

BURO HAPPOLD

BURO HAPPOLD LIMITED

TUESDAY



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20/08/2024
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**Strategic Report, Directors' Report
and financial statements
for the Year ended 30 April 2024**

Registered number: 02049511

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Officers and professional advisers

Directors	A J Harbinson A S Keelin I D Maddocks J Phillips S J O Prichard A J F Wylie
Company secretary	D Conway
Company number	02049511
Registered office	Camden Mill Lower Bristol Road Bath BA2 3DQ
Auditor	BDO LLP 55 Baker Street London W1U 7EU
Bankers	HSBC UK Bank plc 1-3 Bishopsgate London EC2N 3AQ

Strategic report

Year ended 30 April 2024

Business description

Buro Happold Limited is part of the Happold LLP group, known as "Buro Happold", an international, integrated consultancy of engineers, designers and advisers. Operating in 38 locations worldwide, with over 100 partners and 3,000 employees; for nearly 50 years we have built an unrivalled reputation by delivering creative, value-led solutions for the benefit of people, places and planet.

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

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

The principal activity of the company is that of engineers, designers and advisers providing professional, integrated services to clients. These clients include the property and construction sectors, city administrations and campus portfolio owners as well as individual building owners.

Strategy

We have a bold and exciting strategy to deliver scale and drive growth over the coming years, through to 2027. The strategy will enable us to compete for larger, more complex projects, attract and retain leading talent, provide truly global coverage for our clients, as well as capture high-growth emerging markets and tackle high profile issues such as sustainability and climate change.

ESG

Addressing climate change is a clear priority for all companies, whether publicly traded or privately held. Eliminating greenhouse gas emissions is essential for today's business. Yet emissions reduction alone is not enough, as rising expectations require companies to address broader environmental, social, and governance (ESG) performance. Not only are organisations facing these challenges in operations, but they also must navigate a competitive landscape where companies differentiate their brand, attracting new and diverse talent and responding to investor demands with ESG policy, action and disclosure.

Buro Happold advises private organisations and public authorities across the globe on projects that meet some of the most ambitious sustainability targets – often we pioneer solutions that span buildings, campuses, cities and global corporations, underpinned by our unique blend of advisory and technical expertise. As such, we are a trusted advisor to

Strategic report (continued)

Year ended 30 April 2024

organisations on their journey to advance ESG across their entire enterprise and we continue to grow our specialist ESG advisory services across all our key geographies.

Operations

We operate within five business units: United Kingdom (including Hong Kong and China), Europe, India, Middle East and United States. The structure allows us to foster collaboration between offices to enable sharing of work, knowledge and experience. It also encourages a strong cross-business approach to city leadership, design and technical development.

Key projects undertaken by the company during the year include:

The British Library at Boston Spa, Yorkshire, UK

The repository at Boston Spa holds over 70% of the British Library's catalogue in vast stores, some of which have been operating since the 1970s.

Our work for the British Library at Boston Spa demonstrates a new approach to storing rare and valuable print materials. This project will see the renovation of a large multi-storey 1970s collection store and staff working building. We are providing acoustics, Building Services Engineering (MEP), ground engineering and sustainability services. The aim is to improve energy efficiency and realise a modern working environment designed to enhance the health and wellbeing of staff. In addition, a brand-new automated store will be created, which uses passive climate control in place of traditional energy intensive methods to preserve the materials inside.

Barbican renewal programme, London, UK

Buro Happold is playing a key role across the large scale, integrated and collaborative renewal of the Barbican Centre in London. The Barbican Renewal Programme focuses on the Barbican arts centre and public spaces, preserving and celebrating the iconic building's original architectural vision, while attracting new and diverse audiences and boosting the building's accessibility and environmental performance.

Buro Happold has been engaged to provide broad multidisciplinary consultancy across everything from building services engineering (MEP) and structural engineering to sustainability and people movement digital modelling. As part of a truly collaborative wider project team, our work is central to the renewal of this iconic cultural and social site.

Bukhamseen Tower, Kuwait City, Kuwait

A major mixed-use development at the heart of Kuwait City's financial district will feature a new Mandarin Oriental Hotel, a variety of podium-level entertainment and retail outlets, and a 67-storey landmark tower above, featuring suites of new grade-A offices.

Our multidisciplinary team of experts delivered innovative solutions in every part of the project. Rapid prototyping was inherent throughout the structural and architectural studies we delivered – using the latest digital modelling tools to support the client to identify the optimum solutions at every stage.

Key performance indicators

The company assesses performance via the following key performance indicators:

	2024	2023	Change
Turnover (£'000)	172,440	139,085	24%
Adjusted operating profit (£'000)*	2,260	5,174	(56%)
Adjusted operating profit margin (%)*	1%	4%	(3%)
Adjusted EBITDA (£'000)*	4,893	7,644	(36%)
Cash (£'000)	13,591	9,557	42%
Days sales outstanding (DSO)	85	99	(14%)

*Adjusted operating profit, operating profit margin and EBITDA are all shown before other operating expenses as the directors believe this assists with understanding the underlying performance of the company. DSO represents the average number of days it takes to receive payment for a sale.

