

No 13572446

**Foster + Partners Group Limited
(formerly PF Newco Limited)**

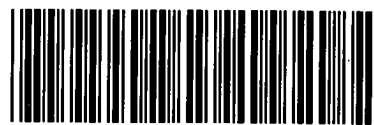
**Annual Report & Consolidated Financial
Statements**

For the period from incorporation to 30 April 2022

Registered Office:

Riverside Three
22 Hester Road
London
SW11 4AN

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Foster + Partners Group Limited

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For the period from incorporation to 30 April 2022

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Foster + Partners Group Limited
Company information
For the period from incorporation to 30 April 2022

Board of directors	Lord Foster of Thames Bank, OM L K Fox J Friedrichsen B Hennick J S Hennick M D Hollend S J Miners M A Streets D Summerfield
Registered office	Riverside Three, 22 Hester Road, London, SW11 4AN
Bankers	HSBC Bank Plc 8 Canada Square, London, E14 5HQ Lloyds 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	13572446

Foster + Partners Group Limited

Chairman's introduction

For the period from incorporation to 30 April 2022

Throughout each year I am routinely asked to make keynote speeches all around the world and our Financial Year 21/22 was no exception. They are opportunities for research and to engage with a wider network of disciplines. They also complement my prime activity of leading design in the practice. This year's events were as varied as ever – including joining John Kerry in discussion on stage at COP26 in Glasgow (an event which reached over 1 billion online), addressing the UN's General Assembly in New York, at the request of the Assembly's President, on the importance of masterplanning cities and the vital role of architects in the process, and also heading out the Forum of Mayors for the United Nations in Geneva. The events and audiences vary but there is a consistent underlying theme – that of energy and climate change. The most recent of such events was representing the practice at the *Foro Internacional Expansión* in Madrid, a high level event supported by government. Some of what I shared with the audience then, I share here as part of our reflections on the work of the last year.

Around 83% of global energy is generated by burning fossil fuels¹. So, the transition from our predominantly dirty production of energy to one which is clean is at the very heart of our combating global warming.

There is also a moral dimension to the issue of energy. It has been statistically demonstrated that those societies which are high consumers of energy live longer, have lower infant mortality, have greater sexual and political freedoms, have a higher level of education and a better quality of life².

However, the tragic events in Europe this year have highlighted the further dimension of conflict, which must inform the way we consider our energy creation and distribution in the future. War is currently being fought over energy. The Russian annexed Crimean Peninsula has vast offshore reserves of oil and natural gas, and Ukraine has Europe's second largest natural gas reserves after Norway³, almost 80 percent of which are located east of the Dnipro River. Ukraine also has Europe's third largest shale gas reserves at 1.2 trillion cubic metres⁴, most of which is also located to the east of the country. Remember it was shale that turned America from being dependant on importing oil to being the world's largest exporter of it. As a consequence of the recent Russian invasion of Ukraine, some estimates for the combined loss of life - civilian and military, Russian and Ukrainian - exceed 55,000⁵. Cities have been razed to the ground, more than 12 million⁶ people have been displaced from their homes and there is, according to the UNHCR, a refugee crisis approaching 7 million. The knock-on effect of Russia's energy ransom is the prospect of tens of millions in Africa on the brink of famine – one in three will need humanitarian aid.

The war and its carnage have been fuelled by Europe to the tune of over 80 billion Euros⁷ in fossil fuel imports from Russia since the war began which, out of economic necessity, are free from sanctions. In the last decade, Germany has closed down all but three of its nuclear reactors and is committed to reducing the total number to zero by the end of 2022. In March 2011, Germany had 17 reactors operating, producing one quarter of the country's electricity. Today, 24% of Germany's electricity still comes from coal powered plants and it continues to import electricity from France which is, of course,

¹ <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energy-economics/statistical-review/bp-stats-review-2021-primary-energy.pdf>

² <https://vaclavsmil.com/wp-content/uploads/docs/smil-articles-science-energy-ethics-civilization.pdf>

³ <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energy-economics/statistical-review/bp-stats-review-2021-full-report.pdf>

⁴ <https://www.eia.gov/analysis/studies/worldshalegas/>

⁵ https://en.wikipedia.org/wiki/Casualties_of_the_Russo-Ukrainian_War#Total_deaths

⁶ New York Times, 6 June 2022

⁷ <https://beyond-coal.eu/russian-fossil-fuel-tracker/>

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Chairman's introduction (continued)

For the period from incorporation to 30 April 2022

primarily produced by nuclear. Germany's policy to totally phase out the only safe and reliable clean source of energy was on the grounds of public safety following Fukushima. However, nuclear, including every accident and its consequences, is by a vast margin the safest form of energy production. A 2012 study by James Conca in Forbes compared the average number of deaths, globally, per thousand terawatt hour. The results were 90 for nuclear - including Chernobyl - 440 for solar, 4000 for gas, 36,000 for oil and 100,000 for coal⁸.

There are also factions who are concerned about the problem of radioactive waste. However, the reality is that it is the only waste that is, by comparison with any other form of production, microscopic and the only one that is totally controllable, and currently controlled, from cradle to grave.

We never confront the toll of the uncontrolled discharge of 35 billion tons of CO₂⁹ that we vent into the atmosphere every year – a significant proportion of which is from energy generation. 10 million people die from air pollution every year, many of them children, from burning coal, wood and animal waste for heating and cooking.

My advocacy for nuclear does not preclude the importance of encouraging the development of other sources of clean energy, particularly fusion, which is another form of nuclear energy. However, in terms of solar and wind, it has taken more than 50 years for them to deliver just over 10% of global energy in 2021¹⁰ and, because of their weather dependency, they currently rely on fossil fuel backup. That does not auger well for IRENA's¹¹ claims that the share of renewable energy in the power sector will reach 85% by 2050, mostly through growth in solar and wind power generation¹².

A consequence of growth in renewable energy that is rarely confronted is the likely massive upsurge in Lithium-ion battery production that would follow – a move that the new found axis of China and Russia could exploit. If Russia is presently holding the West to ransom with energy, then China could do the same in the future with the raw materials, such as graphite, which are central to Lithium-ion battery production. In 2021, China's mines produced 820,000 metric tonnes of graphite. Brazil came a very distant second at 68,000 metric tonnes and the rest of the world's graphite mining countries are barely worth a mention in terms of their comparable levels of production¹³. Beyond its own borders, China is also acquiring other reserves and resources to fuel its future battery production. The nation's mining and battery companies acquired 6.4 million tonnes of lithium in reserves and resources in 2021, nearly matching the 6.8 million tonnes of lithium acquired by all companies worldwide in 2020¹⁴.

On the subject of batteries and the popular rush to electric vehicles, it is worth remembering that they are twice as heavy as conventional cars so they consume much more energy (per unit distance travelled) in the form of electricity that is injected into a battery. The battery is like a fuel tank so if that electricity has not been generated from a clean source, then it will only add further to the carbon

⁸ <https://www.forbes.com/sites/jamesconca/2012/06/10/energys-deathprint-a-price-always-paid/?sh=71b8728b709b>

⁹ <https://www.theworldcounts.com/challenges/climate-change/global-warming/global-co2-emissions/story>

¹⁰ <https://edition.cnn.com/2022/03/30/business/renewable-energy-wind-solar-electricity-climate-intl/index.html>

¹¹ International Renewable Energy Agency

¹² [https://www.irena.org/-](https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2018/Apr/IRENA_Report_GET_2018.pdf)

[/media/Files/IRENA/Agency/Publication/2018/Apr/IRENA_Report_GET_2018.pdf](https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2018/Apr/IRENA_Report_GET_2018.pdf)

¹³ <https://www.statista.com/statistics/267366/world-graphite-production/>

¹⁴ <https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/china-mining-battery-companies-sweep-up-lithium-supplies-in-acquisition-blitz-67205411>

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Chairman's introduction (continued)

For the period from incorporation to 30 April 2022

footprint. Incidentally, solar cells currently have a 25 to 30 year¹⁵ life and batteries last for around 10 to 20 years¹⁶. Their disposal and recycling pose serious environmental hazards.

Beyond the issue of energy production itself, we need to factor in three contextual realities – future urbanisation, population growth and informal settlements, or slums. Cities occupy 0.5%¹⁷ of the planet's surface but they generate 80%¹⁸ of our wealth and 60%¹⁹ of greenhouse gases. We are presently 7.9 billion souls on the planet and predicted to grow to 9.7 billion²⁰ by 2050. Almost all of those people will inhabit cities, many of which are yet to be built. One estimate is that will require the building of around 250 Madrids between now and 2050 – roughly one every month and a half. Unless we revolutionise our approach to energy and urbanism, one in three of our future population will be in informal settlements without access to electricity, clean water and modern sanitation. Currently, 21% of the world's population lack basic sanitation²¹ and 10% of humanity do not have access to electricity²².

Factor in geopolitical shifts and, by then, one in four²³ people will be African on a vast continent currently lacking the infrastructure of more developed economies. Africa has 600 million people without electricity, one sixth of whom live in Nigeria. This country estimates that, by 2050, it will need fifteen times more energy than it presently consumes in order to industrialise and meet its population growth²⁴.

These statistics and the undoubted challenges our planet faces lead me to suggest that we need a mega amount of energy – an abundance of it - and it needs to be safe, reliable and affordable for all. Lots of energy equals low birth rates thereby stabilising the planetary population²⁵, making it more equitable, thus avoiding social revolutions and, unlike today, ensuring that you cannot weaponise energy because it would no longer be a precious resource.

This can be achieved if, in the first instance, we make the most of what we already have, act on facts and not emotion, and keep existing nuclear power stations open. They are proven to be the safest, cleanest and most reliable sources of energy at our disposal.

Nations need to be realistic and united in their views on nuclear. By way of one example, in Spain, of the seven nuclear power reactors that generate around 22% of the country's electricity, four reactors are scheduled to close by the end of 2030, with the remaining three shutting by 2035²⁶. By contrast, the UK are embarking on a programme of building six conventional nuclear power stations. The UK's approach should be applauded but I suggest we should be more radical.

¹⁵ <https://www.greenbiz.com/article/what-will-happen-solar-panels-after-their-useful-lives-are-over#:~:text=The%20industry%20standard%20life%20span,t%20long%20from%20being%20retired.>

¹⁶ <https://www.edfenergy.com/electric-cars/batteries>

¹⁷ https://ec.europa.eu/environment/integration/research/newsalert/pdf/179na4_en.pdf

¹⁸ <https://www.worldbank.org/en/topic/urbandevelopment/overview#1>

¹⁹ <https://www.un.org/en/climatechange/climate-solutions/cities-pollution>

²⁰ <https://www.un.org/development/desa/en/news/population/world-population-prospects-2019.html>

²¹ <https://www.cdc.gov/healthywater/global/assessing.html>

²² <https://www.iea.org/reports/sdg7-data-and-projections/access-to-electricity> (770 million people out of world population of 7.8 billion in 2021)

²³ <https://www.statista.com/statistics/1224205/forecast-of-the-total-population-of-africa/>

²⁴ Financial Times "Big Read", 2 June 2022

²⁵ DeLong et al, PLoS ONE, 5(10), 2010

²⁶ <https://www.world-nuclear-news.org/Articles/Foronuclear-warns-of-early-Spanish-nuclear-exit#:~:text=Spain's%20seven%20nuclear%20power%20reactors,reactors%20will%20shut%20by%202035.>

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Chairman's introduction (continued)

For the period from incorporation to 30 April 2022

We need to inform our decisions from the lessons from other technologies of our age. Overwhelmingly, those technologies have trended towards miniaturisation – ephemeralisation. Best summed up as doing more with less. The obvious example is telecommunications and the shift to satellites and handheld devices away from the vast network of phone landlines in the past, strung across nations, to connect Bakelite handsets to homes and kiosks. Those historic networks relied on armies of manual operatives connected to huge, centralised buildings called telephone exchanges. Now, that vast physical infrastructure has been replaced by a pocket-sized device and invisible lines in the sky going out to satellites in space.

Now relate the old telecommunications network to that of the power stations of today and their sprawling powerlines. In a recent summer in California, such a crumbling infrastructure from a bankrupt energy supplier sparked forest fires that left two and a half million residents without electric power, scrambling to buy diesel generators. A Texan winter that followed told the same story of a centralised system breakdown.

