

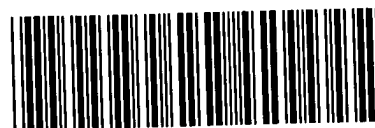
## **Arcadis Consulting (UK) Limited**

Annual Report and Financial Statements

Year ended 31 December 2021

Company Number: 02212959

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## **Corporate information**

### **Directors**

M B Alghita

N J Bellew

S Bimpson

M A Cowlard

T T Morgan

S J Bromhead (resigned 18 October 2021)

N Parmar (resigned 18 October 2021)

L R England (resigned 14 June 2021)

### **Company secretary**

F M Duncombe

S G Chessher (appointed 8 April 2022)

J L Lawrence (resigned 8 April 2022)

### **Independent auditors**

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

One Kingsway

Cardiff

CF10 3PW

### **Principal bankers**

HSBC Bank plc

60 Queen Victoria Street

London EC4N 4TR

### **Registered office**

80 Fenchurch Street

London

EC3M 4BY

## **Strategic report**

**For the year ended 31 December 2021**

The directors present their Strategic report for the year ended 31 December 2021.

### **Principal activities**

Arcadis Consulting (UK) Limited ("the Company") is part of the Arcadis N.V. group ("the Group"). Arcadis is a full-service design, engineering and consultancy organisation. Our work spans the entire asset life cycle. We consult on full length projects, or even assist clients with their investment programmes, rather than individual projects. We know our industry sectors well and share that knowledge globally to provide best in class sustainable solutions to our clients.

*Our expertise is in Mobility, Places and Resilience. We offer our clients solutions comprising business advisory services, consulting, program, project & cost management, and design & engineering. We approach our clients' complex challenges with a carefully chosen combination of deep technical insights, solid business consulting skills, and strong management capabilities. This leads to sustainable outcomes for them at every stage. We translate our clients' sustainability policy into tangible measures in our projects and work hard at making our solutions as sustainable as possible. Increasingly, we pair this with digital capabilities, providing our clients with better user experience insights in the conceptual phase of projects, enhanced control during a project's realisation, and better insights into an asset's performance during its lifespan. Sustainability has become a key business driver for a growing number of clients. It can bring benefits like pricing power, cost reductions, a stronger labour market position, business opportunities for new products and services as well as a reduction in risks and better access to capital. Sustainability is therefore a design principle when we develop our solutions for clients.*

### **Companies Act 2006 - Section 172 (1) statement**

The matters set out in section 172 (1) (a) to (f) are deemed to have been followed by the directors and the below forms their statement as required under this section.

#### *(a) the likely consequences of any decision in the long term*

At Arcadis, our core values guide us in everything we do, while we base business decisions on our strategy. Our primary aim is long-term value creation for all stakeholders. Through our client solutions, we are committed to contribute to the sustainable development agenda and have a positive impact on society, people and communities we serve.

Arcadis' value creation process aims to maximize the outcome of our business processes for all of our stakeholders through the efficient use of the capital at our disposal. Our overall focus is on long-term value creation, while our three-year strategy cycle allows us to update our market relevance regularly to stay aligned with stakeholder interests.

#### *(b) the interests of the company's employees*

Our "People First" approach ensures we care for each other and create a safe and respectful working environment where our people can grow, perform, and succeed. Focus on becoming the employer of choice including reducing voluntary churn, increase in female % of workforce, health & safety indicators. In the year we invested in our employee engagement, including implementing a leading engagement platform and carrying out a culture audit.

## **Strategic report (continued)**

### **For the year ended 31 December 2021**

The Directors, which are members of the UK Leadership team each have a sponsor role on one of our inclusion strands such as Gender, Race and LGBT.

*(c) the need to foster the company's business relationships with suppliers, customers and others*

We perform active reviews and support including measurement of prompt supplier payment performance on a monthly basis to ensure there is good liquidity in the supply chain. Our Global Purchasing Principles and Global Partnering Policy addresses sustainability, equality, diversity & inclusion, safety, health, environment and quality.

We have gathered our client's feedback through the Client Experience survey, as well as through meetings with key clients in all of our Business Areas. From these interactions, we confirm the main challenges our clients face are creating long term sustainability for their businesses and operations, digitalisation strategies and innovations to tackle challenges presented as a result of the aftershocks of the Covid-19 pandemic along with the cost of living crisis.

*(d) the impact of the company's operations on the community and the environment*

Our efforts in sustainability are guided by the relevant United Nations Sustainable Development Goals (SDGs) through client solutions as well as our activities and contributions for our chosen charities.

*(e) the desirability of the company maintaining a reputation for high standards of business conduct*

The Arcadis General Business Principles (AGBP) set guidance for our business decisions and actions throughout the world at all levels and apply equally to company actions and to individual behaviour of all our employees in conducting Arcadis' business. Arcadis recognises that true integrity in our daily business will be underpinned by the commitment to the principles of the AGBP of our employees and the third parties we do business with.

*(f) the need to act fairly as between members of the company.*

The Directors are aware of their duty under s.172 of the Companies Act 2006 to act in a way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole.

## **Strategic report (continued)**

### **For the year ended 31 December 2021**

#### **Review of the business**

The profit before taxation for the year amounted to £42.3m (year ended 31 December 2020: £20.3m). The profit after taxation for the financial year was £34.0m (year ended 31 December 2020: £15.9m).

The Company's revenue continued to grow across all sectors, particularly in Mobility with growth in both the Rail & Highways businesses due to government investment in road and rail, with the Company delivering previously secured work on major highways schemes such as Lower Thames Crossing and rail schemes such as High Speed 2. Our Places revenue benefited from private clients investing in their built infrastructure such as logistics and data centres, where our global reach puts us in a strong position to support them.

We continue to support the large utility companies after securing places on frameworks for the AMP cycle. Using our asset knowledge and digital expertise, we support clients to maximise return on their investment as well as improving the network capital and maintenance schemes.

Our Resilience teams are striving to improve quality of life and helping to ensure projects are delivered within the sustainable frameworks through supporting infrastructure schemes, as well as helping clients with remediation of their current portfolio. New technology, such as drones and digital mapping have helped us deliver our site and field-based work throughout the pandemic and in a more efficient way.

The Company's operating profit for the year ended 31 December 2021 was £41.2m (year ended 31 December 2020: £19.8m). No exceptional items have been recognised in the year (2020: income of £2.9m in respect of an impairment of investments in subsidiaries).

At 31 December 2021 the Company had total net assets of £99.9m (31 December 2020: £48.6m). The financial position, development and performance of the Company as presented in these financial statements are considered satisfactory.

Significant events since the balance sheet date are outlined in the Directors' Report below.

#### **Key performance indicators (KPIs)**

- Turnover £318.8m (2020: £261.1m)
- Operating profit before exceptional items £41.2m (2020: £19.8m)
- Operating margin before exceptional items 12.9% (2020: 7.6%)
- Average monthly number of employees\* 2,432 (2020: 2,075)

*\* Employed by other group companies but working on projects undertaken by the Company (See note 5a) to the financial statements for more details).*

## **Strategic report (continued)**

### **For the year ended 31 December 2021**

#### **Current trading and beyond**

We monitor the market closely to identify trends and adjust our business appropriately. Throughout 2021 we continued to implement our Global strategy which moves us to three Global Business Areas (Mobility, Places and Resilience). This allows us to address the megatrends faced by our clients – Urbanisation, Climate Change, Digitalisation and Societal Expectations – and to be well placed to serve client demand. We have a strong order book and opportunity

#### **Principal risks and uncertainties**

The Company considers the following key risks:

Strategic: Capability and innovation – rapidly changing market demands.

Market Risk: Risk of a deep recession and the impact of government spend as a result of inflationary pressures brought on by recent macro events.

Operational: Execution of projects, utilisation, and retention of key staff resources. Transformation programme; the risk that major change programme associated with the new strategy is not delivered effectively of cost efficiently.

Financial: A number of financial risks, as outlined in the Directors' Report on pages 7 and 8.

Risk management and internal control systems are in operation and during the year risks were regularly monitored by the Board of Arcadis UK (Holdings) Limited across all its UK subsidiaries and businesses. These systems provide a means of identifying, evaluating and managing the significant risks facing the business.

Information Security and Technology Risk: the risk that confidentiality, integrity, and availability of data is compromised due to cyber-attacks.

## **Strategic report (continued)**

### **For the year ended 31 December 2021**

#### **Employment policies**

The Company does not have any direct employees. All of the Company's staff are employed by Arcadis Human Resources Limited ("AHR") and the Company incurs a management charge for the provision of these staff.

AHR systematically provides employees with information on matters of concern to them, including the financial and economic factors that affect the performance of the Company and the wider UK group.