Strategic report (continued)

Year ended 30 April 2024

Financial performance

The company generated turnover of £172.4m (2023: £139.1m) and an adjusted operating profit of £2.3m (2023: £5.2m). The company generated the most significant proportion of revenue (52%) from projects located in the Middle East. This is as a result of Buro Happold being appointed engineers, designers or advisers for many of the 'Giga Projects' in Saudi Arabia that are central to Vision 2030.

The company will always be subject to exchange rate fluctuations due to the global spread of our business resulting in an exchange loss of £0.5m (2023: gain of £0.4m). The fair value loss on foreign exchange forward contracts was £0.5m (2023: gain of £1.3m).

During the year the company provided £0.7m (2023: £12.9m) within other operating expenses against amounts due from group undertakings arising from operations in the Asia-Pacific region. Combining this with higher management fees from other group companies linked to growth within the group, and higher interest charges led to the company generating a loss before tax of £0.7m (2023: loss of £8.1m).

At year end the company had a £30m multicurrency Revolving Credit Facility ('RCF') with HSBC UK Bank plc, £10.1m (2023: £13.1m) of which was utilised at year end with the company reporting a closing cash balance of £13.6m (2023: £9.6m).

Working capital management continues to remain a key focus of the company, DSO decreased on the prior year to 85 days (2023: 99 days).

Future developments

Turbulent economic times have become a new normal. Our solid portfolio of long-term projects around the globe, means we are well positioned to manage the longer-term affects arising from economic fluctuations, including inflationary pressures and socio-political events.

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

Going concern

The financial statements have been prepared on a going concern basis. In adopting the going concern basis, the directors have considered the company's operations, principal risks and uncertainties, changes in global economic conditions, socio-political events and global inflationary pressures. As a professional services firm providing a wide variety of high-end consultancy services to a broad range of markets, the company has both a

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

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

At year end the company had a £30m multicurrency Revolving Credit Facility ('RCF') with HSBC UK Bank plc, £10.1m (2023: £13.1m) of which was utilised at year end. The company's financial arrangements are subject to certain financial covenants which are tested every quarter. During the year, the covenant associated with the obligor group was reviewed and changes were agreed with HSBC UK bank plc to ensure that the covenant remains appropriate as a result of growth. Amendments to the RCF terms associated with this review have been agreed with HSBC UK Bank plc post year end.

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

Based on this assessment the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and, consequently, continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors' duties — s172 Companies Act 2006

The Board of Directors, in line with their duties under s172 of the Companies Act 2006, behave and carry out their duties to promote the long-term success of the company for the benefit of all its members, and in doing so have regard to a range of matters when making decisions. Building positive relationships with stakeholders that share our values is important to us and working together towards shared goals assists us in delivering long-term sustainable success.

The following paragraphs summarise how the Directors fulfil their duties:

Decision making

The company comprises one operational business unit, along with being the hub for the group's shared business services. Each leadership team has extensive engagement with their own stakeholders, as well as other companies within the group.

The leadership teams make decisions with a long-term view in mind taking care to have regard to the likely consequences on all stakeholders of the decisions and actions they take. Where possible, decisions are discussed with affected groups and are therefore fully understood and supported when taken.

Strategic report (continued)

Year ended 30 April 2024

Stakeholder engagement

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

Whilst the company has no employees, it utilises employee services provided by Buro Happold Engineers Limited. As such the directors deliver a well-structured programme of employee engagement to ensure they are kept informed of the company's strategy, initiatives and future plans. There are many ways we engage with and listen to employee views through surveys, newsletters, face-to-face or video briefings and an anonymous platform for employees to ask questions and provide feedback.

Community involvement

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

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

Examples of this include:

- **Build It International** – Supporting training and education – as well as sustainable design – around Africa with long-standing partners Build It International (Zambia) on their Centre for Excellence project, and Krizevac (Malawi) in the Beehive Campus, supported through SOS. Both projects are providing local people with construction skills and training, leaving a long-lasting positive legacy in the surrounding and wider regional communities. Additionally, we were pleased to support the Feilden Foundation on a best-practice design guide for developing educational facilities within Africa, based on our combined experience over nearly two decades of work in the continent.
- **Share our Skills in the UK** – We supported smaller scale community initiatives in Bristol and Cornwall, as well as offering our structural expertise to community organisations in London (including Power Up North London) which seeks to retrofit community buildings with solar photovoltaic panels to reduce energy bills. Our team in London also continues to support a research project for the charity Catalytic Action in Lebanon which seeks to use local construction materials in the design and construction of playground facilities and public realm installations for vulnerable and displaced children and their families living in the country.

