseas tax	2,807	3,495
Double tax relief	(1,067)	(1,776)
Total tax charge	3,188	6,438
Deferred tax		
Origination and reversal of timing differences	(297)	(197)
Adjustments in respect of prior years	360	294
Effect of changes in tax rates	(447)	-
Total deferred tax (credit) / charge	(384)	97
Net income tax expense	2,804	6,535

UK corporation tax is calculated at 19.00% (2021: 19.00%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in those jurisdictions.

9 Income tax expense (continued)

(ii) Reconciliation of the total tax charge

The tax charge reported in the income statement for the year is lower (2021: lower) than the standard rate of Corporation Tax in the UK of 19.00% (2021: 19.00%). The differences are reconciled below:

	2022 £'000	2021 £'000
Profit before income tax	20,945	36,209
Profit before income tax multiplied by the UK standard rate of 19.00% (2021: 19.00%)	3,980	6,880
Expenses not deductible for tax purposes	328	84
Income not taxable for tax purposes	(84)	(1,627)
Group relief claimed	(2,401)	(89)
Transfer pricing adjustments	(7)	(13)
Tax rate change	(447)	-
Overseas tax paid	1,740	1,715
Exempt amounts	11	-
Adjustments in respect of prior years	(316)	(415)
Total tax charge	2,804	6,535

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

	2022 £'000	2021 £'000
Deferred tax asset		
Depreciation in excess of capital allowances	1,259	711
Short term timing differences	890	1,054
Total deferred tax asset	2,149	1,765

	2022 £'000	2021 £'000
Depreciation in excess of capital allowances		
At the start of the year	711	453
Prior year adjustment	(34)	-
Deferred tax credit in the income statement for the financial year	582	258
At the end of the year	1,259	711

9 Income tax expense (continued)

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

	2022 £'000	2021 £'000
Short term timing differences		
At the start of the year	1,054	1,409
Prior year adjustment	(326)	-
Deferred tax credit / (charge) in the income statement for the financial year	162	(355)
At the end of the year	890	1,054

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:

	2022 £'000	2021 £'000
Deferred tax to be recovered after more than 12 months	2,149	1,765
Total deferred tax asset	2,149	1,765

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 asset

	2022 £'000	2021 £'000
Corporation tax asset	2,627	2,985
Total income tax asset	2,627	2,985

(v) Factors that may affect future tax charges

The calculation of deferred tax balances takes into account the increase in the UK main corporation tax rate to 25%, effective from 1 April 2023. Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2021 on 24 May 2021. These include increases to the main rate from 19% to 25% on 1 April 2023. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

10 Intangible assets

	Software £'000
Cost	
At 1 May 2020	5,039
Additions	201
At 30 April 2021	5,240
Additions	130
Disposals	(1,042)
At 30 April 2022	4,328
Accumulated amortisation	
At 1 May 2020	4,782
Charge for the year	168
At 30 April 2021	4,950
Charge for the year	166
Disposals	(1,042)
At 30 April 2022	4,074
Net book value	
At 30 April 2022	254
At 30 April 2021	290

Intangible assets amortisation of £166,000 (2021: £168,000) is recorded in administrative expenses in the income statement.

During the year the Company disposed of intangible assets with a carrying value of £nil (2021: £nil).

11 Property, plant and equipment

	Motor Vehicles £'000	Fixtures & Fittings £'000	Total £'000
Cost			
At 1 May 2020	68	24,039	24,107
Additions	-	2,134	2,134
Disposals	-	(5,297)	(5,297)
Foreign exchange movement	-	(21)	(21)
At 30 April 2021	68	20,855	20,923
Additions	-	4,834	4,834
Disposals	-	(28)	(28)
Foreign exchange movement	-	33	33
At 30 April 2022	68	25,694	25762
Accumulated depreciation			
At 1 May 2020	50	19,508	19,558
Charge for the year	6	2,331	2,337
Disposals	-	(5,296)	(5,296)
Foreign exchange movement	-	(25)	(25)
At 30 April 2021	56	16,518	16,574
Charge for the year	6	2,628	2,634
Disposals	-	(25)	(25)
Foreign exchange movement	-	25	25
At 30 April 2022	62	19,146	19,208
Net book value			
At 30 April 2022	6	6,548	6,554
At 30 April 2021	12	4,337	4,349

Depreciation expense of £2,634,000 (2021: £2,337,000) is included within 'administrative expenses' in the income statement.

During the year the Company disposed of assets with a carrying value of £3,000 (2021: £1,000) and a cost of £28,000 (2021: £5,297,000).