How do we power the vast urbanisations still to be built, to extend or retrofit present urbanities without resorting to the long drawn out construction programmes and cost overruns of big power stations and mega grids (although in Korea and China, such projects are routinely delivered on cost and on time)? What are the smartphone equivalents waiting to happen in the world of energy?

Imagine a standard 6.0 metre (20 feet) container that houses a micro-reactor – when coupled to a similar sized conversion module, the 10MW output could plug-in to power an entire Manhattan city block or a small town. Such standardised units would roll off a production line like automobiles. With such an abundance of clean energy, CO2 dissolved in sea water can be converted to aviation fuel enabling the world's jet fleet to go green without any change to the engines and infrastructure.

The process would deliver another bonus by deacidifying the oceans which are currently a major carbon sink.

The technology of the micro-reactor is not new – it was used in the 1960s by Russia to power space satellites and, in the same period, by the US Army as towable power units for the battlefield. More recently, NASA concluded the Kilopower programme which developed preliminary concepts and technologies that could be used for an affordable fission nuclear power system to enable long-duration stays on planetary surfaces²⁷. The concept has been refined by Westinghouse, through their e-Vinci micro-reactor project, into a safe, sealed unit with a maintenance life of at least five-year cycles after which the removable fuel module would be replaced. The fuel is less than 20% enriched so it is non-weapon grade.

Another industrialised nuclear option, between the conventional multi-reactor facilities and the nuclear battery, is the Small Modular Reactor (SMR), typically delivering 60MW to 300MW, which could plug into an existing grid to create its own network of distribution.

Nuclear in any of the three manifestations that I have described is a tiny dot on the landscape compared with the vast amounts of land consumed by solar and wind – which is another form of environmental blight. Then there are the other problems that I have already mentioned – unreliability, short life, pollution through disposal and the geopolitical risks of supply chains.

²⁷ <https://www.nasa.gov/directorates/spacetech/kilopower>

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Chairman's introduction (continued)

For the period from incorporation to 30 April 2022

To reach the target of 1.5°C rise by 2050 we need to be at 1.5 tons CO2 emissions per capita. However, as at today, Germany – one of the greenest nations – is at 7.7 tons, the USA is at 14.2 tons and Qatar is at 37 tons²⁸. If, as already noted, after 50 years with our Plan A we have achieved 10% of global energy by solar and wind, we need a back-up Plan B to run in parallel. My conviction is that Plan B is the nuclear option – a term with negative associations – but one that I believe is a lifeline to peace and stability.

The above text owes much to the collaboration between The Norman Foster Foundation and MIT's Centre for Advanced Nuclear Energy Systems (CANES), particularly on the development and application of micro reactors or nuclear batteries.

The issue of energy in a time of global warming is inseparable from the worlds of architecture, infrastructure and planning. As such, it is at the core of Foster + Partners DNA - and is rooted in the times out of which the practice has grown.

That was the context of the nineteen sixties and we sought an architecture that would reflect the concerns that were then emerging and captivating a youthful fringe of society. Concerns that were given expression by the writings of an older generation.

There are many examples - Rachel Carson in her book "Silent Spring", railed against the harmful effects of pesticides on the eco system. Her work was linked to James Lovelock with his later Gaia hypothesis of the Earth functioning as a self-regulating system, then there was Stewart Brand's "Whole Earth Catalog" as an information source for the drop-out hippy movement. This was the analogue transition into the digital age of freely, available knowledge. Another pivotal moment was marked by the photograph by the astronaut William Anders called "Earthrise", taken from a lunar orbit, showed for the first time the precious thin layer of atmosphere that protects and sustains all of our life. Fifty years later, he observed "we set out to explore the Moon and instead discovered the Earth". Then there was Buckminster Fuller's book of one year later "Operating Manual of Planet Earth", which drew attention to the fragility of our habitat.

Added together, these separate but connected references were the seeds of what would later be popularised as the green or environmental movement. Our works of the late sixties and seventies were translations of these emergent trends into architecture. They are manifest in early examples of breathing buildings and energy reducing strategies, the recycling of waste and conserving of water, the harnessing of solar and wind power with links to the world of nature by the inclusions of greenery, natural light, and views. The latter is an approach that would, more than a decade later, be pronounced and advocated as "biophilia" by the scientists EO Wilson in his book of that name in 1984.

There is therefore a seamless environmental link between our past and present – from the early roots in the transition from Team 4 to Foster Associates in 1967, through to our most recent work. The earliest "breathing buildings", the Reliance Factory and the Sainsbury Centre for Visual Arts, were essays in controlled natural ventilation combined with the dissolving of environmental systems within the structure. The same ephemeralisation of mechanical and electrical services with greater control of air movement can be found, more than five decades later, in London's Bloomberg HQ and in California's Apple Park. Even the dissolution of heating and cooling by small bore pipes embodied in structural concrete, which underpins the design of The Apple Circular HQ, was pioneered in the nineteen sixties with the Reliance Electronic factory. Not so apparent perhaps is the recycling of the

²⁸ <https://ourworldindata.org/grapher/co-emissions-per-capita?tab=table>

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Chairman's introduction (continued)

For the period from incorporation to 30 April 2022

original twenty-six buildings on the Apple Park site, that were demolished and more than 95% recycled, with a significant proportion reused in the concrete of the new structures.

But the ultimate in sustainability is when a derelict and obsolescent building can be recycled to generate a new life and purpose. Our highest performer in this area, and the latest out of many past examples, is the Ombu project in Madrid which transforms a derelict gas plant dating from the turn of the century into a new headquarter facility. It has a one planet ecological footprint, meaning its carbon emissions will be absorbed by the capacity of the earth. So, its environmental impact is compatible with the original 2°C aim of the Paris Agreement. As our highest achiever so far in terms of sustainability we presented it at Glasgow COP26.

Given this continuity of environmental awareness as a force for design over some 55 years, there is perhaps one significant difference between the past and the present. It is only within the last decade that, as a result of scientific research, we can state that a green building is good for your health as well as for the planet. This is a result of several studies and, in particular, those by the Harvard TH Chan School of Public Health. Hitherto we could, only through advocacy, convince those who commissioned. For example, our Commerzbank tower in Frankfurt was the world's first ecological tower designed for predominantly natural ventilation, albeit with control of internal temperature. We knew it saved energy and every report from the building manager told of satisfaction by the users, who could incidentally determine the measure of its fresh air. However, we could not offer scientific proof to back our arguments.

By comparison, twenty-five years later, our tower for JP Morgan Chase in New York is underpinned by the direct involvement of Dr Joseph Allen who led the Harvard Research team, and with whom I have been involved over many years. One consequence is that the tower's occupants will enjoy twice the amount of air changes than that those set as an American standard – in other words the workspaces are fresher and healthier. Aside from on-site energy generation by solar and fuel cells with battery storage, its all-electric systems are fed from hydroelectric energy sources.

I started with some recent words about the critical importance of energy in a time of global warming and linked that to the continuum of our sustainable agenda since 1967. That mission was started by a married couple of architects in their early thirties, together with a handful of young graduates and students operating out of a two roomed apartment in a London suburb. The same mission is now the DNA that is embraced by a team of more than 1700, headquartered still in London, and spread in studios around the world. Sometime in between our birth and the present was the conscious redesign of a creative organisation into a studio system that would gain the benefits of size through more disciplines and resources, but maintain the personal service offered by smaller practices.

I would like to pay tribute to our team, for their energy enthusiasm and untiring commitment. But architecture is a group activity and realised only by collaborators, craftspeople and builders to whom we also pay tribute. But the most important group of all are those who commission projects, and we give thanks for their patronage, support and trust. I end my annual statement in a similar vein every year but, even at the risk of annual repetition, it is important to acknowledge our debt to others.

This year marked an investment in the practice by the Hennick family from Canada through their family office. In one sense it is another return to our roots with two families, the Hennicks and Fosters as major shareholders, twinned with nearly two hundred other Partners within the practice. The benefits that have accrued from this as a long-term strategy, as well as our recent achievements, are set out in the Annual Report that follows.

Foster + Partners Group Limited
Chairman's introduction (continued)
For the period from incorporation to 30 April 2022



Lord Foster of Thames Bank OM
Founder + Executive Chairman
17 October 2022

Foster + Partners Group Limited

Strategic report

For the period from incorporation to 30 April 2022

Incorporation and Acquisition

The Company was incorporated on 18 August 2021 and changed its name from PF Newco Limited to Foster + Partners Group Limited on 20 December 2021. The Company did not trade between incorporation and 7 October 2021.

On 7th October 2021 the Company acquired the entire share capital of Foster + Partners Intermediary Limited (formerly called Foster + Partners Group Limited) and in doing so became the new ultimate parent company of the Foster + Partners group of companies. The acquisition was the formation of a strategic partnership with Hennick & Company, a private family investment firm founded by the Hennick Family. For Foster + Partners 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 partnership base, 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. The acquisition was funded through a mixture of cash and shares in the Company.

More information on the corporate structuring is set out in Note 2.1 'Basis of Preparation' to these financial statements. At the same time as the acquisition the group repaid its existing bank debt and replaced it with a new facility provided by the existing bank group. More information on the new bank facilities is set out in Note 18 'Borrowings' to these financial statements.

The restructuring of the group meets the definition of a business combination according to IFRS 3 and these consolidated financial statements record the performance of the group since the combination occurred on 7 October 2021 with no comparative information. To provide key stakeholders with comparative data for the underlying business a table has been included in 'Financial overview and key performance indicators' section of this Strategic Report.

Business Description

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 over 80% 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.

Foster + Partners Group Limited

Strategic report (continued)

For the period from incorporation to 30 April 2022

Review of the year²⁹

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.

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.

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.

²⁹ Although the new consolidated group only came into being on 7 October 2021, the underlying trading business of the Foster + Partners group of companies (excluding the Company) operated for the full twelve months to 30 April 2022. Although the consolidated financial statements report only the period since acquisition, certain measures throughout this Annual Report and Consolidated Financial Statements refer to operations for the full 12 months as the Directors consider this more meaningful.

Foster + Partners Group Limited

Strategic report (continued)

For the period from incorporation to 30 April 2022

Review of the year (continued)

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 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. 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 accounting standard IFRS 3 (Business Combinations) determines that the Income Statement for these consolidated financial statements should only disclose the results of the group for the period since acquisition and without comparatives. However, because the acquisition did not change the underlying operations of the business and key stakeholders (including the Group's employees, shareholders and bankers) have an active interest in understanding the twelve-month performance of the practice, the Directors consider it appropriate to include additional performance information in this annual report.

Foster + Partners Group Limited

Strategic report (continued)

For the period from incorporation to 30 April 2022

Financial overview and key performance indicators (continued)

Therefore, the following narrative and the accompanying table describe the performance of the trading group for the twelve months to 30th April 2022 on a pro-forma basis as if the acquisition had not happened and before the effects of the partnership payment, IFRS 2 (share-based payments) and IFRS 16 (leases) and includes comparatives for the previous two years. In addition, the Group's bank borrowings have financial covenants that are based upon EBITDA for the twelve months to 30 April 2022 stated before the effects of partnership payments, IFRS 2 and IFRS 16.

Turnover for the twelve months grew by £19.6m to £255.5m (2021: £235.9m). EBITDA before partnership payments and the effects of IFRS 2 and IFRS 16, increased by £0.9m to £57.0m (2021: £56.1m). The average headcount across the twelve months increased to an average 1,479 (2021: 1,418) with turnover per employee increasing to £173,000 (2021: £166,000).

	2022	2021	2020
	£'000	£'000	£'000
Group turnover	255,510	235,938	271,859
Pre-IFRS 16 and pre-IFRS 2 EBITDA before exceptional items ¹ and before partnership payment ²	57,044	56,084	58,257
EBITDA impact of IFRS 16 ³	8,014	7,889	7,291
Pre-IFRS 2 EBITDA before exceptional items and partnership payment ¹	65,058	63,973	65,548
EBITDA impact of IFRS 2 ⁴	(8,731)	-	-
Partnership payment ²	97	(10,086)	-
EBITDA before exceptional items	56,424	53,887	65,548
Turnover per employee	173	166	190
Average number of employees (no.)	1,479	1,418	1,434

¹Pre-IFRS 16 and pre-IFRS 2 EBITDA¹ is a non-GAAP measure that refers to operating profits before IFRS 16 and IFRS 2 adjustments and before depreciation and amortisation. The measure is reported as it is unaffected by the transition to IFRS 16 and the impact of IFRS 2 and is an important measure for key stakeholders. Disclosure of exceptional items of £8.0m (2021: £nil) can be found in Note 5 of these financial statements.