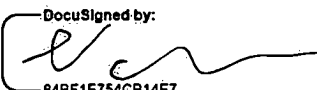
Employees are regularly consulted so that their views can be taken into account in making decisions that are likely to affect their interests. The Company undertakes a quarterly survey ("Your Voice") to understand what influences employee experience.

AHR encourages employment applications from candidates who identify as having a protected characteristic under the Equality Act 2010. This includes people with a disability, those from BAME and LGBT communities and people of different faiths.

AHR's Equality, Diversity and Inclusion Strategy, including alignment with the Business Disability Confident Scheme, guides the entire UK business in its inclusive policies, procedures and behaviours. For example, the Arcadis group looks to support people during their employment and seeks to ensure that no group of people holding protected characteristics are put at a disadvantage or discriminated against. The Reasonable Adjustment policy commits the group to making reasonable adjustments to an employee's working environment, should a disability or mental health need arise.

The Arcadis group has mandatory training on equality, diversity and inclusion for all new starters as well as bespoke training focusing on eliminating bias, mental health first aid and creating an inclusive business. Training is open to everyone regardless of protected characteristic status.

#### **On behalf of the Board**

DocuSigned by:  
  
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**N J Bellew**  
**Director**

5 August 2022



## **Directors' report**

**For the year ended 31 December 2021**

The Directors present their Report and the audited financial statements of the Company for the year ended 31 December 2021.

### **Future developments**

The directors believe the prospects for the Company to be good, due to continuing demand for its services.

### **Dividends**

The directors do not recommend payment of a dividend (year ended 31 December 2020: £Nil).

### **Exceptional items**

No exceptional items have been recognised in the year (year ended 31 December 2020: impairment of £2.9m). This is set out in note 7.

### **Financial risks**

The Company's operations expose it to a variety of financial risks as outlined below. Risk management and internal control systems are in operation and during the year risks were regularly monitored by the board. These systems provide a means of identifying, evaluating and managing the significant risks facing the Company.

#### *Liquidity risk*

Working capital and funding requirements are managed from available cash resources, or by making use of intercompany facilities as part of the Arcadis N.V. group. In order to fund special contributions to the Acer Group Pension Scheme (AGPS) and incentive payments to members, who accepted the offer to transfer their liabilities out of the AGPS, the Company has 6-year-term unsecured facilities totalling £0.8m (31 December 2020: £0.8m) with HSBC plc in the UK.

#### *Credit risk*

The Company's main exposure to credit risk relates to amounts due from customers. In line with Company policy, appropriate credit checks are performed on potential customers to identify potential risks. The Company recognises the increased credit risk in the current economic climate and seeks to mitigate this through strong client relationships and advance payments.

#### *Interest rate cash flow risk*

There is limited exposure to interest rate changes. Excluding the net interest cost on pension plan, the Company's net interest expense for 2021 was £1.2m (2020: income of £0.5m).

#### *Price risk*

The nature of the Company's financial instruments means that they are not subject to price risk.

### **Streamlined Energy & Carbon Reporting (SECR)**

SECR disclosures related to the Company are included in the financial statements of Arcadis UK (Holdings) Limited, the Company which heads the Arcadis UK group.

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

### **For the year ended 31 December 2021**

#### **Financial risks (continued)**

##### *Foreign exchange risk*

The Company has some exposure to foreign exchange risk through transactions in currencies other than GBP sterling. Established procedures exist to monitor foreign exchange risks in accordance with policies set by the ultimate holding company, Arcadis N.V.

The principal risks and uncertainties for the group are disclosed in the 2021 Annual Report of Arcadis N.V. (the ultimate parent undertaking and controlling party (pages 167 to 181)), available at: [www.arcadis.com](http://www.arcadis.com).

#### **Stakeholder engagement**

For Arcadis stakeholder engagement means participating in conversations with internal and external stakeholders to deepen our insights into their needs and expectations.

Our engagement work in 2021 and the interactions with our stakeholders were a continuum with moments of intense activity around the Human Rights Roundtable, the Arcadis Sustainability Day and our participation in UN Climate Change Conference COP 26. Arcadis' stakeholders' views are invaluable because they help us identify global trends, market expectations and maximize our impact. We seek to engage with them in a variety of methods including regular surveys on topics such as employee and customer satisfaction.

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

On 27 April 2022, the Company disposed of Acer Partnerships Limited, a direct subsidiary of the Company.

On 22 June 2022, SR3C Management Limited and Power Systems Project & Consultancy Services Limited, direct subsidiaries of the Company, were dissolved.

#### **Going concern**

The Board of Arcadis UK (Holdings) Limited, which manages risk across all its UK subsidiaries and businesses, has considered the Company's ability to continue as a going concern.

The Company continues to meet its day-to-day working capital requirements through its cash reserves, cash generated from its ordinary course of business and occasionally through borrowings. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current cash reserves, forecasted cash generated through its activities and borrowing facilities. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Although the directors do not consider it necessary, additional financing can be made available by the ultimate parent, Arcadis N.V. Therefore, the Company continues to adopt the going concern basis in preparing its financial statements.

#### **Directors**

The directors of the Company who were in office during the year and up to the date of signing the financial statements are set out on page 1.

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

### **For the year ended 31 December 2021**

#### **Directors' interests**

There were no significant contracts existing during, or at the end of, the year ended 31 December 2021, with the Company or any of its subsidiaries (other than service contracts) in which the directors are, or were, materially interested.

#### **Directors' remuneration**

Directors' remuneration has been disclosed in note 5 of the financial statements.

#### **Branches outside the UK**

The Company currently operates via overseas branches in Finland, Romania, Ireland, the Isle of Man, and India.

#### **Corporate responsibility**

The Company's ultimate parent company is Arcadis N.V. Arcadis N.V.'s annual report for the year ended 31 December 2021 contains the Group's corporate responsibility report which details the strategy, objectives and performance the Company follows in maintaining high standards of corporate governance.

#### **Employment policies**

Employment policies are discussed in the Strategic report on page 6.

#### **Post-employment benefits**

The Company operates a defined benefit scheme, which was closed to future benefit accrual in April 2011, and a defined contribution scheme, as detailed in note 18.

The gross surplus in the defined benefit scheme at 31 December 2021 increased to £15.5m (31 December 2020: gross deficit of £9.9m). Contributions to the scheme by the Company amounted to £2.8m in the year. The present value of the unfunded liabilities at 31 December 2021 amounted to £0.5m (31 December 2020: £0.5m).

The main assumptions in valuing the deficit are shown in note 18. The sensitivities of the AGPS scheme liabilities to changes in these assumptions are as follows:

<b>Assumption</b>	<b>Change in assumption</b>	<b>Indicative effect on scheme liabilities</b>
Discount rate	Increase / decrease by 0.5%	Decrease / increase by £20m
Rate of inflation	Increase / decrease by 0.5%	Increase / decrease by £14m
Longevity	Increase / decrease by 1 year	Increase / decrease by £11m

#### **Share capital**

Full details of the Company's share capital can be found in note 19 to the financial statements.

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

**For the year ended 31 December 2021**

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

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

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

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

### **Directors' confirmations**

In the case of each director in office at the date the directors' report is approved:

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

### **Directors' third-party and pension scheme indemnity provisions**

The Company has in place qualifying third-party indemnity provisions and qualifying pension scheme indemnity provisions for all directors of the Company and associated companies which were in force during the financial year and also at the date of approval of the directors' report.

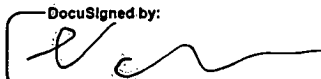
## **Directors' report (continued)**

**For the year ended 31 December 2021**

### **Independent auditors**

The independent auditors, PricewaterhouseCoopers LLP, were appointed during the year and have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the Annual General Meeting.

### **On behalf of the board**

DocuSigned by:  
  
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N Bellew

**Director**

5 August 2022

# Independent auditors' report to the members of Arcadis Consulting (UK) Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, Arcadis Consulting (UK) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of financial position as at 31 December 2021; the Income statement, the Statement of comprehensive income, the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

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

### Independence

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

### Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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

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

## **Reporting on other information**

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

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

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### **Strategic Report and Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

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

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

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

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

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

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation, employment law, pension regulations, data privacy law and industry regulations, and we considered the extent to which non-compliance might have a material effect on the financial

statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to potential management bias in accounting estimates including applying principles of revenue recognition for long term contracts and recoverability of WIP and the inappropriate posting of journals to manipulate financial results. Audit procedures performed by the engagement team included:

- Enquiry of management, those charged with governance and the entity's in-house legal and compliance team around actual and potential litigation and claims;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness and testing accounting estimates (because of the risk of management bias)

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

### Use of this report

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

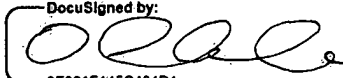
## Other required reporting

### Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

DocuSigned by:  
  
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Jason Clarke (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Cardiff

5 August 2022



**Income statement****For the year ended 31 December 2021**

	Note	2021 £'000	2020 £'000
Turnover	3	318,849	261,073
Staff costs	5	(185,630)	(156,145)
Depreciation and amortisation		(5,734)	(8,591)
Other operating expenses		(86,285)	(76,500)
Operating profit before exceptional items	4	41,200	19,837
Exceptional income		-	-
Exceptional charges – impairment in subsidiary undertakings		-	(2,905)
Exceptional items (net)	7	-	(2,905)
Operating profit after exceptional items		41,200	16,932
Income from shares in group undertakings	12	-	2,906
Profit before interest and taxation		41,200	19,838
Finance income		1,669	1,224
Finance costs		(608)	(744)
Finance income - net	6	1,061	480
Profit before taxation		42,261	20,318
Income tax expense	8	(8,298)	(4,419)
Profit for the financial year		33,963	15,899

The above income statement should be read in conjunction with the accompanying notes.

