

**DAVID CHIPPERFIELD ARCHITECTS LIMITED.
Annual Report and Financial Statements
For the financial year ended 31 December 2022**

DAVID CHIPPERFIELD ARCHITECTS LIMITED.
ANNUAL REPORT AND FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

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DAVID CHIPPERFIELD ARCHITECTS LIMITED.
COMPANY INFORMATION
For the financial year ended 31 December 2022

DIRECTORS

Benito Blanco Avellano
David A Chipperfield
Alasdair R Graham
William F P Prendergast

REGISTERED OFFICE

C/O Praxis
1 Poultry
London
EC2R 8EJ
England
United Kingdom

BUSINESS ADDRESS

9 Dallington Street
London
EC1V 0LN

COMPANY NUMBER

03899734 (England and Wales)

AUDITOR

Praxis
1 Poultry
London
EC2R 8EJ
United Kingdom

DAVID CHIPPERFIELD ARCHITECTS LIMITED.
STRATEGIC REPORT
For the financial year ended 31 December 2022

The directors present their Strategic Report for the financial year ended 31 December 2022.

RESULTS AND DIVIDENDS

The statement of comprehensive income is set out on page 10 and shows the profit for the year.

The directors do not recommend payment of a final dividend (2021 - £Nil).

PRINCIPLE ACTIVITIES, TRADING REVIEW AND FUTURE DEVELOPMENTS

The principal activity of the Company is that of architecture and design.

In 2022 the Company increased revenue but saw a decrease in profit. Profit was impacted by the cessation of work in Russia, and ongoing investment. We continued to make operational and process improvements with significant investment made in our IT infrastructure, practice management software, BIM software, and associated training and hardware to support this. Although revenue increased by 33%, we withdrew from work in Russia while still maintaining headcount, resulting in a reduction in Gross Profit margin.

Average architectural staff numbers increased to 76 in 2022, (2021- 63) and our management staff rose to 13 (2021 - 9) reflecting our investment in staff and building the practice structure to support long-term sustainable growth. In 2022 total staff numbers stood at an average of 109 (2021 - 93).

Our geographical mix of income continued to evolve through 2022, with the UK increasing and continental US maintaining through secured new projects. We saw increases in the rest of the world, particularly the Middle East as we have expanded our territorial outlook. In addition to a direct commission for work in Australia we developed a competition design for a residential project in Canberra, notable for its high sustainability ambitions, that was won in early 2022. However, the onset of war in Ukraine February 2022 prompted our immediate withdrawal from projects in Russia and the practice will not recommence any work in Russia until all troops are withdrawn from Ukraine. In late 2022 the practice won a competition to develop a large site in Seoul, continuing to develop high quality design.

The economic risks in the UK and the world economy remain a concern, staff retention is a risk as the international staff base is impacted by the increased cost of living in London. The business has significantly expanded since the beginning of the Covid crisis and has continued to deliver excellent service to our clients through that period.

For the year ended 31 December 2022, revenue growth has been more than 30%, with further growth forecast for 2023 and the value under contract for 2024 strong.

Delays to our new office premises will now see us move in the first quarter of 2024 and enjoy the increase in productivity born from the investments in our staff and technology to support the design process. The latter months of 2022 saw us procure a significant amount of revenue and 2023 sees us embark on projects for the London School of Economics and the Canadian Government both of which adhere to our commitments to retrofit first and will deliver highly sustainable buildings.

KEY PERFORMANCE INDICATORS

The key performance indicators are gross profit margin and fees per architect head.

Gross profit margin 45% (2021 - 56%)

Fees per architect head £162,286 (2021 - £146,832)

PRINCIPAL RISKS AND UNCERTAINTIES

DAVID CHIPPERFIELD ARCHITECTS LIMITED.
STRATEGIC REPORT (CONTINUED)
For the financial year ended 31 December 2022

The directors consider these to be as follows:

Geopolitics

Heightened geopolitical tensions, alongside other factors can have a significant impact on the business with little warning. Post year end, the Russia-Ukraine war has elevated this geopolitical instability globally and resulted in imposition of significant sanctions and trade restrictions against Russia, which resulted in the practice ceasing work on projects within Russia, or for Russian sanctioned clients, with a resultant loss in income of c.£1.2m.