12 Right-of-use assets

	Property leases £'000
Cost	
At 1 May 2020	81,095
Additions	74
Foreign exchange movement	21
At 30 April 2021	81,190
Additions	1,867
Foreign exchange movement	(50)
At 30 April 2022	83,007
Accumulated depreciation	
At 1 May 2020	4,530
Charge for the year	4,233
Foreign exchange movement	35
At 30 April 2021	8,798
Charge for the year	4,277
Foreign exchange movement	(77)
At 30 April 2022	12,998
Net book value	
At 30 April 2022	70,009
At 30 April 2021	72,392

13 Investments

	Investment in subsidiary undertakings £'000
Cost and net book value	
At 1 May 2020	1,030
At 30 April 2021	1,030
Disposal	(4)
At 30 April 2022	1,026

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.

13 Investments (continued)

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	%
Subsidiary undertaking				
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 #17-01A Keck Seng Tower, Singapore 069535	Architects	Ordinary	100
F & P Architekten GmbH	Unter den Linden 14 10117 Berlin	Architects	Ordinary	100
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	Serrano 31, 28001 Madrid, Spain	Architects	Ordinary	100
F+P Architects New York Inc	300 W 57th Street, New York, NY 10009-3741	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	101, 1st Floor, Vindhya Commercial Complex, Plot 1 Sector 11, CBD Belapur, Navi Mumbia, Maharashtra, 400614	Architects	Ordinary	100
Foster + Partners Sweden AB	c/o Foyen Advokatfirma AB P.O. Box 7229 103 89 Stockholm Sweden	Architects	Ordinary	100
Foster and Partners Australia Pty Ltd	Level 11, 485 Bourke Street. Melbourne VIC 3000, Australia	Architects	Ordinary	100
Rungruangpisarnkaona Co., Limited	No. 999/9 Central World, 26th Floor, Rama 1 Road, Pathumwan Sub-District, Pathumwan District, Bangkok, Thailand	Holding	Ordinary	49
Foster and Partners Mexico S.A de C.V.	Miguel Mendoza 64, Merced Gomez, Alvaro Obregon, Distrito Federal, 01600, Mexico	Architects	Ordinary	100

13 Investments (continued)

Company	Registered Address	Principal activity	Shares held Class	%
Subsidiary undertaking				
F&P (Thailand) Limited	No. 57 Park Ventures Ecoplex, Unit 1003-1004, 10th Floor, Wireless Road Lumpini Sub-district, Pathumwan District, Bangkok, Thailand	Architects	Ordinary	74
Joint operations				
FP-FREE, S. de R.L. de C.V.	Montes Urales 723 –piso 2 Lomas de Chapultepec 11000 Ciudad de México México	Architects	Ordinary	50

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.

On 23 December 2021, Foster and Partners Mimarlik Musavirlik Limited an indirect subsidiary undertaking of the company was liquidated. 99.5% of the shares of this company were held at 30 April 2021.

14 Joint operations

In the year to 30 April 2015, Foster + Partners Limited entered into an incorporated joint arrangement called FP-FREE, S. de R.L. de C.V. with Servicios Smart Free A Tu Nivel, S.A. De D.V., a Mexican architectural practice in order to perform architectural services under the contract for Mexico City Airport. Foster + Partners Limited holds 50% 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 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.

15 Trade and other receivables

	2022 £'000	2021 £'000
Trade receivables	76,626	53,529
Less provision for impairment	(6,423)	(7,418)
	70,203	46,111
Amounts recoverable on contracts	8,363	7,502
Amounts owed by group undertakings	160,663	130,294
Other receivables	439	274
Prepayments	8,061	8,119
Total	247,729	192,300

Amounts owed by 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:

	2022 £'000	2021 £'000
At 1 May	7,418	6,815
Provision for receivables impairment	5,220	3,739
Amounts reversed	(4,400)	(2,825)
Amounts utilised	(1,815)	(311)
At 30 April	6,423	7,418

Net impairment losses on contract assets of £0.8m is comprised of provision for receivables impairment and amounts reversed (2021: £0.9m).