**Statement of comprehensive income**  
**For the year ended 31 December 2021**

	Note	2021 £'000	2020 £'000
Profit for the financial year		33,963	15,899
<i>Other comprehensive income/(expense):</i>			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurements of post-employment benefit obligations	18	22,601	(7,236)
Movement on deferred tax related to post-employment benefit obligation	13	(5,224)	1,375
Currency translation differences		-	35
Total other comprehensive income/(expense) for the year, net of tax		17,377	(5,826)
<b>Total comprehensive income for the year</b>		<b>51,340</b>	<b>10,073</b>

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

**Statement of financial position****As at 31 December 2021**

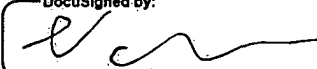
	Note(s)	2021 £'000	2020 £'000
<b>Fixed assets</b>			
Intangible assets	9	285	505
Property, plant and equipment	10	10,059	5,796
Right-of-use-assets	11	3,823	10,101
Investments	12	-	-
Pension asset	18	15,495	-
		<b>29,662</b>	<b>16,402</b>
<b>Current assets</b>			
Trade and other receivables:			
Amounts falling due within one year	14	116,920	163,349
Deferred tax assets	13	-	2,408
Cash and cash equivalents		2,804	2,549
		<b>119,724</b>	<b>168,306</b>
<b>Current liabilities</b>			
Borrowings	15	-	(586)
Creditors: amounts falling due within one year	16	(39,198)	(110,537)
Lease liabilities	11	(1,840)	(4,358)
Provisions for liabilities	17	(1,471)	(2,231)
		<b>(42,509)</b>	<b>(117,712)</b>
<b>Net current assets</b>		<b>77,215</b>	<b>50,594</b>
<b>Total assets less current liabilities</b>		<b>106,877</b>	<b>66,996</b>
<b>Creditors: amounts falling due after more than one year</b>			
Borrowings	15	-	(228)
Post-employment benefits	18	-	(9,887)
Lease liabilities	11	(1,917)	(5,992)
Deferred tax liabilities	13	(3,443)	-
Provisions for liabilities	17	(1,627)	(2,339)
		<b>(6,987)</b>	<b>(18,446)</b>
<b>Net assets</b>		<b>99,890</b>	<b>48,550</b>
<b>Equity</b>			
Called up share capital	19	5,830	5,830
Retained earnings		94,060	42,720
<b>Total shareholders' funds</b>		<b>99,890</b>	<b>48,550</b>

## **Statement of financial position (continued)**

**As at 31 December 2021**

The above statement of financial position should be read in conjunction with the accompanying notes.

The financial statements on pages 15 to 54 were authorised for issue by the board of directors on 5 August 2022 and were signed on its behalf by:

DocuSigned by:  
  
84BF1E754CB14E7...  
N Bellew  
Director

**Statement of changes in equity****For the year ended 31 December 2021**

	<b>Called up share capital £'000</b>	<b>Retained earnings £'000</b>	<b>Total shareholders' funds £'000</b>
Balance at 1 January 2020	5,830	32,647	38,477
Profit for the financial year	-	15,899	15,899
<i>Other comprehensive expense for the year:</i>			
Remeasurements of post-employment benefit obligations	-	(7,236)	(7,236)
Movement on deferred tax related to post-employment benefit obligation	-	1,375	1,375
Currency translation differences	-	35	35
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>10,073</b>	<b>10,073</b>
<b>Balance at 31 December 2020</b>	<b>5,830</b>	<b>42,720</b>	<b>48,550</b>
<b>Balance at 1 January 2021</b>	<b>5,830</b>	<b>42,720</b>	<b>48,550</b>
<b>Profit for the financial year</b>	<b>-</b>	<b>33,963</b>	<b>33,963</b>
<i>Other comprehensive income for the year:</i>			
Remeasurements of post-employment benefit obligations	-	22,601	22,601
Movement on deferred tax related to post-employment benefit obligation	-	(5,224)	(5,224)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>51,340</b>	<b>51,340</b>
<b>Balance at 31 December 2021</b>	<b>5,830</b>	<b>94,060</b>	<b>99,890</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

## Notes to the financial statements

For the year ended 31 December 2021

### 1. General Information and statement of compliance

The principal activities of the Company are the provision of multinational design and engineering consultancy services.

The Company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is:

80 Fenchurch Street  
London  
EC3M 4BY

### 2. Summary of significant accounting policies

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

#### 2.1 Basis of preparation

The individual financial statements of Arcadis Consulting (UK) Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 101, "Reduced Disclosure Framework" ("FRS 101"). The financial statements have been prepared under the historical cost convention modified by revaluation of financial assets and financial liabilities held at fair value through profit and loss, in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates.

It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a high degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in the relevant notes.

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

- Paragraphs 45(b) and 46 to 52 of IFRS 2, *Share-based payment* (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined).
- IFRS 7, *Financial Instruments: Disclosures*.
- Paragraphs 91 to 99 of IFRS 13, *Fair value measurement* (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, *Presentation of financial statements* comparative information requirements in respect of:
  - i. paragraph 79(a)(iv) of IAS 1;
  - ii. paragraph 73(e) of IAS 16 *Property, plant and equipment*;
  - iii. paragraph 118(e) of IAS 38 *Intangible assets* (reconciliations between carrying amount at the beginning and end of the period).

## Notes to the financial statements (continued)

For the year ended 31 December 2021

### 2. Summary of significant accounting policies (continued)

#### 2.1 Basis of preparation (continued)

- The following paragraphs of IAS 1, *Presentation of financial statements*:
  - i. 10(d) (statement of cash flows);
  - ii. 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements);
  - iii. 16 (statement of compliance with all IFRS);
  - iv. 38A (requirement for minimum of two primary statements, including cash flow statements);
  - v. 38B-D (additional comparative information);
  - vi. 40A-D (requirements for a third statement of financial position);
  - vii. 111 (cash flow statement information); and
  - viii. 134-136 (capital management disclosures).
- IAS 7, *Statement of cash flows*.
- Paragraphs 30 and 31 of IAS 8, *Accounting policies, changes in accounting estimates and errors* (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraphs 17 and 18A of IAS 24, *Related party disclosures* (key management compensation and key management services provided by a separate management entity).
- The requirements in IAS 24, *Related party disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- Paragraphs 130(f)(ii), 130 (f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36, *Impairment of assets* (disclosures when the recoverable amount is fair value less costs of disposal, assumptions involved in estimating recoverable amounts of cash generating units containing goodwill or intangible assets with indefinite useful lives and management's approach to determining these amounts).
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 (significant changes in contract assets and liabilities).

#### 2.2 Exceptional items

Certain items, for example impairment charges in respect of intangible assets or investments, are presented separately in the income statement as exceptional items. The directors have judged these should be disclosed separately by order of their size, nature or incidence in order to provide a clear and consistent presentation of the Company's performance.

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

**For the year ended 31 December 2021**

### **2. Summary of significant accounting policies (continued)**

#### **2.3 Going concern**

The Board of Arcadis UK (Holdings) Limited, which manages risk across all its UK subsidiaries and businesses, has considered the Company's ability to continue as a going concern.

The Company continues to meet its day-to-day working capital requirements through its cash reserves, cash generated from its ordinary course of business and occasionally through borrowings. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current cash reserves, forecasted cash generated through its activities and borrowing facilities. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Although the directors do not consider it necessary, additional financing can be made available by the ultimate parent, Arcadis N.V. Therefore, the Company continues to adopt the going concern basis in preparing its financial statements.

#### **2.4 New standards, amendments and interpretations adopted by the Company**

There are no amendments to accounting standards, or IFRIC interpretations that are effective and relevant to the Company for the year ended 31 December 2021.