Input costs

The Russia-Ukraine war, alongside the economic impacts that continue to result from the Covid-19 pandemic, have increased commodity prices and caused a sharp rise in inflation creating further challenges for the practice. Whilst a significant proportion of our costs are staff related (see below), there continues to be upwards pressure from our remaining cost base. Price pressure we hope will improve in coming months.

Fluctuations in contracts and workload

The practice needs to navigate continuously evolving project programmes while maintaining an excellent workforce ready for new projects and often with increasing scope. It is challenging to resource each project correctly and to react to downturns promptly, without compromising efficiency in the final stages of projects. In order to manage this risk, and the risk it poses on liquidity and cash flow, resource planning is considered on a weekly basis looking forward 12 months.

Architectural staff

The objectives of the practice can only be met by maintaining a strong, competent and DCA-experienced staff so staff retention and appropriate remuneration packages are essential, supplemented by CPDs and other benefits.

Claims

As a provider of design services the Company is at risk of professional negligence claims and we have a duty to inform our Professional Indemnity Insurers when such claims, or threat of claims, exist. The directors, our insurers and their legal teams will vigorously defend such claims. The directors will take all the known facts of each such case into consideration and will come to a decision, supported by professional advice obtained, on the likely outcome. If liability is considered probable a provision will be made in the accounts.

Competitions

Competitions are costly and will not always be successful. The directors are diligent in only embarking on competitions selected on the basis of clear criteria and only a limited number per year, subject to the availability of resource.

Fee proposals/timelines

Experienced staff and the directors work on the agreement of fees and timelines with prospective clients and also for new work or amendments to current projects. These fees and timelines are entered into the project management system for close monitoring during the course of the projects. Without the experience, skills and continual review at a senior management level our project performance could be significantly affected.

Exchange rates

The directors manage the risks of fluctuations in exchange rates when fees are in foreign currency with advice from experts and the practice's bankers. Active management of exchange and credit rate risk through a foreign exchange risk management strategy has continued through 2022 and 2023 as the currency mix of our fees.

Approved by the Board of Directors and signed on its behalf by:

Benito Blanco Avellano
Director

DAVID CHIPPERFIELD ARCHITECTS LIMITED.
STRATEGIC REPORT (CONTINUED)
For the financial year ended 31 December 2022

C/O Praxis
1 Poultry
London
EC2R 8EJ
England
United Kingdom

29 September 2023

DAVID CHIPPERFIELD ARCHITECTS LIMITED.
DIRECTORS' REPORT
For the financial year ended 31 December 2022

The directors present their annual report on the affairs of the Company, together with the financial statements and auditors' report, for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the financial year was architecture and design.

GOING CONCERN

Given the impact of Covid-19 on the economy generally as well as the impact of the ongoing Russia-Ukraine war, the Board has performed a number of stress tests to assess the ability of the Company to continue as a going concern. The Directors have prepared cash flow forecasts for a review period of at least twelve months from the date of approval of these financial statements to December 2024.

These forecasts reflect an assessment of current and future market conditions and their impact on future cash flow performance. There is currently a strong value under contract, with 2023 expected to continue to show revenue growth and an increased Gross Profit margin, in addition, the company has a strong cash position over and above debt financing.

Work under contract and prospective projects are reviewed regularly against resourcing levels. In addition, a comprehensive review of project performance is carried out monthly. Prospective projects are reviewed and tracked regularly through new project meetings.

The Directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the Company has adequate resources to meet its obligations and continue in operational existence for the foreseeable future. For these reasons, the Directors continue to adopt the going concern basis in preparing the Directors' report and financial statements.

REVIEW OF THE BUSINESS

Turnover for the financial year amounted to £12,333,740 (2021: £9,250,433). The Company incurred a loss after taxation totalling £258,197 (2021: profit £269,258).

The net current asset position of the Company as at the financial year end amounted to £1,886,452 (2021: net current asset £1,840,198).

The net asset position of the Company as at the financial year end amounted to £2,105,412 (2021: net asset £2,363,609).

DIVIDENDS

The directors do not recommend payment of a dividend (2021: £Nil).

EVENTS AFTER THE BALANCE SHEET DATE

There were no material post balance sheet events.

RESEARCH AND DEVELOPMENT

The Company continues to engage in research and development activities when required by an individual project. The intellectual property remains vested in the practice and can then be carried over to other projects.