²Partnership payment (including social security cost) is a payment to all partners in addition to the annual bonus.

³2020 was the year of transition to IFRS 16 and consequently EBITDA is higher by £8.0m (2021: £7.9m) due to rental charges now capitalised, losses from exits on leases and foreign exchange.

⁴The charge to the income statement in accordance with IFRS 2 (Share-based payments) is not a trading cost and key stakeholders including banks, employees and Directors consider that business performance is better measured before the impact of this charge. Further detail is provided in Note 24.

Foster + Partners Group Limited

Strategic report (continued)

For the period from incorporation to 30 April 2022

Financial overview and key performance indicators (continued)

The consolidated income statement for the period from 7 October 2021 to 30 April 2022 is set out on page 29 and shows a pre-tax loss of £13.1m and a post-tax loss of £16.8m. No dividend is proposed to be paid out of reserves.

As at 30 April 2022, the Group had cash of £23.9m. Net debt as of 30 April 2022 was £144.6m. Net debt comprises bank loans (Note 18) less cash balances (Note 17).

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 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 Group'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 Group 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 Group's businesses.

The Group'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.

Foster + Partners Group Limited

Strategic report (continued)

For the period from incorporation to 30 April 2022

Global demand for construction projects

The Group 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.

Competition risk

The Group 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 Group'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 Group in relation to funding, investment and hedging. These policies ensure that the Group's 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 Group's exposure to interest rate movements is maintained within set limits. To mitigate interest rate risk the treasury function enters into derivatives transactions, principally interest rate caps and swaps. The purpose of these transactions is to manage the interest rate risks arising from the Group's underlying business operations. No transactions of a purely speculative nature are undertaken. The Board monitors the Group's financing through its regular review of trading performance and authorises all significant transactions.

Foreign exchange risk arises because the Group 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 Group's cost base is in Sterling. This risk is mitigated by denominating a portion of 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 Group 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 Group had access to unutilised revolving credit facilities of £12.8m which can be utilised to address short term cash requirements. The Group remains focussed on liquidity and retains enough cash headroom so as to be able to address short term adverse cash fluctuations.

The Board reviews and agrees policies for managing each of the above risks and the policies on treasury and financial risks are summarised in Note 32 to the financial statements.

Foster + Partners Group Limited

Strategic report (continued)

For the period from incorporation to 30 April 2022

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 Group'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 operations 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.

Foster + Partners Group Limited

Strategic report (continued)

For the period from incorporation to 30 April 2022

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 Group 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 Group Limited

Directors' report

For the period from incorporation to 30 April 2022

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

The consolidated results for the period have been prepared under International Accounting Standards. The results for the Company have been prepared under Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

The Group has subsidiaries in Hong Kong, USA, Spain, India, China, Germany, the Netherlands, Singapore, Sweden, Thailand, Mexico and Australia as well as the United Kingdom. The Group generates revenue from projects located in the Middle East, North America, Asia, the United Kingdom, Continental Europe, South America, Africa and Australasia 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 Group'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, debt and interest payments 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 Group's continued ability to meet its obligations including those in respect of bank debt repayments and continued compliance with the related financial covenants. Consequently, the Directors are confident that the Group remains a going concern for the foreseeable future.

Financial risk

Detail regarding the Group's financial risk is explained within the Strategic report (page 14).

Dividends

The directors do not propose the payment of a dividend to the holders of the ordinary shares.

Research and development

The Group 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.

Incorporation and change of name

The Company was incorporated on 18 August 2021 with the name of PF Newco Limited. The Company changed its name on 20 December 2021 to Foster + Partners Group Limited.

Foster + Partners Group Limited

Directors' report (continued)

For the period from incorporation to 30 April 2022

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

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

Foster + Partners Group Limited

Directors' report (continued)

For the period from incorporation to 30 April 2022

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.

Foreign branches

Foster + Partners Limited, an indirect subsidiary undertaking, has branches registered in the Republic of Ireland, Argentina, Qatar, Abu Dhabi, Vietnam, Dubai, China, Japan and South Korea.

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 period and up to the date of approval of these financial statements were:

Lord Foster of Thames Bank, OM	(Appointed 5 October 2021)
L K Fox	(Appointed 5 October 2021)
J Friedrichsen	(Appointed 5 October 2021)
B Hennick	(Appointed at incorporation)
J S Hennick	(Appointed 5 October 2021)
M D Hollend	(Appointed 5 October 2021)
S J Miners	(Appointed 23 November 2021)
M A Streets	(Appointed 13 September 2021)
D Summerfield	(Appointed 5 October 2021)
Jonathan NG	(Appointed at incorporation, Resigned 5 October 2021)

Foster + Partners Group Limited

Directors' report (continued)

For the period from incorporation to 30 April 2022

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 group and the parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

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 group and parent company and of the profit or loss of the group 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 IFRSs as issued by the International Accounting Standards Board (IASB) 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 group and parent company will continue in business.

The directors are responsible for safeguarding the assets of the group and parent 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 group's and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent 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 group's and parent 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 group's and parent company's auditors are aware of that information.

Foster + Partners Group Limited

Directors' report (continued)

For the period from incorporation to 30 April 2022

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

The group has previously reported, and will continue to report, energy and carbon in relation its London campus of offices where approximately 80% of its employees are located. The acquisition has neither affected the composition of the London campus office space nor the nature of the practice's activities. Therefore, the Directors have included twelve months' worth of data in this year's report and retained the comparative information. The Directors consider this is appropriate and is more transparent and meaningful than disclosing just the period since the acquisition in October 2021 without comparatives. This twelve-month data for the year ending 30th April 2022 will also provide a meaningful comparative for next year's reporting which would not otherwise be the case if only the period since acquisition were reported.

Methodology

We have followed the guidance given in the "Environmental Reporting Guidelines: including streamlined carbon and energy reporting" issued by the UK Government in March 2019. We have also used the "GHG Protocol Corporate Accounting and Reporting Standard" and the terms used in this report are defined in that standard.

We have used 2021 UK Government's Conversion Factors for Company Reporting to calculate both carbon and energy figures. We have used the financial control approach and report scope 1 and scope 2, but not scope 3, emissions.

Foster + Partners Group Limited
Directors' report (continued)
For the period from incorporation to 30 April 2022

Streamlined Energy and Carbon Reporting (continued)

	2022 (MWh)	Specific exclusions	% activity estimated	2021 (MWh)
Energy consumption used to calculate emissions	5,022	none	none	4,565
	2022 (tCO₂e)	Specific exclusions	% of activity estimated	2021 (tCO₂e)
Emissions - Scope 1				
Gas consumption	106	none	none	113
Owned transportation	4	none	none	10
Total Scope 1	<u>110</u>			<u>123</u>
Emissions - Scope 2				
Purchased electricity	-	none	none	-
Intensity ratio tCO ₂ e/sqm	0.0062			0.0064
Intensity ratio tCO ₂ e/FTE	0.0894			0.1015
Gross emissions	110			123
Offsets:				
Woodland carbon units	<u>(110)</u>			<u>(123)</u>
Net emissions	-			-

Energy consumption used to calculate emissions

Our total energy consumption increased in the financial year due to greater electricity usage. Electricity purchased for our own use or consumption was 4,428 MWh (2021: 3,912 MWh). Approximately 98% of our electricity was purchased from Haven Power for the first part of the year before a switch to Shell in December 2021. Our contract with both providers is backed by REGO certificates and thus qualifies as fully renewable. The remaining 2% is purchased from other providers and is not currently backed by REGO certificates although 76% of this electricity qualifies as renewable. The remaining 24% is generated by nuclear and therefore there are no carbon emissions to report. The electricity consumption increase is attributable to increased campus occupancy resulting in increased use of office equipment and lighting. Mechanical ventilation rates and the associated fan power consumption also remained higher than typical to reduce Covid-19 risks to staff.

Foster + Partners Group Limited

Directors' report (continued)

For the period from incorporation to 30 April 2022

Streamlined Energy and Carbon Reporting (continued)

Our gas consumption has decreased slightly this year. In the prior year, the ventilation re-circulation systems in two of the four main buildings on our London campus remained switched off until February 2021 to increase fresh air flow into the buildings and reduce Covid-19 related risks to staff. Consequently, the heat recovery benefits afforded by the recirculation of warm air were lost and heating demand was higher than the pre-covid era. Following the installation of ultraviolet filters to remove Covid-19 the recirculation systems were switched back on in February 2021. This action has reduced heating demand and gas consumption in the current year.

tCO₂e emissions

Our reported CO₂ emissions due to gas consumption have decreased this year because of the reintroduction of recirculating ventilation, as discussed above.

For electricity we continue to use the market-based metric to calculate tCO₂e emissions due to our purchase of REGO certified fully renewable electricity. Using the location basis, our Scope 2 emissions for purchased electricity were 940 tCO₂e in the year ended 30 April 2022 (2021: 921 tCO₂e).

Emissions from owned vehicles have decreased significantly this year. This is due to fewer journeys to deliver office equipment and other resources to employees working remotely. This year owned vehicle emissions have been calculated more accurately by using refuelling data rather than pro-rating mileage data from the reference points provided by MOT certificates and making assumptions on fuel efficiency to calculate the amount of fuel consumed.

Intensity Ratio

We have chosen to report the following two measures of intensity as most appropriate for our business activity.

- Gross scope 1 and 2 emissions in tCO₂e per square metre of gross internal building area: 0.0062 (2021: 0.0064)
- Gross scope 1 and 2 emissions in tCO₂e per FTE (Full Time Equivalent) employee: 0.0894 (2021: 0.1015)

In both cases, net emissions are nil due to our Woodland Carbon Units purchases.

Energy Efficiency Actions

During this financial year trials were carried out to test the viability of automatic adjustment of certain building management systems to respond to temperature changes and allow more efficient operation of heating, ventilation and air conditioning systems. However, due to the close proximity of adjacent fan coil units, it was decided that this approach would not produce a stable and comfortable environment. An alternative approach, using sensor data to send alerts to technicians who can manually adjust controls as appropriate, will be rolled out across the campus during the next financial year.

The installation of air source heat pumps to replace existing gas boilers where practically possible is planned and is expected to be completed in the next financial year in several locations/buildings.

Foster + Partners Group Limited

Directors' report (continued)

For the period from incorporation to 30 April 2022

Streamlined Energy and Carbon Reporting (continued)

The design work to improve natural ventilation in certain buildings on campus took place during the year to 30th April 2022 with some works to building facades beginning in May 2022. The energy efficiency benefits of these projects should be evident in the next financial year.

Ultraviolet filters were installed on ventilation systems in February 2021. This allowed the recirculation feature to be switched on again without increasing Covid-19 risk, thus utilising heat recovery and improving energy efficiency of the campus.

At least one further vehicle in the fleet will be replaced with an electric vehicle during the next financial year. That will render our fleet of four vehicles 50% fully electric.

Targets

We aim to reduce our gross scope 1 and 2 emissions in tCO₂e per square metre of gross internal building area by 75% by the year 2030. Our baseline year for this target is set as FY 2018-2019.

We are members of the EP100 initiative and have committed to occupy only net-zero carbon assets by the year 2030.

Woodland Carbon Units

Our Scope 1 and 2 emissions for the year were 110 tCO₂e. Pending Issuance Units from Woodland Carbon Code certified projects were purchased in respect of these emissions. The credits are from the following projects:

Badrallach. Project ID: 103000000017181. Project documentation: https://mer.markit.com/br-reg/public/master-project.jsp?project_id=103000000017181

Further Assignments of Woodland Carbon Code PIUs will be made in respect of our Scope 3 emissions, and as with all our other Assigned PIUs these will be automatically retired as the woodlands are verified over time.