#### **2.5 Consolidation**

The Company is a wholly-owned subsidiary of its intermediate parent Arcadis Consulting Europe Limited and of its ultimate parent, Arcadis N.V. It is included in the consolidated financial statements of Arcadis N.V. which are publicly available.

Therefore, the Company is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

These financial statements are separate financial statements.

#### **2.6 Revenue recognition**

Revenue is recognised by the Group following the five-step model in IFRS 15, consisting of:

1. Identification of the contract;
2. Identification of the performance obligations in the contract;
3. Determination of the transaction price;
4. Allocation of the transaction price to performance obligations in the contract;
5. Recognition of revenue.

Revenue is measured based on the consideration specified in a contract with a customer and excludes VAT. It includes initial amounts agreed in the contract plus any variations in contract work and variable consideration, to the extent that it is highly probable that its inclusion will not result in a significant revenue reversal in the future when the uncertainty has been subsequently resolved.



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

**For the year ended 31 December 2021**

### **2. Summary of significant accounting policies (continued)**

#### **2.6 Revenue recognition (continued)**

The Company recognises revenue when it transfers control over a product or service to a customer. For performance obligations that are transferred over time, revenue is recognised in the Income statement in proportion to the percentage of completion of the transaction at reporting date. The percentage of completion is measured by actual costs incurred in relation to total estimated costs. In the Company's view this best reflects the value delivered to the customer in a business that mainly uses human and intellectual capital (of its employees) for completion of the performance obligations towards the customer.

For performance obligations that are transferred at a point in time, revenues and costs are recognised in the Income statement when the customer receives the ability to direct the use of the asset and substantially obtains all the benefits of it.

#### **Contract costs and contract cost assets**

Contract costs include the costs to fulfil a contract, such as direct labour, costs of materials, services of third parties and subcontractors, and costs that are explicitly chargeable to the customer under the contract. They are recognised as an asset in Contract assets and liabilities, if they are expected to be recovered.

Costs to obtain a contract are only recognised as a contract cost asset in Contract assets and liabilities if they are incremental and expected to be recovered. They are recognised on a systemic basis consistent with the recognition of costs to fulfil a contract.

#### **Loss provisions**

Estimates of project management are used to assess the progress and estimated outcome of a performance obligation. When it becomes probable that the total expected costs to complete all performance obligations in a contract exceed the total transaction price of these performance obligations, a loss provision is recognised for the lower of the unavoidable costs and the costs of termination.

#### **2.7 Cash flow statement**

A cash flow statement is not required at 31 December 2021 as the Company is exempt from the requirements of IAS 7, *Statement of Cashflows*, as it is a wholly owned subsidiary of Arcadis N.V. which prepares a consolidated cash flow statement. The financial statements of Arcadis N.V. are publicly available.

## Notes to the financial statements (continued)

For the year ended 31 December 2021

### 2. Summary of significant accounting policies (continued)

#### 2.8 Intangible assets

##### *Computer software*

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and the appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as expenses are not recognised as an asset in subsequent periods.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed five years.

Purchased software is initially recognised at cost and amortised over three years.

#### 2.9 Property, plant and equipment and depreciation

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended. Borrowing costs directly attributable to assets under construction and which meet the recognition criteria in IAS 23 are capitalised as part of the cost of the asset.

Depreciation is provided on all property, plant and equipment other than land on a straight-line basis over its expected useful life, less their estimated residual value as follows:

Leasehold properties and improvements within fixtures and fittings	Over the period of the lease or break clause date
Computer hardware, equipment, fixtures and fittings	2–5 years
Restoration assets within fixtures and fittings	Over the period of the lease or break clause date

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

**For the year ended 31 December 2021**

### **2. Summary of significant accounting policies (continued)**

#### **2.9 Property, plant and equipment and depreciation (continued)**

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the derecognition of the asset is included in the income statement in the period of derecognition.

#### **2.10 Leases**

The Company leases various offices, storage units, IT equipment and vehicles. Rental contracts are typically made for fixed periods of 6 months to 5 years but may have extension options.

A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed when the Company has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use.

Contracts may contain both lease and non-lease components. The Company allocates the consideration to these components based on its relative stand-alone prices. Non-lease components are not included in the right-of-use asset and lease liability but accounted for separately.

Lease terms are generally negotiated by Arcadis's UK real estate or procurement teams, with support from the Global Workplace director where needed. Contracts are negotiated on an individual basis and contain a wide range of terms and conditions, such as early termination clauses and renewal rights.

#### ***Right-of-use assets***

At commencement of a lease, the Company measures right-of-use assets initially at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

The cost of the right-of-use assets comprise the following:

- Amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received at or after the commencement date;
- Any initial direct costs; and
- Restoration costs, i.e. estimate of the costs to be incurred for dismantling, removal and/or restoration to the conditions required by the terms of the lease

See note 2.29 for the accounting policy on provisions for right-of-use assets (restoration provisions).

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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

**For the year ended 31 December 2021**

### **2. Summary of significant accounting policies (continued)**

#### **2.10 Leases (continued)**

##### ***Lease liabilities***

Lease liabilities are initially measured at the present value of the future lease payments that are not paid at the commencement date discounted using an implicit rate of interest, unless this cannot be readily determined, in which case an incremental borrowing rate is used. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in index or rate, a change in the estimate or the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Judgement is applied to determine the lease term for some lease contracts in which it is a lessee that include renewal and termination options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised. At the reporting date all facts and circumstances are considered that create an economic incentive in determining whether it is reasonably certain that an extension or termination option will be recognised. Changes in the estimate are recognised prospectively.

##### ***Lease incentives***

Lease incentives are deducted from the right-of-use assets if received before the commencement date of the lease; they are deducted from the lease liability if received at or after the commencement of the lease.

Amounts received for leasehold improvements are depreciated over a period not longer than the lease term.

##### ***Short-term and low value leases***

Payments associated with short-term and/or low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise items of IT equipment.

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

### **For the year ended 31 December 2021**

#### **2. Summary of significant accounting policies (continued)**

##### **2.10 Leases (continued)**

###### **Rent concessions – practical expedient**

In response to the COVID-19 coronavirus pandemic, the International Accounting Standards Board issued an amendment to IFRS 16 Leases to provide practical relief for lessees in accounting for rent concessions. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications.

The Company was not in receipt of rent concessions due to the pandemic and therefore it was not necessary to avail the practical expedient during the financial year.

Information about critical accounting estimates in the application of lease accounting is disclosed in note 2.32.

##### **2.11 Financial assets**

###### **Classification**

The Company classifies its financial assets in the following categories: at fair value through profit or loss, fair value through other comprehensive income; and at amortised cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

###### **(a) Financial assets at fair value through other comprehensive income**

Financial assets at fair value through other comprehensive income (FVOCI) comprise:

- Equity securities which are not held for trading, and which the Company has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Company considers this classification to be more relevant.
- Debt securities where the contractual cash flows are solely principal and interest and the objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets.

###### **(b) Financial assets at amortised cost**

The Company classifies its financial assets as at amortised cost only if both of the following criteria are met:

- The asset is held within a business model whose objective is to collect the contractual cash flows, and
- The contractual terms give rise to cash flows that are solely payments of principal and interest.

###### **(c) Financial assets at fair value through profit or loss**

The following financial assets are classified at fair value through profit or loss (FVPL)

- Debt investments that do not qualify for measurement at either amortised cost (see note 2.12(a) and (b) above.
- Equity investments that are held for trading, and
- Equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

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

For the year ended 31 December 2021

### **2. Summary of significant accounting policies (continued)**

#### **2.12 Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

#### **2.13 Trade and other receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income statement within operating expenses in the statement of comprehensive income.

Trade and other receivables includes contract assets, which are stated at cost plus attributable profit to the extent that such profit is reasonably certain and after making provision for any foreseeable losses in completing contracts, less payments in advance received on contracts. Cost comprises the direct costs of providing the service, together with directly attributable overheads. Payment in advance on contracts represent excess amounts billed over that earned and are included separately within trade and other payables.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

#### **2.14 Creditors**

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

#### **2.15 Investment in subsidiaries**

Investment in subsidiaries are held at cost less accumulated impairment losses.

#### **2.16 Hive-up transactions**

The transfer of the net assets of, and the business undertaken by, a subsidiary to its parent company (hive-up transaction) is accounted for using predecessor accounting. Where a hive-up takes place some time after an acquisition, the facts and circumstances surrounding the transaction are reviewed in order to determine whether the carrying value of the intangible assets as recognised on original acquisition remain appropriate.

#### **2.17 Acquisition of trade and assets**

Acquisitions of the trade and assets of businesses are accounted for in accordance with IFRS 3, *Business combinations*.