DIRECTORS

The directors, who served during the financial year and to the date of this report except as noted, were as follows:

DAVID CHIPPERFIELD ARCHITECTS LIMITED.
DIRECTORS' REPORT (CONTINUED)
For the financial year ended 31 December 2022

Benito Blanco Avellano	(Appointed 18 February 2022)
David A Chipperfield	
Alasdair R Graham	(Appointed 18 February 2022)
Harriet E Miller	(Appointed 18 February 2022, Resigned 16 August 2023)
William F P Prendergast	

CHARITABLE DONATIONS

During the year the Company made charitable donations of £21,300 (2021 - £14,992)

MATTERS COVERED IN THE STRATEGIC REPORT

Certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report on pages 3 - 6. These matters relate to the principal activity and financial risk.

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

- * So far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- * The director has taken all the steps that they ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to reappoint Praxis as auditors will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on its behalf by:

Benito Blanco Avellano
Director

C/O Praxis
1 Poultry
London
EC2R 8EJ
England
United Kingdom

29 September 2023

DAVID CHIPPERFIELD ARCHITECTS LIMITED.
DIRECTORS' RESPONSIBILITIES STATEMENT
For the financial year ended 31 December 2022

The directors are responsible for preparing the annual 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that financial period.

In preparing these financial statements, the directors are required to:

- * Select suitable accounting policies and then apply them consistently;
- * Make judgements and accounting 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. The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAVID CHIPPERFIELD ARCHITECTS LIMITED.
For the financial year ended 31 December 2022

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of David Chipperfield Architects Limited. (the 'Company'):

- * Give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its loss for the financial year then ended;
- * Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- * Have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- * The Profit and Loss Account;
- * The Balance Sheet;
- * The Statement of Changes in Equity; and
- * The related notes 1 to 22.

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 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 Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAVID CHIPPERFIELD ARCHITECTS LIMITED.
(CONTINUED)**

For the financial year ended 31 December 2022

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.

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 auditor's report.

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

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

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework(s) that the Company operates in, and identified the key laws and regulations that:

- * had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK GAAP and the Companies Act 2006; and
- * do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- * reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- * performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- * enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations.

Report on other legal and regulatory requirements

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAVID CHIPPERFIELD ARCHITECTS LIMITED.
(CONTINUED)**

For the financial year ended 31 December 2022

Opinions on other matters prescribed by the Companies Act 2006

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 any material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

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.

Christopher Blunn (Senior Statutory Auditor)
For and on behalf of Praxis
Statutory Auditor

1 Poultry
London
EC2R 8EJ
United Kingdom

29 September 2023

DAVID CHIPPERFIELD ARCHITECTS LIMITED.
PROFIT AND LOSS ACCOUNT
For the financial year ended 31 December 2022

	Note	2022	2021
		£	£
Turnover	3	12,333,740	9,250,433
Cost of sales		(6,743,901)	(4,108,239)
Gross profit		5,589,839	5,142,194
Administrative expenses		(5,816,472)	(4,935,174)
Operating (loss)/profit		(226,633)	207,020
Finance costs	4	(47,701)	(27,032)
(Loss)/profit before taxation	5	(274,334)	179,988
Tax on (loss)/profit	9	16,137	89,270
(Loss)/profit for the financial year		(258,197)	269,258

All amounts relate to continuing operations.

There were no items of other comprehensive income or losses for the current or prior year other than those included in the Profit and Loss Account, accordingly no Statement of Comprehensive Income is presented.

DAVID CHIPPERFIELD ARCHITECTS LIMITED.

BALANCE SHEET

As at 31 December 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	11	946,181	523,311
Investments	12	100	100
		946,281	523,411
Current assets			
Debtors	13	4,374,689	2,682,616
Cash at bank and in hand		1,098,050	2,228,670
		5,472,739	4,911,286
Creditors: amounts falling due within one year	14	(3,586,287)	(3,071,088)
Net current assets		1,886,452	1,840,198
Total assets less current liabilities		2,832,733	2,363,609
Creditors: amounts falling due after more than one year	15	(727,321)	0
Net assets		2,105,412	2,363,609
Capital and reserves	18		
Called-up share capital		43,635	43,635
Profit and loss account		2,061,777	2,319,974
Total shareholder's funds		2,105,412	2,363,609

The financial statements of David Chipperfield Architects Limited. (registered number: 03899734) were approved and authorised for issue by the Board of Directors on 29 September 2023. They were signed on its behalf by:

Benito Blanco Avellano
Director

DAVID CHIPPERFIELD ARCHITECTS LIMITED.
STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2022

	Called-up share capital	Profit and loss account	Total
	£	£	£
At 01 January 2021	43,635	2,050,716	2,094,351
Profit for the financial year	0	269,258	269,258
Total comprehensive income	0	269,258	269,258
At 31 December 2021	43,635	2,319,974	2,363,609
At 01 January 2022	43,635	2,319,974	2,363,609
Loss for the financial year	0	(258,197)	(258,197)
Total comprehensive loss	0	(258,197)	(258,197)
At 31 December 2022	43,635	2,061,777	2,105,412

DAVID CHIPPERFIELD ARCHITECTS LIMITED.
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the financial year and to the preceding financial year, unless otherwise stated.

General information and basis of accounting

David Chipperfield Architects Limited (the Company) is a private company, limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is C/O Praxis, 1 Poultry, London, EC2R 8EJ, United Kingdom.

The principal activities during the financial year was architecture and design.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and the requirements of the Companies Act 2006.

The financial statements are presented in pounds sterling which is the functional currency of the Company and rounded to the nearest £.

Going concern

Given the impact of Covid-19 on the economy generally as well as the impact of the ongoing Russia-Ukraine war, the Board has performed a number of stress tests to assess the ability of the Company to continue as a going concern. The Directors have prepared cash flow forecasts for a review period of at least twelve months from the date of approval of these financial statements to December 2024.

These forecasts reflect an assessment of current and future market conditions and their impact on future cash flow performance. There is currently a strong value under contract, with 2023 expected to continue to show revenue growth and an increased Gross Profit margin, in addition, the company has a strong cash position over and above debt financing.

Work under contract and prospective new projects are reviewed regularly against resourcing levels. In addition, a comprehensive review of project performance is carried out monthly. Prospective new projects are reviewed and tracked regularly through new project meetings.

The Directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the Company has adequate resources to meet its obligations and continue in operational existence for the foreseeable future. For these reasons, the Directors continue to adopt the going concern basis in preparing the Directors' report and financial statements.

Group accounts exemption

Group accounts exemption s400

The Company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

The Company meets the definition of a qualifying entity under FRS102 and has therefore also taken advantage of the disclosure exemption available to it in respect of its separate financial statements and has not presented a cashflow statement.

Change in accounting policies

In the current year, the following new and revised standards and interpretations have been adopted by the company and have had an effect on future periods.

At the date of authorisation of these financial statements, the following standards and interpretations, which have not yet been applied in these financial statements, were in issue but not yet effective:

DAVID CHIPPERFIELD ARCHITECTS LIMITED.
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Balance Sheet date are reported at the rates of exchange prevailing at that date.

Exchange differences are recognised in the Profit and Loss Account in the period in which they arise.

Turnover

Fee income represents revenue earned under a wide variety of contracts to provide professional services. Revenue is recognised as earned when, and to the extent that, the firm obtains the right to consideration in exchange for its performance under these contracts. It is measured at the fair value of the right to consideration, which represents amounts chargeable to clients, including expenses and disbursements but excluding value added tax.

Revenue is recognised as contract activity progresses so that for incomplete contracts it reflects the partial performance of the contractual obligations. For such contracts the amount of revenue reflects the accrual of the right to consideration by reference to the value of work performed. Revenue not billed to clients is included in accrued income and payments on account in excess of the relevant amount of revenue are included in deferred income.

Where a contract is deemed to be onerous, a provision is recorded within the financial statements for the loss expected on that contract.

Employee benefits

Short term benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Defined contribution schemes

For defined contribution schemes the amounts charged to the Profit and Loss Account in respect of pension costs and other post-retirement benefits are the contributions payable in the financial year. Differences between contributions payable in the financial year and contributions actually paid are shown as either accruals or prepayments in the Balance Sheet.

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred taxation is provided at appropriate rates on all material timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future. Deferred tax assets and liabilities are not discounted.

Intangible assets

Trademarks, patents and licences	10 years straight line
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DAVID CHIPPERFIELD ARCHITECTS LIMITED.
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

Trademarks, patents and licences

Trademarks are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over the estimated useful life of 10 years and is recognised in administrative expenses.

Tangible fixed assets

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life as follows:

Land and buildings	50 years straight line
Plant and machinery	3 - 6 years straight line
Fixtures and fittings	5 years straight line

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Leases

The Company as lessee

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the Profit and Loss Account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each Balance Sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the Profit and Loss Account as described below.