All of our current and historic UK Land Carbon Registry assignments can be found here: https://mer.markit.com/br-reg/public/index.jsp?name=Woodland%20creation%20supported%20by%20Foster&entity=assignment&entity_domain=Markit

On behalf of the Board:



M A Streets
Managing Partner & Director
17 October 2022

Registered No. 13572446

Foster + Partners Group Limited

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

Report on the audit of the financial statements

Opinion

In our opinion:

- Foster + Partners Group Limited's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 30 April 2022 and of the group's loss and the group's cash flows for the period from 18 August 2021 to 30 April 2022;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the company financial statements 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
- the financial statements 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 consolidated and company statement of financial position as at 30 April 2022; the consolidated income statement and statement of comprehensive income, the consolidated statement of cash flows and the consolidated and company statement of changes in equity for the period 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 group 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 group's and 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.

Foster + Partners Group Limited

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

Conclusions relating to going concern (continued)

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and 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 period 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 group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Foster + Partners Group Limited

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

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 group's and 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 group or 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 group 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 group's 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, valuation of intangibles, inputs to Black-Scholes model, the valuation of derivatives and expected credit losses;
- Identifying and testing journal entries and period end adjustments, including those posted to unusual account combinations or posted with unusual descriptions; and
- Incorporating unpredictability into our testing including through varying the timing and nature of our audit procedures.

Foster + Partners Group Limited

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

Responsibilities for the financial statements and the audit

Auditors' responsibilities for the audit of the financial statements

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 company 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 Group Limited
Consolidated income statement and statement of
comprehensive income
For the period from incorporation to 30 April 2022

	Note(s)	For the period from incorporation to 30 April 2022 £'000									
Revenue	4	155,489									
Cost of sales		<u>(69,249)</u>									
Gross profit		86,240									
Administrative expenses		(83,902)									
Net impairment losses on contract assets	16	(664)									
Administrative expenses – exceptional items	5	<u>(8,000)</u>									
Total administrative expenses		(92,566)									
<table> <tbody> <tr> <td>Operating profit before amortisation, depreciation and exceptional items</td> <td></td> <td style="text-align: right;">29,924</td> </tr> <tr> <td>Depreciation and amortisation</td> <td style="text-align: center;">10, 12, 13</td> <td style="text-align: right;">(28,250)</td> </tr> <tr> <td>Exceptional items</td> <td style="text-align: center;">5</td> <td style="text-align: right;">(8,000)</td> </tr> </tbody> </table>			Operating profit before amortisation, depreciation and exceptional items		29,924	Depreciation and amortisation	10, 12, 13	(28,250)	Exceptional items	5	(8,000)
Operating profit before amortisation, depreciation and exceptional items		29,924									
Depreciation and amortisation	10, 12, 13	(28,250)									
Exceptional items	5	(8,000)									
Operating loss	6	(6,326)									
Finance income	7	3									
Finance costs	7	<u>(6,762)</u>									
Finance costs – net		<u>(6,759)</u>									
Loss before income tax		(13,085)									
Income tax expense	9	<u>(3,741)</u>									
Loss for the period attributable to owners of the company		(16,826)									
Other comprehensive income											
Items that may be reclassified to profit or loss:											
Fair value of cash flow hedges		4,416									
Deferred tax arising on the fair value of the cash flow hedges		(705)									
Currency translation differences		<u>(597)</u>									
Total other comprehensive income		3,114									
Total comprehensive expense attributable to owners of Foster + Partners Group Limited		<u><u>(13,712)</u></u>									

The notes on pages 37 to 80 are an integral part of these consolidated financial statements.

The company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent company income statement.

Foster + Partners Group Limited
Consolidated statement of financial position
As at 30 April 2022

	Note	2022 £'000
Assets		
Non-current assets		
Goodwill	11	299,779
Intangible assets	10	309,676
Property, plant and equipment	12	7,737
Right-of-use assets	13	78,146
Deferred tax assets	9	3,250
Derivative financial instruments	20	3,060
		<u>701,648</u>
Current assets		
Income tax receivable	9	4,268
Trade and other receivables	16	95,883
Cash and cash equivalents	17	23,892
		<u>124,043</u>
Total assets		<u>825,691</u>
Liabilities		
Current liabilities		
Borrowings	18	(4,000)
Trade and other payables	21	(115,666)
Lease liabilities	19	(5,614)
		<u>(125,280)</u>
Non-current liabilities		
Borrowings	18	(164,534)
Provisions for liabilities and charges	23	(1,719)
Lease liabilities	19	(73,630)
Deferred tax liabilities	9	(75,626)
Share-based payments liability	24	(36,474)
Share redemption liability	25	(14,949)
		<u>(366,932)</u>
Total liabilities		<u>(492,212)</u>
Net assets		<u>333,479</u>
Equity		
Called up share capital	26	1,200
Share premium reserve		228,450
Merger reserve	28	133,022
Cash flow hedge reserve		2,818
Other reserve	29	(14,319)
Accumulated losses		(17,702)
Capital and reserves attributable to owners of company		<u>333,469</u>
Non-controlling interest		10
Total equity		<u>333,479</u>

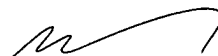
Foster + Partners Group Limited
Consolidated statement of financial position (continued)
As at 30 April 2022

The accompanying notes on pages 37 to 80 form an integral part of these financial statements. The consolidated financial statements on pages 29 to 80 were approved by the Board of Directors on 17 October 2022.

Signed on behalf of the Board of Directors of Foster + Partners Group Limited (Registered no. 13572446)



Lord Foster of Thames Bank, OM
Director



M A Streets
Director

Foster + Partners Group Limited
Consolidated statement of changes in equity
For the period from incorporation to 30 April 2022

	Note	Called up share capital	Non-controlling interest	Share premium reserve	Merger reserve	Other reserve	Cash flow hedge reserve	Accumulated losses	Total equity
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at incorporation		-	-	-	-	-	-	-	-
Comprehensive (expense) / income									
Fair value at acquisition		-	-	-	-	-	(1,598)	427	(1,171)
Fair value movement		-	-	-	-	-	4,416	-	4,416
Loss for the financial period		-	-	-	-	-	-	(16,826)	(16,826)
Deferred tax arising on the fair value of the cash flow hedges		-	-	-	-	-	-	(705)	(705)
Currency translation differences		-	-	-	-	-	-	(597)	(597)
Total comprehensive expense for the period		-	-	-	-	-	4,416	(18,128)	(13,712)
Total comprehensive expense		-	-	-	-	-	2,818	(17,701)	(14,883)
Transactions with owners									
Issue of shares		1,200	-	228,450	133,022	(14,319)	-	-	348,353
Non-controlling interest		-	10	-	-	-	-	-	10
Dividends paid	27	-	-	-	-	-	-	(1)	(1)
Total transactions with owners		1,200	10	228,450	133,022	(14,319)	-	(1)	348,362
Balance at 30 April 2022	26	<u>1,200</u>	<u>10</u>	<u>228,450</u>	<u>133,022</u>	<u>(14,319)</u>	<u>2,818</u>	<u>(17,702)</u>	<u>333,479</u>

The accompanying notes on pages 37 to 80 form an integral part of these financial statements.

Foster + Partners Group Limited
Consolidated statement of cash flows
For the period from incorporation to 30 April 2022

	Note	For the period from incorporation to 30 April 2022 £'000
Cash flows from operating activities		
Cash generated from operations	30	43,819
Exceptional items		(8,000)
Interest received		3
Interest paid		(4,270)
Income tax paid		(2,129)
Net cash generated from operating activities		<u>29,423</u>
Cash flows from investing activities		
Purchase of intangible assets	10	(103)
Purchase of property, plant and equipment	12	(3,985)
Purchase of business		(240,689)
Cash acquired from business combinations		7,329
Net cash used in investing activities		<u>(237,448)</u>
Cash flows from financing activities		
New borrowings		180,000
Cost of new financing		(737)
Repayments of borrowings		(132,976)
Dividends paid		(1)
Proceeds from issuance of shares		190,000
Repayment of ROU liabilities		(4,618)
Net cash from financing activities		<u>231,668</u>
Net increase in cash and cash equivalents		23,643
Cash and cash equivalents at beginning of period		-
Exchange gains		249
Cash and cash equivalents at end of period	17	<u><u>23,892</u></u>

The accompanying notes on pages 37 to 80 form an integral part of these financial statements.

Foster + Partners Group Limited
Company statement of financial position
As at 30 April 2022

	Note	2022 £'000
Assets		
Non-current assets		
Investments	14	476,346
Derivative financial instruments	20	3,057
		<u>479,403</u>
Current assets		
Trade and other receivables	16	5
Cash and cash equivalents	17	7,749
Amount due from Group companies	22	179,509
		<u>187,263</u>
Total assets		<u>666,666</u>
Current liabilities		
Borrowings	18	(4,000)
Trade and other payables	21	(13,743)
Amounts due to Group companies	22	(78,669)
		<u>(96,412)</u>
Non-current liabilities		
Borrowings	18	(164,534)
Share-based payment liability	24	(17,524)
Share redemption liability	25	(14,949)
		<u>(197,007)</u>
Total liabilities		<u>(293,419)</u>
Net assets		<u>373,247</u>
Equity		
Called up share capital	26	1,200
Share premium reserve		228,450
Merger reserve	28	165,350
Cash flow hedge reserve		2,818
Other reserve	29	(14,319)
Accumulated losses		(10,252)
Total equity		<u>373,247</u>

The loss for the parent company for the period was £10,252,000.

The accompanying notes on pages 37 to 80 form an integral part of these financial statements.

The primary statements of the parent company on pages 34 to 80 were approved by the Board of Directors on 17 October 2022.

Signed on behalf of the Board of Directors:



Lord Foster of Thames Bank, OM
Director



M A Streets
Director

Foster + Partners Group Limited
Company statement of changes in equity
For the period from incorporation to 30 April 2022

	Note	Called up share capital £'000	Share premium reserve £'000	Merger reserve £'000	Cash flow hedge reserve £'000	Other reserve	Accumu- lated losses £'000	Total equity £'000
Balance at incorporation		-	-	-	-	-	-	-
Comprehensive (expense) / income								
Fair value at acquisition of subsidiary		-	-	-	(1,598)	-	-	(1,598)
Fair value movement		-	-	-	4,416	-	-	4,416
Loss for the financial period		-	-	-	-	-	(10,252)	(10,252)
Total comprehensive expense for the period		-	-	-	2,818	-	(10,252)	(7,434)
Transactions with owners								
Issue of shares		1,200	228,450	165,350	-	(14,319)	-	380,681
Total transactions with owners		1,200	228,450	165,350	-	(14,319)	-	380,681
Balance at 30 April 2022	26	<u>1,200</u>	<u>228,450</u>	<u>165,350</u>	<u>2,818</u>	<u>(14,319)</u>	<u>(10,252)</u>	<u>373,247</u>

The accompanying notes on pages 37 to 80 form an integral part of these financial statements.

Foster + Partners Group Limited

Notes to the financial statements

For the period from incorporation to 30 April 2022

1 General information

Foster + Partners Group Limited ('the Company') was incorporated on 18 August 2021 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 and its subsidiaries ('the Group') are disclosed in the Strategic report.

2 Summary of significant accounting policies

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

2.1 Basis of preparation

The consolidated financial statements of Foster + Partners Group Limited have been prepared in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial instruments which are held at their fair values. The movement in fair value passes through the income statement or other comprehensive income as described in note 2.9 (d).

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

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 the Company, have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

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

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).
- IFRS 7, 'Financial Instruments: Disclosures'.
- 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;
- 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).

Foster + Partners Group Limited

Notes to the financial statements (continued)

For the period from incorporation to 30 April 2022

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 38A (requirement for minimum of two primary statements, including cash flow statements);
 - 38B-D (additional comparative information);
 - 111 (cash flow statement information); and
 - 134-136 (capital management disclosures).
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

As described in the strategic report the group underwent a restructuring on 7th October 2021 as part of which a newly formed company became the new ultimate parent of the Foster + Partners Group of companies by acquiring, for a combination of cash and shares in that new ultimate parent, the entire share capital of the former ultimate parent company. The reorganisation of share capital that took place constitutes an acquisition and therefore the consolidated financial statements of the new ultimate parent company include results only for the period since 7th October 2021 and have been presented without comparatives.