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

**For the year ended 31 December 2021**

### **2. Summary of significant accounting policies (continued)**

#### **2.18 Long-term contract accounting**

Contract assets represent work undertaken but not yet invoiced to customers. These amounts, which are included in receivables, are stated at cost plus attributable profit to the extent that such profit is reasonably certain and after making provision for any foreseeable losses in completing contracts. For this purpose, cost comprises the direct costs of providing the service, together with directly attributable overheads.

Contract liabilities represent the excess of amounts billed over those earned and are included in payables.

#### **2.19 Pension obligation**

The Company operates both defined contribution and defined benefit schemes. For defined contribution schemes, contributions are charged as an expense to the Profit and Loss account as they fall due in accordance with the scheme rules.

For defined benefit schemes, the obligation is calculated by independent actuaries using the Projected Unit Method. Actuarial gains and losses, which represent differences between the expected and actual return on the plan assets and the effect of changes in the actuarial assumptions, are recognised in full in the financial year in which they occur in other comprehensive income.

The amount charged or credited to finance costs is a net interest amount calculated by applying the liability discount rate to the net defined liability or asset.

The defined retirement benefit obligation recognised in the statement of financial position comprises the total for each plan of the present value of the benefit obligation using a discount rate determined by market yields on high quality corporate bonds, less the fair values of the scheme assets at the balance sheet date.

#### **2.20 Foreign currencies**

The Company's functional currency and presentation currency is pounds sterling. Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are recorded in the income statement.

Non-monetary items that are measured in terms of historical cost on a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Overseas branches' balance sheets and income statements accounts are translated into sterling at the closing and average rates of exchange respectively. This creates foreign exchange translation differences which is recognised in other comprehensive income.

#### **2.21 Research and development expenditure**

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects relating to the development of new products or significant enhancement of existing products are recognised as intangible assets when it is probable that the project will be a success, considering its commercial and technological feasibility and costs can be measured reliably. Development costs that do not meet these specific criteria are not recognised as intangible assets and are written off in the income statement.

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

**For the year ended 31 December 2021**

### **2. Summary of significant accounting policies (continued)**

#### **2.22 Current and deferred income tax**

The tax expense for the period comprises current and deferred tax.

Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

#### **2.23 Derivative financial instruments and hedging activities**

The Company has some exposure to foreign exchange risk through transactions in currencies other than GBP Sterling. The Company has not applied hedge accounting and all derivatives are measured at fair value through profit and loss.

#### **2.24 Share capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### **2.25 Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred.

Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.



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

**For the year ended 31 December 2021**

### **2. Summary of significant accounting policies (continued)**

#### **2.25 Borrowings (continued)**

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

#### **2.26 Dividend income**

Dividend income is recognised when the right to receive payment is established.

#### **2.27 Dividend distribution**

Dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

#### **2.28 Provisions for liabilities**

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value of money is material provisions are discounted.

#### **Vacant properties**

Where appropriate, provisions are made based on the estimated net present value of future rental payments under a non-cancellable lease, less subletting income where properties are vacant or the lesser of cancellation costs.

#### **Dilapidations provision**

For lease contracts that require the Company to maintain an underlying asset during the lease term and/or restore it to its original condition before returning to the lessor at the end of the lease, a restoration provision is recognised when the obligation arises. For the same amount, a right-of-use asset is recognised and depreciated over the lease term. The discount rate used is the Incremental Borrowing Rate.

Additionally, for the Company's property leasing arrangements, there is an obligation to repair minor damages incurred during continued occupancy of the property, which is classified as 'wear and tear'. This liability is charged to profit and loss over the remaining life of the lease.

The provisions are expected to be utilised by 2035 as the leases terminate.

#### **2.29 Share-based payments**

Equity-settled share-based incentives are provided to certain employees by Arcadis N.V., the Company's ultimate controlling parent company. Arcadis N.V. recharge the Company for these and these are settled by cash. The fair value of the granted options and shares is measured using a Monte Carlo simulation model.

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

**For the year ended 31 December 2021**

### **2. Summary of significant accounting policies (continued)**

#### **2.30 Critical accounting estimates and assumptions**

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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.

The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

##### **(a) Useful economic lives of property, plant and equipment**

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended as necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 10 for the carrying amount of each property, plant and equipment.

##### **(b) Defined benefit pension scheme**

The Company has an obligation to pay pension benefits to certain individuals who provide services to the Company. The cost of these benefits and the present value of the obligation depend on a number of factors, including: life expectancy, asset valuations, and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the statement of financial position. The assumptions reflect historical experience and current trends. See note 18 for the disclosures of the defined benefit pension scheme.

##### **(c) Revenue recognition**

*The Company uses the percentage of completion method in accounting for its fixed price contracts to deliver services. Use of the percentage of completion method requires the Company to estimate the work performed to date as a proportion of the expected work for the whole contract. The Company will also assess the ability to bill and collect these amounts when determining revenue to be recognised.*

Due to the volume and complexity of the Company's many contracts in existence at any one time it is not practicable to quantify how changes to the assumptions used for each individual contract would affect the Company's financial statements.

Estimates of project management are used to assess the progress and estimated outcome of a performance obligation. When it becomes probable that the total expected costs to complete all performance obligations in a contract exceed the total transaction price of these performance obligations, a loss provision is recognised for the lower of the unavoidable costs and the costs of termination.

##### **(d) Professional indemnity insurance excesses**

The provision reflects management's best estimate of the likely cost of professional indemnity insurance excesses on notified claims in accordance with Company policy. As the Company is in negotiation with regards to claims the final outcomes are subject to a considerable number of factors.

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

**For the year ended 31 December 2021**

### **2. Summary of significant accounting policies (continued)**

#### **2.30 Critical accounting estimates and assumptions (continued)**

##### **(e) Lease accounting**

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the Incremental Borrowing Rate ("IBR") is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The IBR is determined on the Company's behalf by Arcadis N.V.'s corporate reporting team in consultation with an external financial analysis firm with global expertise. A build-up approach is used which starts with a risk-free interest rate followed by further adjustments for credit risk based on the country and currency of the lessee. The IBR is also adjusted dependent on the maturity of the lease, being the remaining lease term at the point at which the lease is recognised. IBR is reassessed by Arcadis N.V. every six months to take account of changing country and market conditions.

The Company used incremental borrowing rates specific to each lease and the rates range between 0.25% and 2.70%.

### **3. Turnover**

Turnover for the entity is primarily derived from the UK, with an insignificant portion attributable to rest of the world.

## Notes to the financial statements (continued)

For the year ended 31 December 2021

### 4. Operating profit before exceptional items

This has been stated after charging/(crediting):

	2021 £'000	2020 £'000
Staff costs (note 5a)	185,630	156,145
Depreciation of property, plant and equipment	2,297	8,315
Amortisation of intangibles	278	276
Short-term lease expense	80	123
Low value lease expense	1	1
Impairment of trade receivables (note 14)	230	693
Foreign exchange losses	199	70
Subcontracting costs	49,223	43,360
Intercompany charges	12,236	12,102
R&D tax credit	(698)	(508)

Intercompany charges includes property management charge, IT infrastructure costs and management fee.

Auditors' remuneration of £0.1m (2020: £0.1m) was paid by Arcadis LLP (a fellow subsidiary undertaking) on behalf of the Company in respect of audit work performed in the UK. No fees were payable to the Company's auditors and its associates for any other services in the current or prior years.

### 5. Employees and directors

#### (a) Staff costs

	2021 £'000	2020 £'000
Management charge for staff	185,630	156,145
	<u>185,630</u>	<u>156,145</u>

The Company employs no staff of its own. Staff costs consist of management charges from other group subsidiaries for the provision of employees, partners and contingent workers of £185.6m (2020: £156.1m). Management charges include the cost of contributions to defined contribution schemes for the year of £7.5m (2020: £5.0m).

The monthly average full-time equivalent number of persons (including executive directors) working on projects undertaken by the Company during the year was:

	2021 Number	2020 Number
By activity		
Technical	2,214	1,859
Management and administration	218	216
	<u>2,432</u>	<u>2,075</u>

## Notes to the financial statements (continued)

For the year ended 31 December 2021

### 5. Employees and directors (continued)

#### (b) Directors' remuneration

	2021 £'000	2020 £'000
Aggregate emoluments (including benefits in kind)	-	-
Contributions to defined benefit schemes	-	-

The directors are remunerated by way of a profit share from a fellow group subsidiary, Arcadis LLP. It is not possible to apportion directors' services to individual entities within the group. Consequently, no recharge to the Company has been made in respect of these costs.

No directors (2020: none) have benefits accruing under the Company's defined benefit scheme. The defined benefit scheme was closed to future accrual on 30 April 2011, upon which existing members were given the opportunity to transfer to the defined contribution scheme.

Retirement benefits are not accruing to any directors (2020: nil) under a defined contribution scheme.