Fixed asset investments

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at cost less impairment.

Financial instruments

DAVID CHIPPERFIELD ARCHITECTS LIMITED.
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements 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.

Financial assets and liabilities are only offset in the Balance Sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Financial assets are derecognised when and only when the contractual rights to the cash flows from the financial asset expire or are settled, or the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

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NOTES TO THE FINANCIAL STATEMENTS
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Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the Balance Sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Claims

As a provider of design services, the Company is at risk of professional negligence claims and we have a duty to inform our Professional Indemnity Insurers when such claims, or threat of claims, exist. The directors, our insurers and their legal teams will vigorously defend such claims. The directors will take all the known facts of each such case into consideration and will come to a decision, supported by professional advice obtained, on the likely outcome. If liability is considered probable a provision will be made in the accounts.

Employees

The cost of architects involved in projects is considered as a cost of sale, whereas the cost of administration and support staff are considered as an administrative expense.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial year in which the estimate is revised if the revision affects only that period, or in the financial year of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Critical judgement - Revenue recognition

The assessment of the stage of completion of projects and therefore the amount of revenue recognised is affected by the assessment of future time costs that each project will incur through to completion. The costing of this time assessment is systematically driven but the estimation is made by project teams under supervision of directors and carries an inherent risk of being misjudged. Where a project is forecast to be loss making, provision is made for the estimated future costs to complete.

Critical judgement - Impairment of debtors

The Company's policy on recognising an impairment of the trade debtor balance is based on a review of individual debtor balances, their ageing and management's assessment of realisation. This review and assessment is conducted on a continuing basis and any material change in management's assessment of trade debtor impairment is reflected in the carrying value of the asset.

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3. Turnover

Turnover represents the fair value of goods/services provided to customers during the financial year excluding value added tax.

Breakdown geographical market:

An analysis of the Company's turnover by geographical market is set out below.

	2022	2021
	£	£
UK	3,470,736	2,690,462
North & South America	2,535,183	2,570,218
Europe & Middle East	4,325,002	584,968
Rest of World	2,002,819	3,404,785
	12,333,740	9,250,433

4. Finance costs

	2022	2021
	£	£
Interest payable and similar expenses	47,701	27,032

5. (Loss)/profit before taxation

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

	2022	2021
	£	£
Depreciation of tangible fixed assets (note 11)	246,334	146,523
Foreign exchange (gains)/losses	(43,305)	15,727

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6. Auditor's remuneration

An analysis of the auditor's remuneration is as follows:

	2022	2021
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements:	31,000	43,000
Total audit fees	31,000	43,000

Fees payable to Praxis and its associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis.

7. Staff number and costs

	2022	2021
	Number	Number
The average monthly number of employees (including directors) was:		
Management	13	9
Administration	20	21
Architects	76	63
	109	93

Their aggregate remuneration comprised:

	2022	2021
	£	£
Wages and salaries	5,271,064	4,648,706
Social security costs	714,716	495,434
Other retirement benefit costs	567,441	530,543
	6,553,221	5,674,683

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8. Directors' remuneration

	2022	2021
	£	£
Directors' emoluments	674,850	335,635
Amounts receivable (other than shares and share options) under long-term incentive schemes	62,258	11,630
	737,108	347,265

Remuneration of the highest paid director

	2022	2021
	£	£
Director's emoluments	178,766	184,500
Company contributions to money purchase schemes	13,389	6,457
	192,155	190,957

The highest paid director did not exercise any share options in the year and had no shares receivable under long-term incentive schemes.

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9. Tax on (loss)/profit

	2022	2021
	£	£
Current tax on (loss)/profit		
UK corporation tax	(105,756)	(89,270)
Total current tax	(105,756)	(89,270)
Deferred tax		
Origination and reversal of timing differences	89,619	0
Total deferred tax	89,619	0
Total tax on (loss)/profit	(16,137)	(89,270)

Tax reconciliation

The tax assessed for the year is higher than (2021: lower than) the standard rate of corporation tax in the UK:

	2022	2021
	£	£
(Loss)/profit before taxation	(274,334)	179,988
Tax on (loss)/profit at standard UK corporation tax rate of 25.00% (2021: 19.00%)	(68,584)	34,198
Effects of:		
- Expenses not deductible for tax purposes	39,688	3,988
Fixed asset differences	(2,355)	11,496
Additional deduction for R&D expenditure	0	(104,505)
Group relief surrender claim	120,870	73,270
Payment for group relief	(120,870)	(73,270)
Adjustments to previous periods	15,114	(16,000)
Deferred tax not recognised	0	(18,447)
Total tax credit for year	(16,137)	(89,270)

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NOTES TO THE FINANCIAL STATEMENTS
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10. Intangible assets

	Trademarks, patents and licences	Total
	£	£
Cost		
At 01 January 2022	17,250	17,250
At 31 December 2022	17,250	17,250
Accumulated amortisation		
At 01 January 2022	17,250	17,250
At 31 December 2022	17,250	17,250
Net book value		
At 31 December 2022	0	0
At 31 December 2021	0	0

11. Tangible assets

	Land and buildings	Plant and machinery	Fixtures and fittings	Total
	£	£	£	£
Cost				
At 01 January 2022	294,356	618,613	145,957	1,058,926
Additions	0	680,127	22,630	702,757
Disposals	0	(3,070)	(52,658)	(55,728)
At 31 December 2022	294,356	1,295,670	115,929	1,705,955
Accumulated depreciation				
At 01 January 2022	45,233	417,551	72,831	535,615
Charge for the financial year	5,887	211,564	28,883	246,334
Disposals	0	(2,046)	(20,129)	(22,175)
At 31 December 2022	51,120	627,069	81,585	759,774
Net book value				
At 31 December 2022	243,236	668,601	34,344	946,181
At 31 December 2021	249,123	201,062	73,126	523,311

Assets held under finance leases

Included in plant and machinery are fixed assets held under finance leases with a net book value of £326,003 (2021: £19,350).

DAVID CHIPPERFIELD ARCHITECTS LIMITED.
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12. Fixed asset investments

Investments in subsidiaries

	2022
	£
Cost	
At 01 January 2022	100
At 31 December 2022	100
Carrying value at 31 December 2022	100
Carrying value at 31 December 2021	100

Investments in shares

Name of entity	Registered office	Nature of business	Class of shares	Ownership 31.12.2022	Ownership 31.12.2021
Group DC Limited	C/O Praxis, 1 Poultry London, United Kingdom, EC2R 8EJ	Service company	Ordinary	100.00%	100.00%

13. Debtors

	2022	2021
	£	£
Trade debtors	1,806,137	962,567
Amounts owed by Group undertakings (note 20)	242,194	4,769
Amounts owed by Parent undertakings (note 20)	0	2,361
Amounts owed by related parties (note 20)	12,931	0
Corporation tax	0	70,318
Other debtors	117,092	57,456
Prepayments and accrued income	2,196,335	1,585,145
	4,374,689	2,682,616

As at 31 December 2022 and 31 December 2021, the Company recognised £116,404 of provision against gross receivables, included in the trade debtors balance. All amounts shown under debtors fall due for payment within one year.

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14. Creditors: amounts falling due within one year

	2022	2021
	£	£
Bank loans	41,676	2,134
Obligations under finance leases and hire purchase contracts	110,921	15,393
Trade creditors	556,340	253,098
Amounts owed to Group undertakings (note 20)	30,697	10,264
Amounts owed to Parent undertakings (note 20)	562,467	0
Deferred tax liability	89,619	0
Payroll taxes payable	171,415	161,028
VAT	24,077	90,803
Accruals and deferred income	1,947,458	2,477,331
Other creditors	51,617	61,037
	3,586,287	3,071,088

The Company has a debenture deed, in accordance with which the bank can arrange loans and overdrafts secured by fixed and floating charges over the Company and all its present and future property assets.

15. Creditors: amounts falling due after more than one year

	2022	2021
	£	£
Bank loans and overdrafts	187,500	0
Obligations under finance leases and hire purchase contracts	259,143	0
Amounts owed to Parent undertakings (note 20)	280,678	0
	727,321	0

Bank loans

	2022	2021
	£	£
Between one and two years	41,667	0
Between two and five years	125,000	0
After five years	20,833	0
	187,500	0
On demand or within one year	41,676	2,134
	229,176	2,134

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NOTES TO THE FINANCIAL STATEMENTS
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Finance leases

	2022	2021
	£	£
Between one and two years	108,723	0
Between two and five years	150,420	0
After five years	0	0
	259,143	0
On demand or within one year	110,921	15,393
	370,064	15,393