At the time of the acquisition the new ultimate parent company was called PF Newco Limited (company number 13572446) and the acquired entity was called Foster + Partners Group Limited (company number 12035007). On 9 December 2021 the acquired entity, Foster + Partners Group Limited (company number 12035007) was renamed Foster + Partners Intermediary Limited. On 16 December 2021 the acquiring entity, PF Newco Limited (company number 13572446) was renamed Foster + Partners Group Limited.

2.1.1 Going concern

These financial statements have been prepared on a going concern basis. The directors have reviewed the Group's financial position, projections and cash flows for a period of at least one year from signing the financial statements. The process involved considering the critical assumptions which underpin the projections for operating profit, interest and taxation in addition to the projections for working capital flows, tax, debt, interest and capital expenditure flows. The directors are confident that the Group will not be in breach of its banking covenants and will be able to meet 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 17.

Foster + Partners Group Limited

Notes to the financial statements (continued)

For the period from incorporation to 30 April 2022

2 Summary of significant accounting policies (continued)

2.1.2 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following new standards are effective for annual periods beginning on or after 1 May 2021, and have been applied in preparing these consolidated financial statements:

COVID-19 – Related Rent Concessions – amendments to IFRS 16, and

- Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7. IFRS 4 and IFRS 16.

(b) New standards, amendments and interpretations not yet adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for 30 April 2022 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2.2 Consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. Acquisition costs are expensed as incurred. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Investments in subsidiaries in the company are accounted for at cost less accumulated impairment losses.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation.

The accounting reference date of the Company and its subsidiary undertakings is 30 April, apart from Foster + Partners Architects (Tianjin) Co., Ltd, F+P Architects New York Inc, Foster and Partners Mexico S.A de C.V. and FP-FREE, S. de R.L. de C.V. which have 31 December as their accounting reference date in line with local regulatory requirements. Foster + Partners Sweden AB, has a year end of 31 August. Foster Plus P India Private Limited has a year end of 31 March in line with local regulatory requirements.

Foster + Partners Group Limited

Notes to the financial statements (continued)

For the period from incorporation to 30 April 2022

2 Summary of significant accounting policies (continued)

2.3 Goodwill and other intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Any identified impairments would be charged directly to the income statement. Impairment losses on goodwill are not reversed.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash generating units that are expected to benefit from the business combination in which the goodwill arose.

(b) Licences

Licences are shown at historical cost. Licences acquired in a business combination are recognised at fair value at the acquisition date. Licences are deemed to have an indefinite useful life as licences held are comprised solely of indefinite architectural licenses. Licences are tested annually for impairment and carried at cost less accumulated impairment losses. Any identified impairments would be charged directly to the income statement.

(c) Software licences

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 Group 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.

(d) Acquired intangible assets – business combinations

Intangible assets that may be acquired as a result of a business combination including brand, order book and internally generated software that can be separately measured at fair value, on a reliable basis, are separately recognised on acquisition at the fair value, together with the associated deferred tax liability.

Foster + Partners Group Limited

Notes to the financial statements (continued)

For the period from incorporation to 30 April 2022

2 Summary of significant accounting policies (continued)

2.3 Goodwill and other intangible assets (continued)

Amortisation of acquired intangible assets is charged to the consolidated income statement on the following basis.

Brand	4% per annum (straight line)
Internally generated software	33.33% per annum (straight line)
Order book	70% per annum (reducing balance)

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

2.4 Property, plant and equipment

Property, plant and equipment is 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 on disposal of fixed assets' in the income statement.

2.5 Cash and cash equivalents

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

2.6 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.

Foster + Partners Group Limited

Notes to the financial statements (continued)

For the period from incorporation to 30 April 2022

2 Summary of significant accounting policies (continued)

2.6 Current and deferred income taxes (continued)

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 consolidated 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.

2.7 Investments

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

2.8 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'Sterling' (£), which is the company's functional and the Group's 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) Group companies

The results and financial position of all Group entities (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;

Foster + Partners Group Limited

Notes to the financial statements (continued)

For the period from incorporation to 30 April 2022

2 Summary of significant accounting policies (continued)

2.8 Foreign currency translation (continued)

(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 other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowing and other currency instruments designated as hedges of such investment, are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

2.9 Financial instruments

Financial assets and liabilities are recognised on the Group's statement of financial position when the Group 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 Group 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 Group has applied the simplified approach to recognise lifetime expected credit losses.

The Group 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.

Foster + Partners Group Limited

Notes to the financial statements (continued)

For the period from incorporation to 30 April 2022

2 Summary of significant accounting policies (continued)

2.9 Financial instruments (continued)

(b) Trade payables

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

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

(c) Capital markets and bank borrowings

All borrowings are initially stated at the fair value of the consideration received after deduction of issue costs. Issue costs together with finance costs are charged to the income statement over the term of the borrowings and represent a constant proportion of the balance of capital repayments outstanding.

(d) Derivative financial instruments

(d)(i) Interest rate caps and floors

The interest rate caps and floors are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss.

The fair value of the interest rate caps and floors are the estimated amount that the Group would receive or pay to terminate the instrument at the statement of financial position date, taking into account current interest rates. The interest rate caps and floors are not designated as a hedging relationship.

The fair values assigned are considered to be level 2 fair values as they require the use of a valuation technique and a market price is not readily available.

Any income and expense arising through the use of the cap is immediately recognised in the income statement.

(d)(ii) Cash flow hedges

Cash flow hedge instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in other comprehensive income.

The fair value of the cash flow hedges is the estimated amount that the Group would receive or pay to terminate the instrument at the statement of financial position date, taking into account current interest.

The fair values assigned are considered to be level 2 fair values as they require the use of a valuation technique and a market price is not readily available.

Foster + Partners Group Limited

Notes to the financial statements (continued)

For the period from incorporation to 30 April 2022

2 Summary of significant accounting policies (continued)

2.9 Financial instruments (continued)

Movements on the effective portion of the cash flow hedge are recognised directly in other comprehensive income, movements on the ineffective portion of the hedging instruments are recognised in the income statement.

(e) Share redemption liability

Share redemption liabilities are initially recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss.

2.10 Segmental reporting

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

2.11 Revenue

The Group 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 Group.

The Group 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

Performance obligations reflect the work-stage frameworks set out by relevant architectural bodies. The transaction price for each performance obligation is agreed in client contracts.

The Group 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 Group 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 Group's activities. Upon determining the fair value of each performance obligation, the transaction price is allocated accordingly. Where the fair value of consideration is variable such consideration is recognised as revenue once the specific obligation is satisfied.

Foster + Partners Group Limited

Notes to the financial statements (continued)

For the period from incorporation to 30 April 2022

2 Summary of significant accounting policies (continued)

2.11 Revenue (continued)

Customers are typically invoiced for services based on the arrangements set out in the contract. 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 Group'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.

2.12 Cost of sales

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

2.13 Leasing

Any contract entered into, which contains an identified asset, whose use the Group 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 Group 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 Group'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 group, 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 Group 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 statement of comprehensive income if the asset is already reduced to zero.

The lease term is the non-cancellable period of the lease together with periods covered by an option to extend the lease where the Group is reasonably certain to exercise that option and periods covered by an option to terminate the lease where the Group is reasonably certain not to exercise that option. The Group accounts for leases with a lease term of less than 12 months as short term leases.

2.14 Pension scheme arrangements

The Group operates a defined contribution pension scheme for the benefit of employees. The amount charged to the profit and loss account is the contribution payable in the year.

Foster + Partners Group Limited

Notes to the financial statements (continued)

For the period from incorporation to 30 April 2022

2 Summary of significant accounting policies (continued)

2.14 Pension scheme arrangements (continued)

Payments made by the Group 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.

2.15 Joint arrangements

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

2.16 Provisions

Provisions are recognised when the Group 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.

2.17 Accounting for ESOP trusts

Own shares are held on the Group's behalf by the Employee Share Ownership ('ESOP') Trust to facilitate the operation of the Group's share ownership for partners. The entity's own shares are held in an ESOP trust as a deduction from shareholders' funds until they vest unconditionally with employees.

2.18 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.

2.19 Share capital

A, B, C, D1 and D2 ordinary and D2 preference shares are classified as equity.

Foster + Partners Group Limited

Notes to the financial statements (continued)

For the period from incorporation to 30 April 2022

2 Summary of significant accounting policies (continued)

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 entered into in October 2021 and is subject to the Group meeting certain financial targets during the year and is further subject to adequate cash levels in the business.

2.21 Merger reserve

Merger reserve represents the fair value of the consideration received in excess of the nominal value of B and D1 equity shares issued during the period where the Company has taken merger relief.

2.22 Share-based payments

The fair values of cash-settled share-based payment transactions are measured at the dates of the grant considering the terms and conditions upon which the awards are being granted.

At Group level the fair value of shared-based payments under such schemes is expensed to the income statement over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted at each reporting date for the effect of non-market-based vesting conditions.

At Company level the fair value of shared-based payments to employees of subsidiary undertakings is recorded in investments in the Company's statement of financial position over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted at each reporting date for the effect of non-market-based vesting conditions.

Foster + Partners Group Limited

Notes to the financial statements (continued)

For the period from incorporation to 30 April 2022

3 Critical accounting estimates and judgements

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

Company:

(a) Carrying value of investments

Determining whether investments are impaired requires an estimation of the value in use of the underlying investment or of its fair value less the costs of disposal. The value in use calculation requires the entity to estimate the future cashflows expected to arise from each cash generating unit and a suitable discount rate in order to calculate present value. A 'fair value less costs of disposal' assessment requires an appropriate valuation methodology and a reasonable basis for estimating the costs of disposal. Details of the key sources of estimation are provided in Note 14.

(b) Share-based payment liability

Determining the share-based payment liability requires estimation of the future value of the related shares. Details of the key sources of estimation are provided in Note 24

Group:

(a) Carrying value of goodwill and intangible assets

Determining whether goodwill and intangible assets are impaired requires an estimation of the value in use or of fair value less the costs of disposal of the underlying cash generating units to which goodwill and intangible assets have been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from each cash generating unit and a suitable discount rate in order to calculate present value. A 'fair value less costs of disposal' assessment requires an appropriate valuation methodology and a reasonable basis for estimating the costs of disposal. Details of the key sources of estimation are provided in Notes 10 and 11.

(b) Revenue recognition

Revenue is recognised using the input method. Revenue is recognised progressively in line with the completion of projects. The percentage of completion is estimated by comparing the proportion of project cost incurred to date to the total estimated project cost to completion. Revenue, deferred income and amounts recoverable on contracts are sensitive to changes in those estimates.

(c) Lease liabilities:

The Group 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.

(d) Share-based payment liability

Determining the share-based payment liability requires estimation of the future value of the related shares. Details of the key sources of estimation are provided in Note 24

Foster + Partners Group Limited

Notes to the financial statements (continued)

For the period from incorporation to 30 April 2022

3 Critical accounting estimates and judgements (continued)

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

(a) Impairment of trade debtors

The Group exercises judgement in its assessment of the collectability of trade debtors. The Group monitors debtors continually and reports on a weekly basis to Group director level on any risks or trends evident among the Group's client base. This process allows the Group 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 Group carries an estimate for expected credit losses based on recent historical experience of amounts written off.

Foster + Partners Group Limited
Notes to the financial statements (continued)
For the period from incorporation to 30 April 2022

4 Revenue

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

Geographical area	For the period from incorporation to 30 April 2022 £'000
Asia	50,707
Middle East	44,372
North America	26,715
United Kingdom	17,254
Continental Europe	13,781
Australasia	2,184
South America	381
Africa	95
	<u>155,489</u>

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

	2022 £'000
Current assets	
Trade receivables (Note 16)	83,977
Less provision for impairment (Note 16)	(6,402)
Amounts recoverable on contracts (Note 16)	8,363
	<u>85,938</u>
Current liabilities	
Deferred income (Note 21)	65,577
	<u>65,577</u>

During the period the Group recognised £52.1 m of revenue that was held in deferred income on the date of acquisition.

Foster + Partners Group Limited
Notes to the financial statements (continued)
For the period from incorporation to 30 April 2022

5 Exceptional items

As part of the 2021 restructuring a bonus was paid to all the holders of D2 ordinary shares. The total cost to the Group of the bonus was £1.2m including £0.1m of social security costs. Non-recurring professional fees and stamp duty of £6.8m were also incurred in the restructuring exercise.