- **CARE International** – This year, we announced a partnership with leading humanitarian organisation, CARE International, to support their response and emergency shelter work in disaster-affected communities around the world. CARE works with communities and partners to provide emergency shelter in the immediate aftermath of a disaster, supporting communities to rebuild or repair safer and more resilient homes. The charity's work has a strong focus on gender equality and supporting women and girls. As well as providing financial support, Buro Happold will share our expertise to strengthen the charity's emergency response, with the aim of building a lasting ongoing partnership.
- **The Young Employees Forum** – The Young Employees Forum (YEF) is a connection and support network for those in their early careers at Buro Happold. As a forum for sharing knowledge, providing support and connecting young employees around the globe, the YEF is an active contributor to the rich tapestry of Buro Happold. It is a place for young employees to develop their careers, as well as forging personal connections, enjoying social events and raising money for local charities. This year, regional branches of the YEF met in Bath for a connection event: colleagues from the Rotterdam, Copenhagen, Berlin, Dubai, Riyadh, London, Leeds and Edinburgh offices converged for a day of workshops, networking and early career discussions. This event was in preparation for the global YEF summit, where the global YEF chairs will meet to discuss and plan the future of the YEF, ensuring a global connection is present.
- **The Happold Foundation** – The Happold Foundation is a charity dedicated to supporting organisations that use engineering to improve people's lives. We fund projects that undertake vital work in addressing challenges such as the climate emergency, social inequality and inclusion.

Fair practice and code of conduct

Integrity is of fundamental importance to Buro Happold. We treat our stakeholders with the same integrity, respect, and professionalism as we expect from each other, and we actively develop mutually beneficial relationships with those that share our values and are aligned to our Equality and Diversity Policy.

Buro Happold strives to be inclusive, regardless of gender identity, sexuality, disability, race, or ethnicity. Equity and social justice for all, sitting alongside climate equity takes a prominent position in all our duties.

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

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

Strategic report (continued)

Year ended 30 April 2024

Principal risks and uncertainties and matters of strategic importance

The group continues to regularly identify, evaluate and mitigate risks and uncertainties at both a Global and Regional level. It focuses at a practice level on those risk areas which pose the greatest threat to the achievement of our global strategy, whilst empowering the business units to tailor their approach to risk management to focus on risks to regional strategy where appropriate. All mitigations seek to minimise the likelihood of those risks materialising and lessen the impact should they occur.

Each global key risk area has a Risk Owner who is responsible for the control and management of the key risks via systems, policies and procedures. This year the group has introduced Key Risk Indicators to track how effective these systems, policies and procedures are in reducing risk over time and to identify where the development and implementation of new controls and the improvement of existing controls are needed.

The Audit Committee has a risk oversight role and any matters of significance are brought to the Governance Board.

The group's key risks and associated mitigations are included below:

Risk areas	Mitigations
<p>Market – We have continued to keep market risk under review. External market changes could have an adverse impact on the group in terms of business continuity and revenue. This would be compounded if the global net revenue coming from an affected market, client or sector is disproportionately large.</p>	<p>We continue to monitor and manage regional and global targets for markets of concern and maintain adverse spread of portfolio and geographies.</p> <p>This is of particular importance to the company given the proportion of turnover generated from the Middle East, notably Saudi Arabia.</p>

Strategic report (continued)

Year ended 30 April 2024

Risk areas	Mitigations
<p>People – Our ability to attract, retain and continuously develop key staff with the requisite capabilities remains critical to the group achieving its objectives otherwise we risk being unable to either win or deliver client projects which fit with our strategy.</p>	<p>We have a number of programmes and initiatives including various Leadership Development courses tailored to key stages of development. We engage our employees through various initiatives see pages 6-7. Our appetite for challenging projects also helps ensure that we remain attractive as an employer.</p> <p>We invest in the skills needed to develop future technology and knowledge through upskilling programmes.</p>
<p>Management of projects – Effective management of our projects to ensure that we perform in terms of quality, to schedule, and within the proposed fee is a key focus. Inadequate project management could lead to financial loss, loss of future work winning opportunities, contractual disputes, litigation and/or damage to reputation.</p>	<p>We have invested in a universal system for planning, managing and delivering projects. All projects have a risk register and various project monitoring tools are utilised depending on the size, complexity and risk profile of the project. Client feedback is obtained at each stage of the project and lessons learnt are shared. Internal Audit checks compliance with our Quality Management System.</p>
<p>Competition – We exist in a competitive market with a high risk of commoditisation. Our strategy could be at risk if we fail to convert opportunities into profitable wins.</p>	<p>A bid/no bid assessment is carried out for all opportunities, where client, location, service type, contract terms, alignment to strategic goals, target profit and any related risks, are considered. Approval to submit a bid must be obtained in accordance with the Global Authority Matrix. Such approval may be given subject to conditions which mitigate identified risks.</p>
<p>Cyber/Information security – The risk of cyber-attacks or hacking has the potential to affect our ability to operate. Losing critical business information or access to systems can expose us to financial penalties, claims from clients for delay or other breaches of contract, claims from stakeholders for data breaches and reputational damage.</p>	<p>We have an ISMS with wide-ranging controls including policies, quarterly audits and role-based access control. IT systems are externally audited for vulnerabilities by penetration testing with further assurances provided by Cyber Essentials certification (and IASME certification for the UK business). Business Continuity and Disaster Recovery plans are in place and tested. We also roll out annual training / testing of employees and regular phishing tests.</p>

Strategic report (continued)