16 Lease liabilities

The movement in the lease liability over the year was as follows:

	2022 £'000	2021 £'000
At 1 May	72,298	75,274
Additions	1,801	126
Interest charges	2,513	2,606
Repayments of lease liabilities	(5,712)	(5,699)
Foreign exchange	16	(9)
At 30 April	70,916	72,298

Lease liabilities mature as follows:

	2022 £'000	2021 £'000
Within one year	3,420	3,123
Within two to five years	13,771	13,035
After 5 years	53,725	56,140
Total	70,916	72,298
Current	3,420	3,123
Non-current	67,496	69,175
Total	70,916	72,298

17 Trade and other payables

	2022 £'000	2021 £'000
Trade payables	6,944	6,185
Amounts owed to group undertakings	6,312	4,596
Other taxation and social security	2,638	1,816
Other payables	824	721
Accruals	23,512	28,598
Deferred income	59,888	59,772
Total	100,118	101,688

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

18 Provisions for liabilities

	Claims on contracts £'000	Loss making contracts £'000	Total £'000
Balance at 1 May 2020	1,050	75	1,125
Released	(200)	-	(200)
Provided for in the current year	525	255	780
Utilised	-	(200)	(200)
Balance at 30 April 2021	1,375	130	1,505
Provided for in the current year	475	70	545
Utilised	(325)	(109)	(434)
Balance at 30 April 2022	1,525	91	1,616

The provision for claims on contracts represents 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.

19 Called up share capital

	2022 £'000	2021 £'000
Allotted, called up and fully paid		
41,347 (2021: 41,347) 'A' ordinary shares of £1 each	41	41

20 Dividends

	2022 £'000	2021 £'000
£nil (2021: £nil) per £1 share	-	-
Total	-	-

The directors do not propose the payment of a final dividend (2021: £nil).

21 Pension schemes

The Company operates a defined contribution scheme for which the pension cost charge for the year amounted to £4.0m (2021: £3.8m). As at 30 April 2022 a £0.6m payable is held in the statement of financial position (2021: £0.5m) for contributions to be paid over.

22 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, an entity registered in England and Wales amounting to £1.9m (2021: £1.9m).

During the year, the Company incurred management fees payable to Architecture Invest LP, an entity registered in Canada and related to certain directors of the ultimate parent company, amounting to £0.5m (2021: £nil).

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 24.

23 Contingent assets and liabilities

At 30 April 2022, certain borrowings in Foster + Partners Group Limited, the ultimate parent company of Foster + Partners Limited, were secured on the Company's assets. The amount of secured borrowings as at 30 April 2022 was £169.1m (2021: £117.1m).

As disclosed in note 18 the Company has been notified of several other potential contract related claims, which in the opinion of the directors are not valid and accordingly have not been provided for.

24 Controlling parties

The immediate parent undertaking is Foster Holdings Limited.

Until 6 October 2021 the Company's ultimate parent was Foster + Partners Group Limited. On 7 October 2021, as part of the corporate restructuring discussed above, PF Newco Limited became the Company's new ultimate parent. Subsequently on 9th December 2021 Foster + Partners Group Limited changed its name to Foster + Partners Intermediary Limited and on 20th December 2021 PF Newco Limited changed its name to Foster + Partners Group Limited.

At the year-end the Company's ultimate parent undertaking was Foster + Partners Group Limited, a company incorporated in England and Wales with a registered address at Riverside Three, 22 Hester Road, London, SW11 4AN.

Foster + Partners Group Limited is the parent company of the largest and smallest group of undertakings to consolidate these financial statements at 30 April 2022. 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.

25 Share based Payments

In 2019 (the '2019 arrangement') employees of the Company that that were also shareholders of the Company's then ultimate parent (now called Foster + Partners Holdings Limited) were awarded shares in Foster + Partners Intermediary Limited in exchange for shares in Foster + Partners Holdings Limited. As the shares in Foster + Partners Intermediary Limited were awarded to the holders in their capacity as employees the transaction fell within the scope of 'IFRS 2 Share-based payments'. However, at the time the probability of the shares having material value was considered sufficiently low that no charge to the income statement of the Company was made.

In October 2021 (the '2021 modification'), as described in the Strategic Report, the restructuring of the Foster + Partners group of companies included the introduction of a new ultimate parent company. The new ultimate parent, PF Newco Limited, acquired 100% of the shares of Foster + Partners Intermediary Limited for consideration consisting of a combination of cash and shares in PF Newco Limited. This constitutes a modification of the 2019 arrangement.

The 2019 arrangement involved awards to employees of the Company of 686,127 B Ordinary shares and 68,240 D Ordinary shares. The 2021 modification adopted an option pricing methodology based on the Black Scholes model and a third-party valuation of equity prepared at the time of the share awards in 2019. The output was a fair value of £173.75m.

As the 2021 modification is the result of a change in economic circumstances rather than a change in policy, the fair value of the share awards of £173.75m has been charged to reserves. As the share awards were of shares in the Company's ultimate parent a capital contribution reserve of the same value has been established.

26 Capital Contributions

Capital contributions consist of those items disclosed in Note 6 and Note 25.