6 Operating loss

	For the period from incorporation to 30 April 2022 £'000
Operating loss is stated after charging/ (crediting):	
Staff costs (Note 8)	66,581
Depreciation of property, plant and equipment	
- Owned assets	1,980
- Right-of-use lease assets	3,748
Amortisation of intangible assets (Note 10)	22,614
Profit on disposal of assets	-
Loss on disposal of leases	(10)
Operating lease charges	605
Auditors' remuneration (see below)	910
Foreign exchange loss	3,808
	<hr/>
	For the period from incorporation to 30 April 2022 £'000
Auditors' remuneration	
Fees payable to company's auditors for the audit of parent company and consolidated financial statements	71
Fees payable to company's auditors and their associates for the audit of the company's subsidiaries	212
Fees payable for taxation services	517
Fees payable for other services	110
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Foster + Partners Group Limited
Notes to the financial statements (continued)
For the period from incorporation to 30 April 2022

7 Finance income and costs

	For the period from incorporation to 30 April 2022 £'000
Finance costs	
Interest expense on secured bank loans	4,612
Interest expense on lease liabilities	1,571
Fair value adjustment of interest rate cap	(167)
Other interest payable	746
Total finance costs	<u>6,762</u>
Finance income	
Interest income	(3)
Total finance income	<u>(3)</u>
Net finance costs	<u><u>6,759</u></u>

8 Directors' emoluments and employees

(a) Employee benefit expense

	For the period from incorporation to 30 April 2022 £'000
Employee costs during the period (including directors)	
Wages and salaries	57,867
Social security costs	4,964
Other pension costs (Note 33)	2,568
Total employee costs within operating profit	<u>65,399</u>
Restructuring bonus and related social security costs (Note 5)	1,182
Total employee costs	<u><u>66,581</u></u>

Foster + Partners Group Limited
Notes to the financial statements (continued)
For the period from incorporation to 30 April 2022

8 Directors' emoluments and employees (continued)

(b) Average number of people employed

	For the period from incorporation to 30 April 2022
Monthly average number of people employed by the Group during the period (including directors)	
Technical	1,181
Administration	315
Total average employees	<u>1,496</u>

The Company had five employees in the current period.

(c) Directors' emoluments and key management compensation

Key management are considered to be the directors.

	For the period from incorporation to 30 April 2022 £'000
Directors' emoluments	
Aggregate emoluments	1,246
Other pension costs – defined contributions (Note 33)	4
Total directors' emoluments	<u>1,250</u>

The Group makes pension contributions on behalf of two directors. The contributions are made into the Group's defined contribution scheme.

In addition to the above remuneration, the aggregate amount receivable by certain directors for qualifying services under a share-based payments scheme was £1,697k. The scheme is a cash settled share-based payment arrangement which fully vests in September 2027. This amount was not paid during the period. Further information on the scheme is set out in Note 24.

Remuneration for one of the Company's directors is borne by the subsidiary undertaking, Foster + Partners Limited.

Foster + Partners Group Limited
Notes to the financial statements (continued)
For the period from incorporation to 30 April 2022

8 Directors' emoluments and employees (continued)

The highest paid director during the period had aggregate emoluments of £297k and amounts receivable under the long term incentive scheme of £566k.

The Group has not made any pension contributions on behalf of the highest paid director.

9 Income tax expense

(a) Tax on profit

	For the period from incorporation to 30 April 2022 £'000
Current tax	
UK Corporation tax	5,055
Overseas tax	3,033
Total tax charge	<u>8,088</u>
Deferred tax	
Origination and reversal of timing differences	(4,347)
Total deferred tax charge / (credit)	<u>(4,347)</u>
Tax on profit on ordinary activities	<u>3,741</u>
Other comprehensive income items	
Deferred tax	
Origination and reversal of timing differences	705
Total deferred tax charge	<u>705</u>

Foster + Partners Group Limited
Notes to the financial statements (continued)
For the period from incorporation to 30 April 2022

9 Income tax expense (continued)

UK corporation tax is calculated at 19.00% (2020: 19.00%) of the estimated assessable profit for the financial period. Taxation for other jurisdictions is calculated at the rates prevailing in those jurisdictions.

(b) Reconciliation of the total tax charge

The tax charge reported in the consolidated income statement for the period is higher than the standard rate of Corporation Tax in the UK of 19.00% (2020: 19.00%). The differences are reconciled below:

	For the period from incorporation to 30 April 2022 £'000
Profit before income tax	(13,085)
Accounting profit multiplied by the UK standard rate of Corporation Tax of 19.00%	(2,486)
Expenses not deductible for tax purposes	3,127
Effect of higher tax rates in countries in which the group operates	508
Overseas tax paid	2,261
Double tax relief	(948)
Deferred tax asset not recognised	1,643
Other temporary differences arising pre-acquisition	24
Effects of tax rate changes	(388)
Total tax charge	3,741

Foster + Partners Group Limited
Notes to the financial statements (continued)
For the period from incorporation to 30 April 2022

9 Income tax expense (continued)

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

	2022 £'000
Deferred tax asset	
Depreciation in excess of capital allowances	(1,352)
Short term timing differences	(601)
Losses	(1,297)
Total deferred tax asset	<u>(3,250)</u>

	Depreciation in excess of capital allowances £'000	Short term timing differences £'000	Losses £'000
At start of period	-	-	-
Deferred tax arising on acquisition	(767)	(3,120)	-
Deferred tax credit in the income statement for the financial period	(585)	1,814	(1,297)
Deferred tax charge in other comprehensive income for the financial period	-	705	-
	<u>(1,352)</u>	<u>(601)</u>	<u>(1,297)</u>

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

	2022 £'000
Deferred tax liability	
Intangibles	75,626
Total deferred tax liability	<u>75,626</u>
At start of period	-
Deferred tax arising on acquisition	79,905
Deferred tax credit in the income statement for the financial period	(4,279)
	<u>75,626</u>

Foster + Partners Group Limited

Notes to the financial statements (continued)

For the period from incorporation to 30 April 2022

9 Income tax expense (continued)

(d) Income tax assets

	2022
	£'000
Corporation tax asset	4,268
Total income tax asset	<u>4,268</u>

(e) 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.

Deferred tax on overseas earnings

Since 1 July 2009, the receipt of overseas dividends is largely exempt from UK tax, consequently no deferred tax is recognised on unremitted earnings from overseas subsidiaries.

Foster + Partners Group Limited
Notes to the financial statements
For the period from incorporation to 30 April 2022

10 Intangible assets

	Software	Licences	Brand	Order book	Internally generated software	Total
Group	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At incorporation	-	-	-	-	-	-
On acquisition	5,267	464	287,024	37,634	6,822	337,211
Additions	103	-	-	-	-	103
At 30 April 2022	<u>5,370</u>	<u>464</u>	<u>287,024</u>	<u>37,634</u>	<u>6,822</u>	<u>337,314</u>
Accumulated impairment						
At incorporation	-	-	-	-	-	-
On acquisition	5,024	-	-	-	-	5,024
Charge during period	93	-	6,448	14,796	1,277	22,614
At 30 April 2022	<u>5,117</u>	<u>-</u>	<u>6,448</u>	<u>14,796</u>	<u>1,277</u>	<u>27,638</u>
Net book value						
At 30 April 2022	<u>253</u>	<u>464</u>	<u>280,576</u>	<u>22,838</u>	<u>5,545</u>	<u>309,676</u>

Amortisation expense of £22,614,000 is included within 'administrative expenses'.

Licences held are comprised solely of the value of indefinite architectural licenses in New York, USA. The carrying value has been tested for impairment based on a value in use calculation. The calculation of recoverable amount used pre-tax cash flows taken from relevant project plans approved by management.

Foster + Partners Group Limited

Notes to the financial statements

For the period from incorporation to 30 April 2022

10 Intangible assets (continued)

IFRS 3 requires that on acquisition, intangible assets are recorded at fair value. The intangible asset in relation to the 'Foster + Partners' brand was recognised upon acquisition and is being amortised over a 25 year period. Order book represents the contracted but unfulfilled revenues at the time of the acquisition. The order book is being amortised by 70% per annum on a reducing balance basis which equates to a period of approximately four years. Internally generated software is architectural software developed in-house that was recognised upon acquisition and is being amortised over a three year period.

The Directors reconsider the carrying value and useful lives of each class of intangible assets at each reporting date.

11 Goodwill

	Goodwill £'000
Cost	
At incorporation	-
On acquisition	299,779
At 30 April 2022	<u>299,779</u>
Accumulated impairment	
At incorporation	-
Charge during period	-
At 30 April 2022	<u>-</u>
Net book value	
At 30 April 2022	<u>299,779</u>

The carrying amount of goodwill relates to the business of Foster + Partners Intermediary Limited along with its direct and indirect subsidiaries acquired on 7 October 2021. The acquired business is managed as a single unit and accordingly goodwill is not allocated on a segmental basis, it is considered to represent one cash generating unit for the purposes of impairment testing.

The carrying value of goodwill has been tested for impairment with the recoverable amount based on fair value less the costs of disposal. The testing method adopted the valuation methodology used in the October 2021 acquisition of Foster + Partners Intermediary Limited updated for management's approved business plans and a reasonable estimate of disposal costs. The impairment review concluded that the recoverable amount of goodwill exceeded its carrying value, resulting in no indication of impairment. No reasonably possible downsides on any key assumption would result in an impairment of the carrying amount of goodwill.

Foster + Partners Group Limited
Notes to the financial statements (continued)
For the period from incorporation to 30 April 2022

12 Property, plant and equipment

	Motor Vehicles £'000	Fixtures & Fittings £'000	Total £'000
Group (Company: £nil)			
Cost			
At incorporation	-	-	-
On acquisition	69	26,975	27,044
Additions	-	3,985	3,985
Disposals	-	(1)	(1)
Foreign exchange	-	285	285
At 30 April 2022	<u>69</u>	<u>31,244</u>	<u>31,313</u>
Accumulated depreciation			
At incorporation	-	-	-
On acquisition	58	21,259	21,317
Charge for the period	3	1,977	1,980
Disposals	-	(1)	(1)
Foreign exchange	-	280	280
At 30 April 2022	<u>61</u>	<u>23,515</u>	<u>23,576</u>
Net book value			
At 30 April 2022	<u>8</u>	<u>7,729</u>	<u>7,737</u>
At incorporation	<u>-</u>	<u>-</u>	<u>-</u>

The depreciation expense of £1,980,000 is included within 'administrative expenses'.

During the period the Group disposed of assets with a carrying value of £nil and a cost of £1,000.