Year ended 30 April 2024

Risk areas	Mitigations
<p>Innovation – A key part of our strategy is developing and selling new and innovative service offerings. We risk falling behind of our competitors if we are unable to deliver on this aspect of our strategy.</p>	<p>We encourage partnerships with universities, research organisations and external innovators to explore novel approaches to business and industry challenges. Activities include Knowledge Transfer Partnerships (KTPs), innovation competitions, and technology pilots.</p> <p>We enable staff to explore innovative ideas through our annual Jet Pack programme, covering costs for time and development resources.</p> <p>We pursue improvements to discipline specific and general business efficiency through Artificial Intelligence (AI) and Machine Learning development.</p> <p>We build a culture for innovation through community programmes such as the Computational Collective and C:lab.</p>
<p>Climate Change – The physical impact of increasingly frequent extreme weather events exacerbated by climate change can negatively impact company premises, operations, supply chains, and employee health and safety.</p> <p>In addition, changes to policy and regulation, technologies and markets from planned or potential responses to limiting global long-term temperature rise may result in varying levels of financial and reputational risk and also revenue opportunities from new and evolving climate-related design and advisory services.</p>	<p>Our Business Continuity Strategy, updated at least annually, includes an assessment of extreme weather related risks to company premises, operations and employees. Business Continuity Plans are in place at regional level to support reporting of incidents and mitigate risks and manage recovery. Climate change-related mitigation and adaptation considerations are included when leasing new office premises. We are well-positioned in our market to respond to and take advantage of climate change related policy, regulations and standards to enhance and develop climate change mitigation and adaptation services for our clients to support their own climate change mitigation and adaptation responses.</p>
<p>Regional Disruption – The risk of significant disruption in a region in which we operate could impact business continuity and compromise the health, safety and security of our people and our assets.</p>	<p>An established central Crisis Management Team oversees office specific Incident Response Teams. There is a Global Business Continuity Strategy and office Incident Response Plans (which include, in some regions, evacuation plans). Where there is a specific incident in a region, the Executive group meet weekly to discuss the risks to the practice on a more frequent basis and make any required changes to policies and procedures in a timely manner.</p>

Strategic report (continued)

Year ended 30 April 2024

Risk areas	Mitigations
<p>Legal and Regulatory compliance – As a global business we operate against a complex legal and regulatory landscape. The UK in particular being affected by the Building Safety Act amendments. There is an on-going risk of litigation, fines or penalties arising from failure or negligence in complying with laws and regulations in the jurisdictions in which we have offices and/or where we carry out services.</p>	<p>We have established policies which are available to all partners and employees via the intranet. Subject matter experts sit within the Business Services teams and support Global and Regional Management, providing guidance and creating awareness of applicable laws and regulations. Consultants, agents, suppliers and sub-consultants are made aware of the relevant policies and the expectation that they work in accordance with these is made clear prior to work commencing with them. Mandatory compliance related testing was rolled out to all staff in October 2023.</p>

This report was approved by the board on 8 August 2024 and signed on its behalf.

Alan Harbinson

Alan Harbinson (Aug 8, 2024 14:50 GMT+1)

A J Harbinson
Director

Directors' report

Year ended 30 April 2024

The directors present their report and the financial statements for the year ended 30 April 2024.

Results for the year

The loss for the year, after taxation, amounted to £3.7m (2023: loss of £10.1m). An interim dividend of £nil (2023: £nil) was declared and paid during the year. The directors do not recommend payment of a final dividend (2023: £nil).

Directors

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

A J Harbinson
A S Keelin
I D Maddocks
J Phillips
S J O Prichard
A J F Wylie (appointed 29 June 2023)

Financial risk management objectives and policies

The company is exposed to several financial risks.

Credit risk – The risk of clients being unable to pay for work performed by the company has the potential to impact cash flow. The risk is mitigated via appropriate credit checks being made on potential clients before work commences on projects, securing advance payments and the use of project insurance. Credit insurance is also obtained for certain projects.

Foreign exchange risk – The company reports its results in sterling; however a proportion of the company's revenue is generated overseas and denominated in other currencies. Significant movements in foreign exchange rates will affect the sterling profits reported by the company and the value of assets and liabilities denominated in foreign currencies on the balance sheet. Exchange rate movements are kept under constant review with the risk partially mitigated using foreign currency forward contracts.

Management of working capital – The majority of the company's costs are paid before fees are settled by clients. There is an ongoing drive across the company to raise invoices quickly to speed up payment. In addition, the company maintains close working relationships with clients and seeks advance receipts on contracts where possible. The robust bank financing framework provides significant comfort.

Interest rate risk – The group has borrowings on which interest is charged at the bank's variable rate and is therefore affected by fluctuations in interest rates. This risk is mitigated through regular review of interest rates and active management of cash surpluses.

Political and charitable donations

During the year the company contributed £0.4m (2023: £0.3m) to the Happold Foundation, a UK charity. The Happold Foundation is a charity registered for the promotion of education, research and training in fields applicable to the construction industry, engineering, design, technology and architecture.

This year, we also announced a partnership with leading humanitarian organisation, CARE International, contributing £0.1m (2023: £nil) to support their response and emergency shelter work in disaster-affected communities around the world.

Research and development activities

Research and development expenditure is incurred by the company on a number of innovative projects which seek to achieve an advance in science or technology. Research and development expenditure can vary year on year depending on the nature of projects undertaken by the company. During the year £2.0m (2023: £1.5m) of expenditure was deemed to be of a research and development nature.