No directors (2020: nil) received shares under the Long-Term Incentive Plan during the year.

Included within the directors' remuneration above is an amount of £nil (2020: £nil) recharged to fellow group companies for their services.

No directors (2020: nil) exercised share options during the year.

In respect of the highest paid director:

	2021 £'000	2020 £'000
Aggregate emoluments (including benefits in kind and excluding gains on shares and options)	-	-
Contributions to defined benefit schemes	-	-

No share options were received by the highest paid director under the Long-Term Incentive Plan during the year (2020: nil). No shares were exercised by the highest paid director during the year (2020: nil). The highest paid director has not participated in a defined benefit pension scheme in the year ended 31 December 2021 (2020: nil).

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2021**

**6. Finance income and finance costs**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<i>Finance income:</i>		
Finance income on loans to related parties	<b>(1,659)</b>	<b>(1,190)</b>
Other finance income	<b>(10)</b>	<b>(34)</b>
<b>Finance income</b>	<b>(1,669)</b>	<b>(1,224)</b>
<i>Finance costs:</i>		
Bank borrowings	<b>-</b>	<b>14</b>
Net interest expense on pension plan (note 18)	<b>119</b>	<b>78</b>
Provisions – unwinding of discount (note 17)	<b>80</b>	<b>27</b>
Lease liabilities	<b>125</b>	<b>310</b>
Other finance costs	<b>284</b>	<b>315</b>
<b>Finance costs</b>	<b>608</b>	<b>744</b>
<b>Net finance income</b>	<b>(1,061)</b>	<b>(480)</b>

**7. Exceptional items (net)**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Exceptional charges</b>		
Impairment of investment in subsidiary (note 12)	<b>-</b>	<b>2,905</b>
	<b>-</b>	<b>2,905</b>
<b>Net exceptional items</b>	<b>-</b>	<b>2,905</b>

**8. Income tax expense**

Tax expense included in profit or loss

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<i>Current tax:</i>		
- UK corporation tax on profits for the year	<b>7,327</b>	<b>3,840</b>
- Foreign tax on profits for the year	<b>230</b>	<b>213</b>
- Double tax relief	<b>(224)</b>	<b>(204)</b>
- Adjustments in respect of prior years	<b>338</b>	<b>39</b>
<b>Total current tax</b>	<b>7,671</b>	<b>3,888</b>

## Notes to the financial statements (continued)

For the year ended 31 December 2021

### 8. Income tax expense (continued)

Deferred tax:

- Origination and reversal of timing differences (note 13)	655	510
- Adjustments in respect of prior years	75	21
- Impact of change in UK tax rate (note 13)	(103)	-
Total deferred tax	627	531

Tax on profit	8,298	4,419
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Tax expense for the year is higher (2020: higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2021 of 19.00% (2020: 19.00%). The differences are explained below:

	2021 £'000	2020 £'000
Profit before taxation	42,261	20,318
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	8,030	3,860
Effects of:		
- Expenses not deductible for tax purposes	39	587
- Income not subject to tax	(85)	(97)
- Adjustments in respect of prior years	411	60
- Foreign tax	230	213
- Double tax relief	(224)	(204)
- Remeasurement of deferred tax due to change in UK tax rate	(103)	-
Tax charge	8,298	4,419

The tax rate for the current year is the same as the prior year.

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Deferred tax has been calculated using the tax rates at which underlying temporary differences are expected to unwind.

**Notes to the financial statements (continued)****For the year ended 31 December 2021****9. Intangible assets**

<b>2021</b>	<b>Software £'000</b>
<b>Cost</b>	
At beginning of year	2,458
Additions	58
Disposals	-
At end of year	<u><u>2,516</u></u>
<b>Accumulated amortisation</b>	
At beginning of year	1,953
Charged for the year	278
Released on disposal	-
At end of year	<u><u>2,231</u></u>
<b>Net book value</b>	
At 1 January 2021	505
Movement in the year	(220)
At 31 December 2021	<u><u>285</u></u>

**10. Property, plant and equipment**

<b>2021</b>	<b>Computer hardware £'000</b>	<b>Equipment £'000</b>	<b>Fixtures &amp; fittings £'000</b>	<b>Total £'000</b>
<b>Cost</b>				
At beginning of year	4,028	911	8,703	13,642
Additions	2,218	189	4,152	6,559
Disposals	(31)	(338)	(912)	(1,281)
At end of year	<u><u>6,215</u></u>	<u><u>762</u></u>	<u><u>11,943</u></u>	<u><u>18,920</u></u>
<b>Accumulated depreciation</b>				
At beginning of year	2,794	611	4,441	7,846
Charge for the year	921	196	1,180	2,297
Released on disposal	(31)	(338)	(912)	(1,281)
At end of year	<u><u>3,684</u></u>	<u><u>469</u></u>	<u><u>4,709</u></u>	<u><u>8,862</u></u>
<b>Net book value</b>				
At 1 January 2021	1,234	300	4,262	5,796
Movement in the year	1,297	(7)	2,972	4,262
At 31 December 2021	<u><u>2,531</u></u>	<u><u>293</u></u>	<u><u>7,234</u></u>	<u><u>10,058</u></u>



## Notes to the financial statements (continued)

For the year ended 31 December 2021

### 11. Leases

The Company has lease contracts for various offices, vehicles and office IT equipment used in the operations. The amounts recognised in the financial statements in relation to the leases are as follows:

#### (i) Amounts recognised in the statement of financial position

The balance sheet shows the following amounts relating to leases

#### Right-of-use assets

	31 December 2021	31 December 2020
	£'000	£'000
Buildings	3,682	9,818
IT equipment	137	274
Vehicles	4	9
	<b>3,823</b>	<b>10,101</b>

#### Lease Liabilities

Current	1,840	4,358
Non-current	1,917	5,992
	<b>3,757</b>	<b>10,350</b>

#### Provisions

Current	511	383
Non-current	252	398
	<b>763</b>	<b>781</b>

Additions and remeasurements to the right-of-use assets during the 2021 financial year were a net decrease of £3,118k (2020: net increase of £1,530k).

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

For the year ended 31 December 2021

**11. Leases (continued)****(ii) Amounts recognised in the income statement**

The income statement shows the following amounts relating to leases

	2021 £'000	2020 £'000
<b>Depreciation charge of right-of-use assets</b>		
Buildings	2,994	6,553
IT equipment	137	137
Vehicles	28	32
	<b>3,159</b>	<b>6,722</b>

Interest expense (included in finance costs)	125	337
Expense relating to short-term leases (included in other operating expenses)	80	123
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in administrative expenses)	1	1

Future minimum lease payments as at 31 December are as follows:

	2021 £'000	2020 £'000
Not later than one year	1,852	4,393
Later than one year and not later than five years	2,001	5,468
Later than five years	-	1,041
<b>Total gross payments</b>	<b>3,853</b>	<b>10,902</b>
<b>Impact of finance expenses</b>	<b>(96)</b>	<b>(552)</b>
<b>Carrying amount of liability</b>	<b>3,757</b>	<b>10,350</b>

The total cash outflow for leases in 2021 was £3,409k (2020: £6,644k).

**Notes to the financial statements (continued)****For the year ended 31 December 2021****12. Investments**

	Cost of shares in subsidiary £'000	Provision for impairment £'000	Net book value £'000
At 1 January 2020			
Additions	3,774	(869)	2,905
Disposals	-	-	-
Impairment charge	-	(2,905)	(2,905)
At 31 December 2020	3,774	(3,774)	-

	Cost of shares in subsidiary £'000	Provision for impairment £'000	Net book value £'000
At 1 January 2021	3,774	(3,774)	-
Additions	-	-	-
Disposals	-	-	-
Impairment charge	-	-	-
At 31 December 2021	3,774	(3,774)	-

During the prior year, Power Systems Project and Consultancy Services Limited and SR3C Management Limited declared dividends totalling £2,906k to the Company, reducing their net assets. The Company's investments in those entities were impaired accordingly.

The net book value of investments at 31 December 2021 comprises investments in the subsidiaries listed below.