Foster + Partners Group Limited
Notes to the financial statements (continued)
For the period from incorporation to 30 April 2022

13 Right-of-use assets

	Property leases £'000
Group (Company: £nil)	
Cost	
At incorporation	-
On acquisition	90,942
Additions	5,857
Disposals	(166)
Foreign exchange	(619)
At 30 April 2022	<u>96,014</u>
Accumulated depreciation	
At incorporation	-
On acquisition	15,196
Charge for the period	3,748
Disposals	(67)
Foreign exchange	(1,009)
At 30 April 2022	<u>17,868</u>
Net book value	
At 30 April 2022	<u>78,146</u>
At incorporation	<u>-</u>

Foster + Partners Group Limited
Notes to the financial statements (continued)
For the period from incorporation to 30 April 2022

14 Investments

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 + Partners Intermediary Limited	Riverside Three, 22 Hester Road, London, SW11 4AN	Holding	Ordinary	100
Indirectly held subsidiary undertakings				
Foster + Partners Holdings Limited	Riverside Three, 22 Hester Road, London, SW11 4AN	Holding	Ordinary	100
Amber Midco Limited	Riverside Three, 22 Hester Road, London, SW11 4AN	Holding	Ordinary	100
Amber Bidco Limited	Riverside Three, 22 Hester Road, London, SW11 4AN	Holding	Ordinary	100
Foster Group (International) Limited	Riverside Three, 22 Hester Road, London, SW11 4AN	Holding	Ordinary	100
Foster Holdings Limited	Riverside Three, 22 Hester Road, London, SW11 4AN	Holding	Ordinary	100
Foster + Partners Limited	Riverside Three, 22 Hester Road, London, SW11 4AN	Architects	Ordinary	100
Foster and Partners (Hong Kong) Limited	42/F., Central Plaza, 18 Harbour Road, Wanchai, Hong Kong	Architects	Ordinary	100
Foster and Partners (Singapore) Pte Ltd	133 Cecil Street #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, 1 st Floor, Vindhya Commercial Complex, Plot 1 Sector 11, CBD Belapur, Navi Mumbai, Maharashtra, 400614	Architects	Ordinary	100

Foster + Partners Group Limited
Notes to the financial statements (continued)
For the period from incorporation to 30 April 2022

14 Investments (continued)

Company	Registered Address	Principal activity	Shares held	
			Class	%
Foster + Partners Sweden AB	c/o Foyen Advokatfirma AB P.O. Box 7229 103 89 Stockholm Sweden	Architects	Ordinary	100
Rungruangpisarnkaona Co., Limited	No. 999/9 Central World, 26 th Floor, Rama 1 Road, Pathumwan Sub-District, Pathumwan District, Bangkok, Thailand	Holding	Ordinary	49
F&P (Thailand) Limited	No. 57 Park Ventures Ecoplex, Unit 1003-1004, 10 th Floor, Wireless Road, Lumpini Sub-district, Pathumwan District, Bangkok, Thailand	Architects	Ordinary	74
Foster and Partners Mexico S.A de C.V.	Miguel Mendoza 64, Merced Gomez, Alvaro Obregon, Distrito Federal, 01600, Mexico	Architects	Ordinary	100
Foster and Partners Australia Pty Ltd	Level 11, 485 Bourke Street. Melbourne VIC 3000, Australia	Architects	Ordinary	100
Indirectly held 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

The directors believe that the underlying net assets support the carrying value of the investments.

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.

All subsidiary undertakings have been included in the consolidated financial statements.

Subsidiary undertakings

The investment in shares of Foster + Partners Intermediary Limited as at 30 April 2022 was £476,346,000.

The carrying value of the investment in Foster + Partners Intermediary Limited has been tested for impairment with the recoverable amount based on fair value less the costs of disposal. The testing method adopted the valuation methodology used in the October 2021 acquisition of Foster + Partners Intermediary Limited updated for management's approved business plans and a reasonable estimate of disposal costs.

Foster + Partners Group Limited

Notes to the financial statements (continued)

For the period from incorporation to 30 April 2022

14 Investments (continued)

Indirectly held subsidiary undertakings

The impairment review concluded that the recoverable amount of the investment in Foster + Partners Intermediary Limited exceeded its carrying value, resulting in no impairment. It is considered that there are no reasonably possible outcomes that may differ from management's estimation assumptions that could lead to impairment of the investment.

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.

15 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 S.L.P entered into an unincorporated joint arrangement with Rubio Arquitectura S.L.P, a Spanish architectural practice in order to perform architectural services under the contract for Museo Nacional del Prado in Madrid. Foster + Partners S.L.P holds 70% 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.

In the year to 30 April 2020, Foster + Partners S.L.P entered into an unincorporated joint arrangement with LM Uriarte Arkitektura, a Spanish architectural practice in order to perform architectural services under the contract for Museo de Bellas Artes de Bilbao – Bilboko Arte Ederren Museoa. Foster + Partners S.L.P holds 80% of the participating rights in this joint arrangement.

Each of these joint arrangements are considered joint operations.

Foster + Partners Group Limited
Notes to the financial statements (continued)
For the period from incorporation to 30 April 2022

16 Trade and other receivables

	Group 2022 £'000	Company 2022 £'000
Trade receivables	83,977	-
Less provision for impairment	<u>(6,402)</u>	<u>-</u>
	77,575	-
Amounts recoverable on contracts	8,363	-
Other receivables	1,341	5
Prepayments	<u>8,604</u>	<u>-</u>
Total	<u>95,883</u>	<u>5</u>

As at 30 April 2022, trade receivables of £5.4m were individually impaired, or partially impaired by a bad debt provision. In addition, the Group applies the IFRS 9 simplified approach to recognise expected credit losses. The total amount of the bad debt provision was £6.4m. The individually impaired receivables relate to projects or clients where risks to collection or partial collection exist.

The ageing of these trade receivables is as follows:

	2022 £'000
Group (Company: £nil)	
Less than 120 days	1,536
More than 120 days	<u>3,864</u>
Total	<u>5,400</u>

As of 30 April 2022, trade receivables of £53.3m were past due. These relate to projects and clients where there is considered to be low risk of default. The ageing of these trade receivables is as follows:

	2022 £'000
Group (Company: £nil)	
Less than 120 days	35,090
More than 120 days	<u>18,164</u>
Total	<u>53,254</u>

Foster + Partners Group Limited
Notes to the financial statements (continued)
For the period from incorporation to 30 April 2022

16 Trade and other receivables (continued)

The gross amounts of receivables are denominated in the following currencies:

	2022
	£'000
Group (Company: £nil)	
Sterling	44,652
US Dollars	19,376
Kuwaiti Dinar	8,733
Saudi Riyal	3,368
Chinese Renminbi	2,532
UAE Dirham	2,357
Euro	1,840
Swiss Franc	454
Australian Dollar	292
Swedish Krona	201
Qatari Riyal	76
Canadian Dollar	73
Indian Rupee	23
	<u>83,977</u>
Provision for impairment	(6,402)
Total	<u><u>77,575</u></u>

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

	2022
	£'000
Group (Company: £nil)	
At incorporation	-
On acquisition	7,334
Provision for receivables impairment	3,329
Amounts reversed	(2,665)
Amounts utilised	(1,596)
At 30 April	<u><u>6,402</u></u>

Net impairment losses on contract assets of £0.7m is comprised of provision for receivables impairment and amounts reversed.

The maximum exposure to credit risk at the reporting date is the book value of the receivable balances mentioned above.

Foster + Partners Group Limited
Notes to the financial statements (continued)
For the period from incorporation to 30 April 2022

17 Cash and cash equivalents

	Group 2022 £'000	Company 2022 £'000
Cash at bank and in hand	23,892	7,749
Total	<u>23,892</u>	<u>7,749</u>

Group and Company

Cash at bank and in hand includes £7.5m which is not immediately available for use.

18 Borrowings

	Group 2022 £'000	Company 2022 £'000
Current liabilities		
Bank loan	4,000	4,000
Total	<u>4,000</u>	<u>4,000</u>
Non-current liabilities		
Bank loan	164,534	164,534
Total	<u>164,534</u>	<u>164,534</u>

The fair values of the financial liabilities at 30 April 2022 were the same as their carrying values.

Bank loans (secured)

On 7 October 2021, the Group undertook a financing exercise which involved the issue of £180.0m senior loan facilities.

The secured bank loans outstanding at 30 April 2022 are provided by four banks of which HSBC Bank Plc was the lead arranger. Bank loans comprise a series of senior facilities of which £61.8m was denominated in US Dollars at 30 April 2022 with the remainder denominated in Sterling. The GBP facilities had interest rate margins of 2.75% to 3.25% above SONIA during the period, while the USD facility had interest rate margins of 3.00% to 3.25% above LIBOR.

A Revolving Credit Facility was arranged through the banking syndicate. At 30 April 2022, £7.2m has been utilised to cover performance bonds. The remaining £12.8m was undrawn at 30 April 2022. The facility accrued interest at a margin of 1.1% to 1.2% and expires on 7 October 2024.

The issue costs of £0.7m are being amortised over the expected lives of the loans using the effective interest method. Issue costs outstanding at 30 April 2022 were £0.5m.

The above facilities are secured on the Group's assets and mature on 7 October 2024.

Foster + Partners Group Limited
Notes to the financial statements (continued)
For the period from incorporation to 30 April 2022

19 Lease liabilities

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

	2022
	£'000
Group (Company: £nil)	
At incorporation	-
On acquisition	76,244
Additions	5,791
Interest charges	1,571
Disposals	(109)
Repayments of lease liabilities	(4,642)
Foreign exchange	389
At 30 April	<u>79,244</u>

Lease liabilities mature as follows:

	2022
	£'000
Group (Company: £nil)	
Within one year	5,614
Within two to five years	17,965
After 5 years	55,665
Total	<u>79,244</u>
Current	5,614
Non-current	73,630
Total	<u>79,244</u>

20 Derivative financial instruments

	Group	Company
	2022	2022
	£'000	£'000
Non-current assets		
Interest rate caps and floors	268	264
Fair value of cash flow hedges	2,792	2,793
Total	<u>3,060</u>	<u>3,057</u>

Derivative financial instruments are held at fair value. There is no difference between carrying value and fair value.

Foster + Partners Group Limited
Notes to the financial statements (continued)
For the period from incorporation to 30 April 2022

20 Derivative financial instruments (continued)

On 4 November 2019, a subsidiary of the Company entered into interest rate swap and interest rate floor cash flow hedges. These instruments limit the Group's exposure to interest rate volatility. The hedges were taken out in two currencies, US Dollar and Sterling. At 30 April 2022 £50.0m and \$70.0m of the secured bank loans were hedged.

The cash flow hedges are recognised in the statement of financial position at their fair values, the movement in fair value in the period of £4.4m has been credited to other comprehensive income, representing the effective portion of the hedge. There were no ineffective hedge cashflows in the period.

21 Trade and other payables

	Group 2022 £'000	Company 2022 £'000
Trade payables	7,247	-
Other taxation and social security	2,652	-
Other payables	14,784	13,648
Accruals	25,406	95
Deferred income	65,577	-
Total	115,666	13,743

The carrying amounts of trade and other payables approximate to their fair value.

Advances received in relation to contracts in progress amount to £21.0m, which is included in deferred income.

22 Balances with Group companies

	Group 2022 £'000	Company 2022 £'000
Current assets		
Amounts due from Group companies	-	179,509
Total	-	179,509
Current liabilities		
Amounts due to Group companies	-	78,669
Total	-	78,669

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

Foster + Partners Group Limited
Notes to the financial statements (continued)
For the period from incorporation to 30 April 2022

23 Provisions for liabilities and charges

Group	Claims on contracts £'000	Loss making contracts £'000	Total £'000
Balance on acquisition	-	-	-
On acquisition	1,375	-	1,375
Released	-	-	-
Provided for in the period	475	248	723
Utilised	(325)	(54)	(379)
Balance at 30 April 2022	<u>1,525</u>	<u>194</u>	<u>1,719</u>

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.

24 Share-based payment liability

	Group £'000	Company £'000
Balance on acquisition	27,743	-
Charged to the income statement in the period	8,731	-
Increase in investments in subsidiary in the period	-	17,524
Balance at 30 April 2022	<u>36,474</u>	<u>17,524</u>

The cash-settled share-based payment liability arises from the acquisition of the Foster + Partners group of companies on 7 October 2021. The rights attached to 342,096 B Ordinary shares, 41,090 D1 Ordinary shares and 36,500 D2 Ordinary shares of the Company awarded to employee shareholders include the obligation for the Company to fund their repurchase. The awards vest progressively over the period to September 2027. Full vesting requires the shareholder to be continuously employed by the Group until September 2027. The awards will be settled in cash according to a valuation method described in the Articles of Association of the Company ("the Articles"). The calculation of the fair value of the awards follows the basis set out in the Articles and utilises a long-term estimate of the performance and of the net debt of the group. The estimate uses a discounted cash flow model and adopts a growth rate of 2% for the period beyond the medium term and a pre-tax discount rate of 11.4%. Further information below sets out the basis for the liabilities at Group and Company level.

Foster + Partners Group Limited
Notes to the financial statements (continued)
For the period from incorporation to 30 April 2022

24 Share-based payment liability (continued)

Group

The B Ordinary shares, D1 Ordinary shares and D2 Ordinary shares described above were issued to employees on 7 October 2021 and replaced shares originally issued by the acquired company in July 2019. Upon issue in 2019 the probability of those shares having a material future value was considered sufficiently low that no charge to the consolidated income statement was made. The rights attached to the replacement shares now attribute value to the shares and IFRS 2 (Share-based payments) requires that the potential future liability to repurchase these replacement shares vests progressively from the original date of issue in July 2019 to the date when the shares fully vest in September 2027. The balance on acquisition represents the fair value of the vested portion of the replacement awards on 7 October 2021. The amount recognised in the income statement of £8.7m for the Group represents the increase in fair value of the vested portion of the replacement awards during the financial period. The amount recognised in the income statement is a factor of the passage of time as the commencement of potential cash outflows approaches and the percentage vested climbs towards 100%.