Third party indemnity provision for directors

Qualifying third party indemnity provision is in place for the benefit of all directors of the company.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or

Directors' report (continued)

Year ended 30 April 2024

loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Provision of information to the auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing their report and to establish that the company's auditor is aware of that information.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 8 August 2024 and signed on its behalf

Alan Harbinson
Alan Harbinson (Aug 8, 2024 14:50 GMT+1)

A J Harbinson
Director

Independent auditor's report to the Members of Buro Happold Limited

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 30 April 2024 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Buro Happold Limited ("the Company") for the year ended 30 April 2024 which comprise the Statement of income and retained earnings, the Statement of financial position, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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.

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Strategic Report, Directors' Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

Independent auditor's report to the Members of Buro Happold Limited (continued)

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

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which

our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Company and the industry in which it operates;
- Discussion with management and those charged with governance;
- Obtaining and understanding of the Company's policies and procedures regarding compliance with laws and regulations;

we considered the significant laws and regulations to be the applicable accounting framework (United Kingdom Generally Accepted Accounting Practice and the Companies Act 2006), regulations impacting labour regulations and the tax in United Kingdom, anti-money laundering regulations and data protection laws.

The Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be health and safety legislation, Bribery Act 2010, Modern Slavery Act 2015, GDPR data regulation, employment law and Money Laundering Regulations 2017.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the company's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud;

Independent auditor's report to the Members of Buro Happold Limited (continued)

- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these;
- Considering potential fraud drivers, including financial or other pressures, opportunity and personal or corporate motivations; and
- Considering programmes and controls that the company has established to address risks identified, or that otherwise prevent, deter, and detect fraud, and how senior management monitors those programmes and controls. Where the risk was considered higher, we performed audit procedures to address each identified fraud risk.

Based on our risk assessment, we considered the areas most susceptible to fraud to be key areas of estimation uncertainty or judgement, for example estimations of costs to complete on long term projects and unusual journals based on our knowledge of the entity.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates and judgements made by management for bias in revenue recognition, including percentage of completion based on estimated costs to complete and profitability of projects; and
- assessing other significant estimates and judgements made by management for bias including trade receivables provisions and the completeness of professional indemnity provisions.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and

the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>.

This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Tim Neathercoat
4DBAD10598DC44F.....

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

Date 08 August 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of income and retained earnings

Year ended 30 April 2024

	Note	2024	2023
		£'000	£'000
Turnover	1, 3	172,440	139,085
Operating expenses		<u>(170,180)</u>	<u>(133,911)</u>
Operating profit before other operating expenses		2,260	5,174
Other operating expenses	4	(888)	(13,897)
Fair value (losses)/gains on foreign exchange contracts		<u>(452)</u>	<u>1,319</u>
Operating profit/(loss)		920	(7,404)
Interest receivable from group undertakings		1,137	583
Interest payable and similar expenses	5	(1,090)	(700)
Interest payable to group undertakings		<u>(1,685)</u>	<u>(610)</u>
Loss before taxation	7	(718)	(8,131)
Tax on loss	8	<u>(3,012)</u>	<u>(1,968)</u>
Loss after taxation		<u>(3,730)</u>	<u>(10,099)</u>
Retained earnings at 1 May		<u>6,278</u>	<u>16,377</u>
Retained earnings at 30 April		<u>2,548</u>	<u>6,278</u>

All amounts relate to continuing operations.

There are no recognised gains or losses for the current or prior financial year other than as stated in the statement of income and retained earnings. Accordingly, no statement of comprehensive income is presented.

The notes on pages 19 to 35 form part of these financial statements.

Statement of financial position

At 30 April 2024

	Note	2024		2023	
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	9		466		943
Tangible assets	10		9,667		4,293
			<u>10,133</u>		<u>5,236</u>
Current assets					
Debtors due within one year	11	99,427		83,861	
Cash at bank and in hand		13,591		9,557	
		<u>113,018</u>		<u>93,418</u>	
Creditors:					
Amounts falling due within one year	12	(110,657)		(84,537)	
Net current assets					
			<u>2,361</u>		<u>8,881</u>
Total assets less current liabilities					
			<u>12,494</u>		<u>14,117</u>
Provisions for liabilities					
Deferred tax	13		(810)		(108)
Other provisions	14		(9,135)		(7,730)
Net assets					
			<u>2,549</u>		<u>6,279</u>
Capital and reserves					
Called up share capital	16		1		1
Retained earnings	16		2,548		6,278
Total equity					
			<u>2,549</u>		<u>6,279</u>

The financial statements on pages 17 to 35 were approved and authorised for issue by the board and were signed on its behalf on 8 August 2024.

Alan Harbinson

Alan Harbinson (Aug 8, 2024 14:50 GMT+1)

A J Harbinson
Director

The notes on pages 19 to 35 form part of these financial statements.

Notes to the financial statements

Year ended 30 April 2024

1 Accounting policies

1.1 General information

Buro Happold Limited is a private company limited by shares and is registered, domiciled and incorporated in England and Wales. The address of the company's registered office is given on page 4. The company's principal activities and nature of operations are set out in the Strategic Report on pages 4 to 11.