## Notes to the financial statements (continued)

For the year ended 31 December 2021

### 12. Investments (continued)

#### Subsidiaries

Name	Holding type	Incorporated in	Principal activity	Equity Owned 2021 and 2020	Registered address
Hyder Consulting Overseas Limited	Direct	UK	Holding company	100%	*80 Fenchurch Street London EC3M 4BY
SR <sup>3</sup> C Management Limited	Direct	UK	Dissolved on 22 June 2022	100%	*80 Fenchurch Street London EC3M 4BY
Power Systems Project & Consultancy Services Limited	Direct	UK	Dissolved on 22 June 2022	100%	*80 Fenchurch Street London EC3M 4BY
Cresswell Associates (Environmental Consultants) Limited	Direct	UK	In liquidation	100%	*80 Fenchurch Street London EC3M 4BY
Acer Partnerships Limited **	Direct	UK	Dormant	100%	*80 Fenchurch Street London EC3M 4BY
Arcadis Consulting (UK) Filiala Bucuresti SRL	Direct	Romania	Engineering design and consultancy	100%	Tintasului Nr 21 Etaj 1 Sectorul 1 Bucuresti 012165

**Notes to the financial statements (continued)****For the year ended 31 December 2021****12. Investments (continued)****Subsidiaries (continued)**

<b>Name</b>	<b>Holding type</b>	<b>Incorporated in</b>	<b>Principal activity</b>	<b>Equity owned</b>	<b>Registered address</b>
Arcadis Nuclear Safety and Risk Consultancy Limited	Indirect	UK	In liquidation	100%	*80 Fenchurch Street London EC3M 4BY

**Associated undertakings**

JacksonHyder Limited	Direct	UK	Engineering design and consultancy	50%	30 White House Road Ipswich IP1 5LT
Hyder WSP JV	Direct	Unincorporated	Engineering design and consultancy	50%	Arcadis Cymru House St Mellons Business Park Fortran Road Cardiff CF3 0EY
Hyder-Mott MacDonald JV	Direct	Unincorporated	Engineering design and consultancy	50%	Arcadis Cymru House St Mellons Business Park Fortran Road Cardiff CF3 0EY
Hyder Halcrow JV	Direct	Unincorporated	Engineering design and consultancy	50%	Medawar Road Surrey Research Park Guildford Surrey GU2 7AR
CH2M Hyder JV	Direct	Unincorporated	Engineering design and consultancy	40%	227 London Road Worcester WR5 2JG
LTC-Cascade JV	Direct	Unincorporated	Engineering design and consultancy	40%	Elms House 43 Brook Green London W6 7EF

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

For the year ended 31 December 2021

**12. Investments (continued)****Associated undertakings (continued)**

<b>Name</b>	<b>Holding type</b>	<b>Incorporated in</b>	<b>Principal activity</b>	<b>Equity owned</b>	<b>Registered address</b>
Arcadis SETEC COWI JV	Direct	Unincorporated	Engineering design and consultancy	75%	Arcadis Cymru House St Mellons Business Park Fortran Road Cardiff CF3 0EY

\* On 14 June 2021, the registered address of the Company and various subsidiaries changed from Arcadis House, 34 York Way, London, N1 9AB, to 80 Fenchurch Street, London, EC3M 4BY.

\*\* On 27 April 2022, the Company disposed of Acer Partnerships Limited.

**13. Deferred tax assets**

	<b>Post-employment benefits £'000</b>	<b>Accelerated capital allowances £'000</b>	<b>Total £'000</b>
At 1 January 2020	899	665	1,564
Adjustments in respect of prior years	(17)	(4)	(21)
<i>(Charged)/credited to profit and loss account:</i>			
Current year (note 8)	(378)	(132)	(510)
Impact of change in UK tax rate (note 8)	-	-	-
	<b>504</b>	<b>529</b>	<b>1,033</b>
<i>Credited to other comprehensive expense:</i>			
Current year	1,375	-	1,375
At 31 December 2020	<b>1,879</b>	<b>529</b>	<b>2,408</b>

## Notes to the financial statements (continued)

For the year ended 31 December 2021

### 13. Deferred tax assets (continued)

	Post-employment benefits £'000	Accelerated capital allowances £'000	Total £'000
At 1 January 2021	1,879	529	2,408
Adjustments in respect of prior years	-	(75)	(75)
<i>(Charged)/credited to profit and loss account:</i>			
Current year (note 8)	(528)	(127)	(655)
Impact of change in UK tax rate (note 8)	-	103	103
	<b>1,351</b>	<b>430</b>	<b>1,781</b>
<i>Credited to other comprehensive income:</i>			
Current year	(4,294)	-	(4,294)
Impact of change in UK tax rate	(930)	-	(930)
<b>At 31 December 2021</b>	<b>(3,873)</b>	<b>430</b>	<b>(3,443)</b>

### 14. Trade and other receivables

	2021 £'000	2020 £'000
<i>Amounts falling due within one year:</i>		
Trade receivables	23,393	17,835
Contract assets	13,300	12,796
Loans to ultimate parent company	78,347	127,051
Receivables from other related parties (note 23)	195	2,846
Prepayments	119	1,668
Corporation tax receivable	1,566	1,153
	<b>116,920</b>	<b>163,349</b>

Trade receivables are stated after provisions for impairment of £0.3m (2020: £0.1m).

Loans to ultimate parent company include a loan facility with a maximum principal amount of £150m, with interest charged at the rate of 3Y IRS rate 0.23 plus margin of 1.05% per annum and are repayable on demand. Other loans and receivables owed by related parties are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

## Notes to the financial statements (continued)

For the year ended 31 December 2021

### 15. Borrowings

	2021 £'000	2020 £'000
<i>Current:</i>		
Bank loans	-	586
<i>Non-current:</i>		
Bank loans	-	228

At 31 December 2021 the Company had total borrowings of £nil (2020: £0.8m) comprising unsecured bank loans of £nil (2020: £0.7m and £0.1m). The prior year loans had floating interest rates and are utilised for the purpose of funding special contributions and incentive payments to members of the AGPS. The prior year amount of £0.7m was repayable in 6 equal quarterly instalments whilst the £0.1m loan was repayable in 2 equal quarterly instalments.

### 16. Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
<i>Amounts falling due within one year:</i>		
Amounts owed to group undertakings	14,575	91,650
Contract liabilities	24,368	16,457
Accruals	255	801
	<b>39,198</b>	<b>108,908</b>

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



**Notes to the financial statements (continued)****For the year ended 31 December 2021****17. Provisions for liabilities**

	Legal and similar costs £'000	Vacant properties £'000	Dilapidations – other properties £'000	Restoration assets £'000	Total £'000
At 1 January 2020	3,756	-	2,909	714	7,379
Provided during the year	840	248	53	15	1,156
Unused amounts reversed	(499)	-	(135)	-	(634)
Unwinding of discount	-	-	-	28	28
Utilised during the year	(3,304)	(38)	(17)	-	(3,359)
Reclassified	-	-	(24)	24	-
<b>At 31 December 2020</b>	<b>793</b>	<b>210</b>	<b>2,786</b>	<b>781</b>	<b>4,570</b>
At 1 January 2021	793	210	2,786	781	4,570
Provided during the year	122	-	89	111	322
Unused amounts reversed	(1)	-	(541)	-	(542)
Unwinding of discount	-	-	-	80	80
Utilised during the year	(179)	(176)	(768)	(209)	(1,332)
Reclassified	-	-	-	-	-
<b>At 31 December 2021</b>	<b>735</b>	<b>34</b>	<b>1,477</b>	<b>763</b>	<b>3,098</b>

## Notes to the financial statements (continued)

For the year ended 31 December 2021

### 17. Provisions for liabilities (continued)

*Analysis of total provisions:*

	2021	2020
	£'000	£'000
Due within one year	1,471	2,231
Due after one year	1,627	2,339
	<b>3,098</b>	<b>4,570</b>

#### **Dilapidations – other properties**

The provision relates to repairs and reinstatement costs in respect of the Company's occupied offices. Of the provision £1.3m (2020: £1.6m) is classified as due within one year since the lease end date or break clause date is within the next financial year.

#### **Legal and similar costs**

During the year one of the provisions for legal costs was utilised. Several of the provisions were wholly or partially reversed.

#### **Restoration assets**

During the year several restoration assets were created for new leases entered into during the year. No amounts were reclassified (2020: £24k). One provision was utilised for a property which was surrendered during the year.

#### **Vacant Properties**

This provision relates to the future costs which the Company is contractually obligated to pay for properties which have been previously vacated.

## Notes to the financial statements (continued)

For the year ended 31 December 2021

### 18. Post-employment benefits

The assets of the Acer Group Pension Scheme '(the 'AGPS'), a defined benefit scheme, are held separately from the assets of the Company and are administered by trustees.

The AGPS was closed to future benefit accrual on 30 April 2011. The proposed mortality assumptions after retirement have been updated to reflect the neutral basis considered as part of the most recent actuarial valuation of the Scheme, as at 1 April 2017.

The contributions made to the scheme in the year were £2.8m (year ended 31 December 2020: £2.1m), with £0.1m (year ended 31 December 2020: £0.1m) paid to annuitants.

The risks of the AGPS are as follows:

#### *(a) Asset volatility*

The AGPS liabilities are calculated using a discount rate set with reference to corporate bond yields; if scheme assets underperform this yield, this will create a deficit.

The scheme holds a mixture of asset classes including equities, fixed and index-linked gilts, property and hedge funds. This mixture is to provide both the required scheme yield but also to protect the AGPS from changes in bond yields and inflation.