Total borrowings including finance leases

	2022	2021
	£	£
Between one and two years	150,390	0
Between two and five years	275,420	0
After five years	20,833	0
	446,643	0
On demand or within one year	152,597	17,527
	599,240	17,527

16. Deferred tax

	2022	2021
	£	£
At the beginning of financial year	0	0
Charged to the Profit and Loss Account	(89,619)	0
At the end of financial year	(89,619)	0

DAVID CHIPPERFIELD ARCHITECTS LIMITED.
NOTES TO THE FINANCIAL STATEMENTS
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17. Financial instruments

The carrying values of the Company's financial assets and liabilities are summarised by category below:

	2022	2021
	£	£
Financial assets		
<i>Measured at undiscounted amount receivable</i>		
- Trade debtors (note 13)	1,806,137	962,567
- Other debtors (note 13)	117,092	57,456
- Amounts owed by Group undertakings (note 13)	242,194	4,769
- Amounts owed by Parent undertakings (note 13)	0	2,361
- Amounts owed by related parties (note 13)	12,931	0
	2,178,354	1,027,153
Financial liabilities		
<i>Measured at amortised cost</i>		
- Bank loans and other loans	(229,176)	(2,134)
- Obligations under finance leases	(370,064)	(15,393)
<i>Measured at undiscounted amount payable</i>		
- Trade creditors (note 14)	(556,340)	(253,098)
- Other payables (note 14)	0	(61,924)
- Amounts owed to Group undertakings (note 14)	(30,697)	(10,264)
- Amounts owed to Parent undertakings (note 14 and note 15)	(843,145)	0
	(2,029,422)	(342,813)

18. Called-up share capital and reserves

	2022	2021
	£	£
Allotted, called-up and fully-paid		
43,635 Ordinary A shares of £ 1.00 each	43,635	43,635
Presented as follows:		
Called-up share capital presented as equity	43,635	43,635

The Company's other reserves are as follows:

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

DAVID CHIPPERFIELD ARCHITECTS LIMITED.
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19. Financial commitments

Commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2022	2021
	£	£
within one year	265,608	212,800

20. Related party transactions

The company borrowed €1,000,000 from DC Studio Limited, under normal market conditions and is repayable in 2024 with 3.5% interest. At the balance sheet date included in creditors is £843,145 owed to DC Studio Limited (2021: Nil). During the year sales of £8,331 (2021 - £2,361) and purchases of £80,856 (2021 - £39,478) were made in the year to/from DC Studio Limited. Additionally, at the year end and included in debtors is an amount of £231,628 (2021: £nil) due from DC Studio in respect of tax losses group relieved by the company.

At the balance sheet date, the Company was owed £33 (2021 - £Nil) from David Chipperfield Architects srl. Purchases of £Nil (2021 - £1,194) were made in the year to David Chipperfield Architects srl.

At the balance sheet date, the Company was owed £15 (2021 - £12,330 owed to the Company) by David Chipperfield Architects Gesellschaft von Architekten GmbH, a company in which D A Chipperfield has a controlling interest, for expenses charged. Purchases of £Nil (2021 - £52,267) were made in the year to David Chipperfield Architects Gesellschaft von Architekten GmbH.

At the balance sheet date, the Company was owed £Nil (2021- £Nil) by Group DC Ltd. Sales of £13,790 (2021 - £12,902) and purchases of £96,222 (2021 - £81,184) were made in the year to Group DC Ltd.

At the balance sheet date, the Company owed £30,679 (2021- £Nil) to DCA Santiago de Compostela. Purchases of £52,843 (2021 - £Nil) were made in the year to DCA Santiago de Compostela.

21. Events after the Balance Sheet date

There have been no events after the balance sheet date affecting the Company since the financial year.

22. Controlling party

The immediate and ultimate controlling party is DC Studio Limited. The largest and smallest group of undertakings for which consolidated accounts are drawn up and in which the Company is included, is the group headed by DC Studio Limited. Copies of the group financial statements are available from Companies House, Cardiff, CF14 3UZ. The registered office of DC Studio Limited is C/O Praxis, 1 Poultry, London, England, EC2R 8EJ.

D A. Chipperfield, a director of David Chipperfield Architects Limited, has ultimate control of the company by virtue of the ownership of the issued ordinary shares of DC Studio Limited.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.