1.2 Basis of preparation of financial statements

These financial statements have been prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention, modified to include financial instruments at fair value.

Monetary amounts are rounded to the nearest whole £1,000, except where otherwise indicated.

Reduced disclosures

As permitted by the reduced disclosure regime within FRS 102, the company has taken advantage of the exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts for financial instruments measured at amortised cost or cost less impairment, interest income/expense and net gains/losses for financial instruments measured at amortised cost; and
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

Advantage has also been taken from the exemption from preparing the Streamlined Energy and Carbon Reporting under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 as it is included in the consolidated financial statements of its ultimate parent, Happold LLP.

Consolidated financial statements

The financial statements of the company are consolidated in the financial statements of its ultimate parent, Happold LLP, a Limited Liability Partnership incorporated in England and Wales. The consolidated financial statements of Happold LLP are available from its registered office, Camden Mill, Lower Bristol Road, Bath, BA2 3DQ.

Going concern

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

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

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

The Happold LLP group has a £30m multicurrency Revolving Credit Facility ('RCF') with HSBC UK Bank plc. These financial arrangements are subject to certain financial covenants which are tested every quarter. During the year, the covenant associated with the obligor group was reviewed and changes were agreed with HSBC UK Bank plc to ensure that the covenant remains appropriate as a result of growth. Amendments to the RCF terms associated with this review have been agreed with HSBC UK Bank plc post year end. If results were to be in line with the sensitised model, the group would not breach the revised financial covenants for a period of no less than 12 months from approval of the financial statements.

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

Based on this assessment, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and, consequently, continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.3 Functional and presentational currencies

The financial statements are presented in sterling, which is also the functional currency of the company.

Accounting policies (continued)

1.4 Turnover

Turnover represents the fair value of amounts received or receivable for the sale of services to external customers in the ordinary nature of the business. Turnover is shown net of value added tax.

Turnover from contracts for the provision of professional design and advisory services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and sub contract costs, as a proportion of total costs. There is no minimum stage of completion which must be reached before profit can be recognised. However, where the outcome cannot be estimated reliably, turnover is recognised only to the extent of the expenses recognised that are recoverable.

Turnover also includes appropriate amounts in respect of long-term work in progress as described in the long term contracts policy below, to the extent that the outcome of these contracts can be assessed with reasonable certainty.

1.5 Long term contracts and revenue recognition

Revenue is recognised in line with the completion of projects. The percentage completion is determined using the cost approach. Costs incurred to date are compared to total project cost to completion, with revenue recognised accordingly. Profit is only recognised to the extent that the total project is assessed to be profitable. Provision is made for any future losses as soon as they are foreseen.

For contracts where turnover exceeds fees rendered, the excess is included as amounts recoverable on long term contracts, within debtors. For contracts where fees rendered exceeds turnover, the excess is included in payments on account, within creditors.

1.6 Other income

Rental income

Rental income on assets leased under operating leases is recognised on a straight line basis over the lease term and is presented within other operating (expense)/income.

1.7 Research and development

Research and development expenditure is written off in the year in which it is incurred.

1.8 Foreign currencies

Transactions in currencies other than the functional currency (foreign currencies) are translated into sterling at the rate ruling on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the reporting date. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction.

Exchange gains and losses are recognised in the statement of income and retained earnings as other operating income/(expense).

1.9 Above the line tax credits

Above the line tax credits are claimed based on a proportion of research and development expenditure incurred. Any current asset recognised in respect of the tax recoverable is recognised to the extent that it is considered probable that the asset will be recoverable in the future.

1.10 Financial instruments

Financial assets and liabilities are recognised when the company becomes a party to the contractual provisions of the instrument, and are offset only when the company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Trade, group and other debtors

Trade, group and other debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in the profit or loss for the excess of the carrying value of the trade debtor over the present value of the expected future cash flows discounted using the original effective interest rate.

Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in the profit or loss.

Accounting policies (continued)

Financial liabilities

Financial instruments are classified as liabilities according to the substance of the contractual arrangements entered into.

Trade, group and other creditors (including accruals)

Trade, group and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to fair value, at each reporting date. Fair value gains and losses are recognised in profit or loss.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

1.11 Taxation

The taxation expense represents the sum of the current tax expense and the deferred tax expense.

Current and deferred taxation assets or liabilities are not discounted.

Current taxation

Current tax is based on taxable profit for the year, with a current tax asset recognised when the tax paid exceeds the tax payable. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred taxation

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

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

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

1.12 Intangible assets

Computer software is initially recognised at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Software is amortised to profit or loss over its estimated useful life, of between two and five years, on a straight line basis.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances. The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

On disposal, the difference between the net disposal proceeds and the carrying amount of the intangible asset is recognised in profit or loss.

1.13 Tangible assets and depreciation

Tangible assets are initially recognised at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price and costs directly attributable to bringing the asset to its working condition for its intended use. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold improvements – over the life of lease or useful economic life whichever is shorter

Fixtures, fittings and equipment – 10-33% straight line

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of the reporting period. The effect of any change is accounted for prospectively.