#### *(b) Changes in bond yields*

A decrease in corporate bond yields will increase scheme liabilities, although this will be partially offset by an increase in the value of the scheme's hedging assets.

#### *(c) Life expectancy*

The majority of the AGPS's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the scheme's liabilities.

#### *(d) Inflation risk*

The pension obligations are linked to inflation, and higher inflation will lead to higher liabilities, although, in most cases, caps on the level of inflationary increases are in place to protect the scheme against extreme inflation. Again, the increase in obligation will be partially offset by an increase in the value of the AGPS's hedging assets.

A comprehensive actuarial valuation of the AGPS, using the projected unit basis, was carried out at 1 April 2021 and updated to 31 December 2021 by a qualified independent actuary. Adjustments to the valuation at that date have been made based on the following assumptions:

	2021	2020
Discount rate	2.00%	1.40%
Retail price inflation (RPI)	3.60%	3.10%
Consumer price inflation (CPI)	2.60%	2.10%
Rate of increase to pensions in payment:		
- RPI up to a maximum 5%	3.40%	3.00%
- RPI up to a maximum 3%	2.70%	2.45%
- RPI up to a maximum 2.5%	2.35%	2.20%
- CPI up to a maximum 3%	2.15%	1.80%
- RPI min 2.5% max 5%	3.60%	3.30%

## Notes to the financial statements (continued)

For the year ended 31 December 2021

### 18. Post-employment benefits (continued)

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in the UK. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 65:

	2021 Years	2020 Years
Longevity at age 65 for current pensioners		
- Males	22.4	22.4
- Females	24.7	24.6
Longevity at age 65 for future pensioners		
- Males currently aged 45	23.8	23.7
- Females currently aged 45	26.1	26.1

The sensitivity of the defined benefit obligation to changes in the weighted principal assumption is:

Assumption	Change in assumption	Impact on defined benefit obligation
Discount rate	Increase / decrease by 0.5%	Decrease / increase by £19m
Rate of inflation	Increase / decrease by 0.5%	Increase / decrease by £11m
Life expectancy	Increase / decrease by 1 year	Increase / decrease by £10m

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year. The following disclosures also include the movements on the unfunded Hyder annuitants arrangement.

The assets and liabilities in the scheme at 31 December are:

	2021 £'000	2020 £'000
Equities	57,022	90,870
Bonds	149,687	56,808
Hedge funds	(359)	42,784
Other	28,725	31,180
Total market value of assets	235,075	221,642
Present value of scheme liabilities	(219,103)	(231,015)
Surplus/(deficit) in the scheme	15,972	(9,373)
Present value of unfunded liabilities	(477)	(514)
Pension surplus/(deficit)	15,495	(9,887)

**Notes to the financial statements (continued)****For the year ended 31 December 2021****18. Post-employment benefits (continued)**

History of experience gains and losses:

	<b>31 Dec 2021 £'000</b>	31 Dec 2020 £'000	31 Dec 2019 £'000	31 Dec 2018 £'000	31 Dec 2017 £'000
Fair value of scheme assets	<b>235,075</b>	221,642	203,845	187,118	195,178
Present value of scheme obligations	<b>(219,580)</b>	(231,529)	(208,577)	(191,427)	(202,645)
Surplus/(deficit) in the scheme	<b>15,495</b>	(9,887)	(4,732)	(4,309)	(7,467)

Experience adjustments on scheme assets:

Amount (£m)	<b>(13.9)</b>	(18.0)	(16.4)	8.3	(6.5)
Percentage of scheme assets	<b>6%</b>	8%	8%	4%	3%

Experience adjustments on scheme liabilities:

Amount (£m)	<b>(0.4)</b>	(0.3)	(0.7)	1.3	0.7
Percentage of scheme liabilities	<b>0.18%</b>	0.12%	0.35%	0.68%	0.35%

Cumulative amount recognised in equity:

Amount (£m)	<b>(71.8)</b>	(57.5)	(39.2)	(22.1)	(31.7)
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The estimated amount of contributions expected to be paid into the AGPS during the year ended 31 December 2022 is £3.0m (2021: 2.0m).

Note: At the date of the latest triennial valuation (1 April 2020), the AGPS held assets to the value of £189.7m (1 April 2017: £194.6m). This represented a funding level of 82% of the scheme's accrued liabilities at that date (1 April 2017: 96%).

Changes in the present value of the defined benefit pension obligations are analysed as follows:

	<b>2021 £'000</b>	2020 £'000
At 1 January	<b>231,529</b>	208,577
Interest on pension scheme liabilities	<b>3,197</b>	4,312
Remeasurements	<b>(8,743)</b>	25,233
Benefits paid from plan	<b>(6,403)</b>	(6,593)
At 31 December	<b>219,580</b>	231,529

**Notes to the financial statements (continued)****For the year ended 31 December 2021****18. Post-employment benefits (continued)**

Changes in the fair value of plan assets are analysed as follows:

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
At 1 January	<b>221,642</b>	203,845
Expected return on scheme assets	<b>3,078</b>	4,234
Remeasurements	<b>13,858</b>	17,997
Contributions from employer	<b>2,806</b>	2,067
Benefits paid from plan	<b>(6,309)</b>	(6,501)
At 31 December	<b>235,075</b>	221,642

Amounts recognised in the Income Statement are analysed as follows:

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Interest on pension scheme liabilities	<b>3,197</b>	4,312
Expected return on pension scheme assets	<b>(3,078)</b>	(4,234)
Net interest expense (note 6)	<b>119</b>	78
Total recognised in the Income Statement	<b>119</b>	78

**19. Called up share capital**

<b>Ordinary shares of 5p each</b>	<b>Number: '000</b>	<b>£'000</b>
Allotted, called up and fully paid		
At 1 January 2020 and 2021	116,591	5,830
Issued during the year	-	-
At 31 December 2020 and 2021	<b>116,591</b>	<b>5,830</b>

All shares rank pari passu in all respects.

**20. Contingent liabilities**

The Company has received notice of professional indemnity claims. The Company has been advised by Counsel that it is not probable that these claims will succeed; accordingly, no provision for any liability has been made in these financial statements. Should all the claims be successful, it has been estimated that the liability would be £0.90m (2020: £0.90m).

## Notes to the financial statements (continued)

For the year ended 31 December 2021

### 21. Capital and other commitments

Committed lease payments for short-term and low-value leases are as follows:

	2021 £'000	2020 £'000
Short-term leases	22	11
Low-value leases	1	1
	<b>23</b>	<b>12</b>

### 22. Guarantees

The Company agreed to guarantee the lease payments on the London Manning House property following the assignment to third parties of the leases for all three floors. The guarantee expired in June 2022.

### 23. Related party transactions

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. Details of directors' remuneration are disclosed in note 5. The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly-owned subsidiaries.

The Company had the following transactions with Joint Arrangements:

	2021 £'000	2020 £'000
<b>Revenue:</b>		
Arcadis SETEC COWI JV	80,148	50,700
CH2M Hyder JV	4,595	5,252
Hyder Halcrow JV	89	88
Hyder WSP JV	232	25
JacksonHyder Limited	144	418
LTC-Cascade JV	13,728	25,628
	<b>98,936</b>	<b>82,111</b>

## Notes to the financial statements (continued)

For the year ended 31 December 2021

### 23. Related party transactions (continued)

At 31 December the Company held the following balances with Joint Arrangements:

	2021 £'000	2020 £'000
<b>Receivables:</b>		
Arcadis SETEC COWI JV	-	2,835
CH2M Hyder JV	3	3
JacksonHyder Limited	4	8
Hyder WSP JV	188	-
	<b>195</b>	<b>2,846</b>

### 24. Directors' and officers' loans and transactions

Other than disclosed in the Directors' Report, no loans or credit transactions with any directors, officers or connected persons subsisted during the financial year or were outstanding at the end of the financial year.

### 25. Post balance sheet events

On 27 April 2022, the Company disposed of Acer Partnerships Limited.

On 22 June 2022, SR3C Management Limited and Power Systems Project & Consultancy Services Limited, direct subsidiaries of the Company, were dissolved.

### 26. Controlling parties

The Company's immediate parent undertaking is Arcadis Consulting Europe Limited. It is part of the UK group headed by Arcadis UK (Holdings) Limited.

The ultimate parent undertaking and controlling party is Arcadis N.V., a company incorporated in the Netherlands.

The smallest and largest group in which the results of the Company are consolidated is that headed by Arcadis N.V. Registered address:

Arcadis NV  
Gustav Mahlerplein 97  
1082 MS Amsterdam,  
The Netherlands

The consolidated financial statements of Arcadis N.V. are available at: [www.arcadis.com](http://www.arcadis.com).