Company

The B Ordinary shares, D1 Ordinary shares and D2 Ordinary shares described above were issued to employees of a subsidiary company on 7 October 2021. The rights attached to the shares include the obligation for the Company to fund their repurchase. The fair value of the awards vests progressively over the six-year period from the date of issue to September 2027 and is recognised as an increase to the value of the Company's investment in Foster + Partners Intermediary Limited. The balance at 30 April 2022 represents the fair value of the vested portion of the awards at that date. The amount recognised is a factor of the passage of time as the commencement of potential cash outflows approaches and the percentage vested climbs towards 100%.

25 Share redemption liability

	Group £'000	Company £'000
Balance at 30 April 2022	<u>14,949</u>	<u>14,949</u>

The share redemption liability arises from the acquisition of the Foster + Partners group of companies on 7 October 2021. The rights attached to the C Ordinary shares include the obligation for the Company to fund their repurchase in cash according to a valuation method described in the Articles. The earliest date for cash settlement of the obligation is September 2027. The balance at 30 April represents the fair value of the obligation. The calculation of the fair value of the C Ordinary shares follows the basis set out in the Articles and utilises a long-term estimate of the performance and of the net debt of the group. The estimate uses a discounted cash flow model and adopts a growth rate of 2% for the period beyond the medium term and a pre-tax discount rate of 11.4%.

Foster + Partners Group Limited
Notes to the financial statements (continued)
For the period from incorporation to 30 April 2022

26 Called up share capital

	2022		On incorporation	
	%	£'000	%	£'000
Group & Company				
Allotted, called up and fully paid				
600,012 (on incorporation: 0)				
£1 A ordinary shares	50%	600	-	-
427,589 (on incorporation: 0)				
£1 B ordinary shares	36%	427	-	-
94,833 (on incorporation: 0)				
£1 C ordinary shares	8%	95	-	-
41,090 (on incorporation: 0)				
£0.99 D1 ordinary shares	3%	41	-	-
36,500 (on incorporation: 0)				
£0.99 D2 ordinary shares	3%	36	-	-
36,500 (on incorporation: 0)				
£0.01 D2 preference shares	0%	1	-	-
0 (on incorporation: 1)				
£1 ordinary shares	-	-	100%	0.001
Total	100%	1,200	100%	0.001

A, B, C, and D Ordinary shares carry one vote per share. All ordinary share classes are entitled to dividends.

The preference shares are not entitled to vote and are not entitled to dividends.

As at 30 April 2022 the ESOP trust owns 87,995 B ordinary shares and 36,500 D2 preference shares.

27 Dividends

	2022 £'000
Group (Company: £nil)	
Minority interest dividends	
£0.16 per THB 100 preference share in Rungruangpisarnkaona Co., Limited	1
Total	<u>1</u>

No dividend has been proposed to be paid to the holders of the A or C ordinary shares out of shareholders' funds.

Foster + Partners Group Limited
Notes to the financial statements (continued)
For the period from incorporation to 30 April 2022

28 Merger reserve

	Group £'000	Company £'000
Balance at incorporation	-	-
Issue of shares	133,022	165,350
Balance at 30 April 2022	<u>133,022</u>	<u>165,350</u>

Group

The merger reserve for the Group arises from the issue of shares to B and D Ordinary shareholders on 7th October 2021 adjusted for pre-combination share-based payment awards.

Company

Merger reserve for the Company represents the fair value of the consideration received for the B and D Ordinary shares in excess of the nominal value of equity shares issued.

29 Other reserve

	Group £'000	Company £'000
Balance at incorporation	-	-
Issue of shares	14,319	14,319
Balance at 30 April 2022	<u>14,319</u>	<u>14,319</u>

The movements in the period relate entirely to the C Ordinary share redemption liability (Note 25).

Foster + Partners Group Limited
Notes to the financial statements (continued)
For the period from incorporation to 30 April 2022

30 Cash generated from operations

Group	For the period from incorporation to 30 April 2022 £'000
Loss before income tax	(13,085)
Adjustment for	
Depreciation of property, plant and equipment and amortisation of intangible assets	24,595
Depreciation of right-of-use assets	3,748
Gain on disposal of leases	(10)
Net finance costs	5,188
Interest on right-of-use assets	1,571
Share-based payment expense	8,731
Increase in trade and other receivables	(10,387)
Increase in trade and other payables	11,314
Restructuring costs – exceptional items (Note 5)	8,000
Unrealised currency translation differences	4,154
Total cash generated from operations	43,819

31 Reconciliation of net cash flow to movement in net debt

Group	For the period from incorporation to 30 April 2022 £'000
Increase in cash and cash equivalents in the period	23,892
New borrowings	(180,000)
Cost of new financing	737
Debt acquired on business combination	(116,907)
Repayment of debt	132,976
Changes in net debt from cash flows	(139,302)
Non-cash movements	
Foreign exchange losses	(4,581)
Amortisation of bank and loan note fees	(759)
	(5,340)
Movement in net debt for the period	(144,642)
Net debt balance at incorporation	-
Net debt balance at 30 April	(144,642)

Foster + Partners Group Limited

Notes to the financial statements (continued)

For the period from incorporation to 30 April 2022

32 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is led by senior management and treasury policies are designed to manage the main financial risks.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises because the Group earns a proportion of its revenue in non-Sterling currencies whereas the majority of the Group's cost base is in Sterling. The Group 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 Group does not hold any financial instruments designed to manage fluctuations in foreign exchange rates. The Group maintains a portion of its bank debt denominated in US dollars. At 30 April 2022, if Sterling had strengthened by 10 cents against the US dollar with all other variables constant, post tax profit for the period would have been £2.0m higher due to foreign exchange gains on translation of US dollar denominated trade receivables and bank debt at that date. Other currencies are not significant and therefore the impact to the post tax profit would be immaterial.

(ii) Interest rate risk

The Group is exposed to interest rate risk because it has borrowings subject to a floating rate denominated in both Sterling and US Dollars. The Group has taken out a number of interest rate derivative financial instruments to reduce the Group's exposure to interest rate increases. At the period end, the Group had interest rate hedging arrangements in place covering \$70m of its USD debt and £50m for its GBP debt. These instruments reduce the Group's exposure to interest rate increases. Interest rates are fixed at 0.76% for the GBP hedge and 1.56% for the USD hedge. At 30 April 2022 an increase or decrease of one percentage point in SONIA / LIBOR applied to unhedged debt at 30 April 2022 would decrease or increase the Group's post tax profit by £0.5m on an annual basis.

The USD borrowings and hedge will transition to SOFR before 30 June 2023, the expected cessation date for USD LIBOR. This transition will happen simultaneously for both the debt and derivatives in conjunction with the respective financial institutions.

(b) Credit risk

The Group is exposed to credit risk on trade receivables. The Group has implemented policies that require appropriate credit checks on potential clients before projects commence. In addition, the Group has a policy of requesting fees in advance for its projects.

Foster + Partners Group Limited
Notes to the financial statements (continued)
For the period from incorporation to 30 April 2022

32 Financial risk management (continued)

(c) Liquidity risk

The Group ensures it has sufficient cash and available funding through regular cash flow and covenant forecasting and regular invoicing on long term contracts. The Group has access to a £12.8m revolving credit facility, which was available at the statement of financial position date to be utilised to address short term cash requirements. The Group remains focussed on liquidity and retains sufficient cash headroom so as to be able to address short term adverse cash fluctuations.

The Group has £23.9m of cash and cash equivalents at the period end held in bank accounts which is immediately available for use.

Maturity analysis

The table below shows a maturity analysis of contractual undiscounted cash flows, showing items at the earliest date on which the Group could be required to pay the liability.

	Less than 1 year £'000	Between 1 and 5 years £'000	Over 5 years £'000
At 30 April 2022			
Bank loans	4,000	165,081	-
Trade payables, other payables and accruals	47,437	-	-
Total	<u>51,437</u>	<u>165,081</u>	<u>-</u>

(d) Capital risk management

The Group's objectives when managing capital are to maximise shareholder value while safeguarding the Group's ability to continue as a going concern. The group monitors performance against financial and non-financial targets to deliver shareholder value and against financial covenants to safeguard its going concern status.

Total capital is calculated as total equity as shown in the consolidated statement of financial position, plus net debt. Net debt is calculated as the total of 'borrowings' as shown in the consolidated statement of financial position, less cash and cash equivalents.

Foster + Partners Group Limited

Notes to the financial statements (continued)

For the period from incorporation to 30 April 2022

32 Financial risk management (continued)

(e) Fair value estimation

Apart from the interest rate swaps and the interest rate caps below, all other financial assets and liabilities are held at amortised cost. The fair value of all financial assets and liabilities approximate to their book value.

(i) Interest rate swaps

The Group maintains an interest rate hedge over a portion of the Sterling denominated secured bank loans and an interest rate hedge over a portion of the US Dollar denominated secured bank loans. These instruments' fair values are calculated as the present value of the estimated future cash flows based on observable yield curves (Note 20).

The interest rate hedges are held at fair value through other comprehensive income.

(ii) Interest rate caps

At 30 April 2022 the Group maintains two interest rate caps and two interest rate floors, one cap and floor covering a portion of the Sterling denominated secured bank loans and another cap and floor covering a portion of the US Dollar denominated secured bank loans. These instruments' fair values are calculated as the present value of the estimated future cash flows based on observable yield curves (Note 20).

The interest rate cap is held at fair value through the income statement.

33 Pension schemes

The Group operates a defined contribution scheme for which the pension cost charges for the period amounted to £2.6m. As at 30 April 2022 a £0.6m creditor is held in the statement of financial position for contributions to be paid over.

34 Related party transactions

Key management are considered to be the Directors of Foster + Partners Group Limited and Foster + Partners Limited. Details of the emoluments of the Directors of Foster + Partners Group Limited are disclosed in Note 8. Details of the emoluments of the Directors of Foster+ Partners Limited are disclosed in the financial statements of that company.

During the period, the Group 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 £1.1m.

During the period, the Group incurred management fees payable to Architecture Invest LP, an entity registered in Canada and related to certain directors, amounting to £0.5m.

The Company has intercompany loan amounts receivable and payable as disclosed in Note 22.

Foster + Partners Group Limited

Notes to the financial statements (continued)

For the period from incorporation to 30 April 2022

35 Ultimate parent company

The directors regard Foster + Partners Group Limited, incorporated in the United Kingdom, as the ultimate parent company of the Group.

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.

The Group was 100% controlled by key management from the acquisition date.

36 Acquisition of subsidiary undertakings

On 7th October 2021, the company acquired a 100% shareholding in Foster + Partners Intermediary Limited (named Foster + Partners Group on the date of acquisition with company number 12035007). The consideration for this acquisition was £453 million. The following table sets out the fair value of the identifiable assets and liabilities acquired, purchase consideration and goodwill.

	Fair value £'000
Intangible assets – software	7,064
Intangible assets – order book	37,634
Intangible assets – Foster + Partners brand	287,024
Intangible assets – licences	464
Property, plant and equipment	5,727
Right of use assets	75,746
Trade and other receivables	85,663
Cash and cash equivalents	7,329
Trade and other payables	(91,326)
Lease liabilities	(76,244)
Provision for liabilities and charges	(1,375)
Borrowings	(116,907)
Interest rate swap liability	(1,598)
Deferred income tax liabilities	(76,019)
Income tax receivables	10,228
Net assets acquired	<u>153,410</u>
Goodwill	299,779
Total purchase consideration	<u><u>453,189</u></u>
Satisfied by	
Cash	240,689
Ordinary shares of Foster + Partners Group Limited	212,500
Total consideration transferred	<u><u>453,189</u></u>
Cash consideration	240,689
Less: cash and cash equivalent balances acquired	(7,329)
Net cash outflow arising on acquisition	<u><u>233,360</u></u>

Foster + Partners Group Limited
Notes to the financial statements (continued)
For the period from incorporation to 30 April 2022

37 Contingent Liabilities

As disclosed in note 23 the Group 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.