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the company estimates the recoverable amount of the asset. Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Recognised impairment losses

Accounting policies (continued)

are reversed if, and only if, the reasons for the impairment loss have ceased to apply.

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

1.14 Leases

At inception the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Operating leases

Rentals under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as incentives to sign an operating lease are accounted for as a reduction to the expense and are recognised, on a straight line basis over the lease term.

1.15 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of a past event, and it is probable that the company will be required to settle that obligation. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date.

2 Critical accounting estimates and areas of judgement

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

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

Revenue recognition

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

Impairment of debtors

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

Provisions

Provisions are made for specific project related matters and dilapidations relating to offices the company is planning on exiting. The amounts provided are reviewed regularly considering the most recent information available and, where appropriate, with the use of professional advice.

Useful economic lives of intangible and tangible assets

The annual amortisation and depreciation charges for intangible and tangible assets are sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives are reviewed and amended when necessary to reflect current estimates, based on technological advancement, economic utilisation and the physical condition of the assets.

Amounts due from group companies

The company makes an assessment as to the recoverability of amounts due from group companies by considering the respective company's performance, position and ability to settle the balances.

3 Geographical analysis

An analysis of turnover, by destination is as follows:

Turnover	2024	2023
	£'000	£'000
UK	75,483	63,487
Europe	5,430	5,872
Middle East	89,555	68,088
United States	102	337
Rest of the World	1,870	1,301
	<u>172,440</u>	<u>139,085</u>

4 Other operating expenses

	2024	2023
	£'000	£'000
Foreign exchange loss	461	2,049
Research and development tax credit	(92)	(490)
Impairment of amounts owed by group undertakings	737	12,944
Rental income	(218)	(606)
	<u>888</u>	<u>13,897</u>

5 Interest payable

	2024	2023
	£'000	£'000
Other interest payable	1,090	700

6 Employees

The company has no employees. Employee services are provided to the company by Buro Happold Engineers Limited. The directors are remunerated by Happold LLP.

7 Loss before taxation

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

	2024	2023
	£'000	£'000
Fair value loss/(gain) on foreign exchange contracts	452	(1,319)
Depreciation of tangible fixed assets	1,916	1,532
Research and development expenditure written off	2,000	1,500
Amortisation of intangible fixed assets	717	938
Foreign exchange loss	461	2,049
Operating lease rentals:		
– land and buildings	1,894	1,385
– other	1,711	671
Impairment (gain)/loss on trade receivables	(1,231)	1,871
	<u> </u>	<u> </u>

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

	2024	2023
	£'000	£'000
Audit services – statutory audit of the company	58	50
	<u> </u>	<u> </u>

In accordance with SI 2008/489 the company has not disclosed the fees payable to the company's auditor for 'other services' as this information is included in the consolidated financial statements of Happold LLP.

8 Tax on loss

Analysis of tax charge in the year

	2024	2023
	£'000	£'000
Current tax (see note below)		
UK corporation tax charge on loss for the year	-	751
Foreign taxation	2,310	1,733
Double tax relief	-	(751)
Total current tax	<u>2,310</u>	<u>1,733</u>
Deferred tax (see note 13)		
Origination and reversal of timing differences	626	266
Effect of tax rate change on opening balance	-	75
Adjustments in respect of prior years	76	(106)
Total deferred tax	<u>702</u>	<u>235</u>
Tax on loss	<u>3,012</u>	<u>1,968</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher (2023 – higher) than the standard rate of corporation tax in the UK of 25% (2023 – 19%). The differences are explained below:

	2024	2023
	£'000	£'000
Loss before tax	(718)	(8,131)
Loss multiplied by standard rate of corporation tax in the UK of 25% (2023 – 19%)	(180)	(1,585)

Effects of:

Expenses not deductible for tax purposes, other than goodwill, amortisation and impairment	304	2,709
Ineligible fixed asset expenditure	29	43
Fixed asset differences	-	(95)
Research and development tax credit	15	(55)
Group relief claimed	1,129	-
Adjustments in respect of prior periods	-	(106)
Adjust closing deferred tax to average rate	76	75
Foreign tax credits	(671)	(751)
Foreign tax at different rates	2,310	1,733
Tax on loss (see note above)	<u>3,012</u>	<u>1,968</u>

Factors that may affect future tax charges

The corporation tax rate increased to 25% from 1 April 2023.

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

9 Intangible assets

	Computer software
	£'000
Cost	
At 1 May 2023	4,178
Additions	240
Disposals	(3,453)
At 30 April 2024	<u>965</u>
Amortisation	
At 1 May 2023	3,235
Charge for year	717
Disposals	(3,453)
At 30 April 2024	<u>499</u>
Carrying amount	
At 30 April 2024	<u><u>466</u></u>
At 30 April 2023	<u><u>943</u></u>

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

10 Tangible assets

	Leasehold improvements	Fixtures, fittings and equipment	Total
	£'000	£'000	£'000
Cost			
At 1 May 2023	4,268	5,286	9,554
Additions	5,512	1,778	7,290
Disposals	(2,435)	(1,402)	(3,837)
At 30 April 2024	7,345	5,662	13,007
Depreciation			
At 1 May 2023	2,744	2,517	5,261
Charge for year	637	1,279	1,916
Disposals	(2,435)	(1,402)	(3,837)
At 30 April 2024	946	2,394	3,340
Carrying amount			
At 30 April 2024	6,399	3,268	9,667
At 30 April 2023	1,524	2,769	4,293

11 Debtors due within one year

	2024	2023
	£'000	£'000
Trade debtors	40,225	37,699
Other debtors	350	192
Amounts owed by group undertakings	26,318	24,892
Prepayments and accrued income	7,224	4,147
Foreign currency forward contracts	-	240
Amounts recoverable on long term contracts	25,310	16,691
	99,427	83,861

12 Creditors: amounts falling due within one year

	2024	2023
	£'000	£'000
Bank loans and overdrafts	10,094	13,068
Payments on account	36,686	33,405
Trade creditors	6,623	6,287
Amounts owed to group undertakings	49,096	24,205
Social security and other taxes	2,012	1,807
Corporation tax	477	216
Other creditors	92	40
Foreign currency forward contracts	212	-
Accruals and deferred income	5,365	5,509
	<u>110,657</u>	<u>84,537</u>

Bank guarantees and performance bonds of £9.2m (2023: £11.0m) for certain projects undertaken by the company were held at the year end.

Security for the bank facility held by the company consists of a debenture including fixed and floating charges over the company assets and guarantees given by Buro Happold Engineers Limited and Buro Happold Consulting Engineers Limited.

13 Deferred tax liability

	2024	2023
	£'000	£'000
At beginning of year	(108)	127
Charge for year	(702)	(235)
	<u>(810)</u>	<u>(108)</u>

Deferred taxation is made up as follows:

	2024	2023
	£'000	£'000
Accelerated capital allowances	(811)	(110)
Liabilities measured at fair value	<u>1</u>	<u>2</u>

14 Provisions

	Professional indemnity insurance	Loss making contracts	Dilapidation	Total
	£'000	£'000	£'000	£'000
At 1 May 2023	4,775	569	2,386	7,730
Additions	3,798	511	965	5,274
Utilised/released in the year	(1,936)	(495)	(1,438)	(3,869)
At 30 April 2024	<u>6,637</u>	<u>585</u>	<u>1,913</u>	<u>9,135</u>

Professional indemnity insurance

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

Loss making contracts

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

Dilapidation

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

15 Financial instruments

Foreign exchange forward contracts and options

The company has overseas operations with a significant proportion of turnover relating to transactions conducted in US Dollars. As a consequence the company uses foreign currency forward contracts and options to manage the foreign exchange risk of future transactions and cash flows.

The contracts are valued based on available market data. The company does not adopt hedge accounting for forward contracts and options, as such fair value gains and losses are recognised in the statement of income and retained earnings.

At the year end, the total carrying amount of outstanding foreign exchange forward contracts and options that the company has committed to are as follows:

	2024	2023
	'000	'000
US Dollars	<u>24,300</u>	<u>3,000</u>

16 Share capital

	2024	2023
	£'000	£'000
Allotted, called up and fully paid		
865 – Ordinary shares of £1 each	<u>1</u>	<u>1</u>

The company has one class of ordinary shares which carry no right to fixed income.

Reserves

The company's only reserve is retained earnings which represents the cumulative profit and loss, net of distributions.

17 Contingent liabilities

As a part of the ordinary business activities of the company, claims may arise in relation to work it undertakes. These claims are continually assessed and where required a provision is recognised (see note 14). Where the company believes it has acted properly, has robust defences for such claims or if insufficient information is available to assess the extent of the claim no provision is made.

18 Operating lease commitments

The company had total future minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Payments due:				
Within 1 year	3,018	3,006	1,020	1,440
Between 1 and 5 years	8,272	8,932	380	1,394
	<u>11,290</u>	<u>11,938</u>	<u>1,400</u>	<u>2,834</u>

19 Related party transactions

Advantage has been taken of the exemption from disclosing transactions and balances with other wholly owned group undertakings as permitted by Section 33 'Related Party Disclosures' of FRS 102.

Transactions between the company and fellow group undertakings which are not wholly owned are disclosed below:

	2024	2023
	£'000	£'000
Sales of services	12,302	2,824
Purchases of services	423	515
Loans received during the year	8,524	3,021
Amounts owed to related parties at year end	9,755	173

Provision of services to and purchases of services from related parties were made at the rates charged to external customers. The amounts outstanding are unsecured, non-interest bearing and will be settled in cash. No guarantees have been given or received. A provision of £13.6m (2023: £12.9) has been made for doubtful debts in respect of amounts owed by related parties with £0.7m (2023: £12.9m) charged to profit and loss.

20 Ultimate parent undertaking and controlling party

The directors consider the ultimate parent undertaking to be Happold LLP, a Limited Liability Partnership registered in England and Wales. Happold LLP is the smallest and largest Limited Liability Partnership for which consolidated accounts including Buro Happold Limited are prepared. The consolidated accounts of Happold LLP are available from its registered office, Camden Mill, Lower Bristol Road, Bath, BA2 3DQ.

The company's immediate parent undertaking at the balance sheet date was Buro Happold Engineers Limited, a company registered in England and Wales.

BURO HAPPOLD

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