

# **Arcadis International Limited**

Annual Report and Financial Statements

Year ended 31 December 2016

Company Number: 02272191



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## Strategic Report

### Strategic Report for the year ended 31 December 2016

The directors present their Strategic Report for the year ended 31 December 2016.

#### Principal activities

The principal activities of Arcadis International Limited ("the Company"), primarily undertaken outside of the United Kingdom, are that of capital project and facilities consultants. The Company operates, via branches, in Dubai and Abu Dhabi. The Company also acts as an intermediate holding company for certain of Arcadis (BAC) Limited's investments.

#### Review of the business

The financial results of the Company, set out in the statement of comprehensive income on page 10, show a loss on ordinary activities before taxation of £916k (2015: loss of £251k).

There have been no significant events since the balance sheet date and the directors are not aware, at the date of this report, of any likely changes in the Company's activities in the foreseeable future.

#### Principal risks and uncertainties

The Board of Arcadis UK (Holdings) Limited (of which Arcadis International Limited is a member), in conjunction with local management, manages risk across the group, including the potential impact on the Company. In particular the Board ensures that, by managing client relationships effectively, income and profit streams are maintained and accordingly the demand for management services is maintained.

Working capital and business funding requirements are managed from available cash resources, or by making use of inter-company facilities as part of the Arcadis N.V. group.

The main financial risks arising from the Company's activities are credit risk, foreign exchange risk and liquidity risk. These are monitored and appropriate mitigating actions put in place as below.

#### Credit risk

The Company's policy in respect of credit risk is to require appropriate credit checks on potential customers before sales are made. The Company proactively manages its debtors to ensure timely collection and a review of overdue accounts.

#### Foreign exchange risk

The Company is exposed to foreign exchange risks through the operation of overseas branches. Transaction risk is the effect of exchange rate movements on the settlement of debtors and creditors. Translation risk arises when overseas branch results are converted into the reporting currency for accounting purposes.

Transaction risk is mitigated by operating in local overseas currencies wherever possible. Translation risk is not mitigated by the Company, but is managed at a group level by Arcadis N.V. (the ultimate parent undertaking and controlling party).

## Strategic Report (continued)

### Liquidity risk

The Company's policy in respect of liquidity risk is to maintain intra-group financing and readily accessible bank deposit accounts to ensure the Company has sufficient funds for operations. The cash deposits are held in a mixture of short-term deposits and current accounts which earn interest at a floating rate.

The Company's significant activities in overseas territories give rise to contract risk.

The majority of our activities are delivered through long term contracts which are structured to limit the Company's exposure to commercial risks. The principal uncertainties are our customers' ability to continue discharging their contractual obligations due to a downturn in their local economic conditions which would adversely affect their markets. The Company strives to diversify its client base so that the loss of any particular client would not have a substantial impact on the Company's viability.

### Key performance indicators

The Company uses a number of key performance indicators to understand the development, performance and position of the business. These include:

- Revenue, profitability and cash flows
- The quality, level and conversion rates of the sales pipeline and level of sales order book
- Project results delivered versus plan
- Pricing, size and duration of engagement
- Staff utilisation

These are reported and monitored throughout the year.

### Employee policies

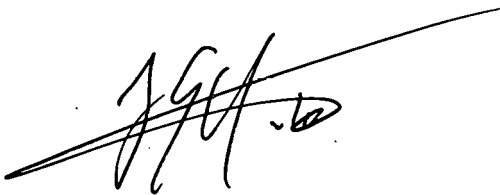
The Company recognises the value of its employees and has maintained its policy of communicating and consulting with employees through meetings on matters of concern to them and providing information in particular on the relevant factors affecting the performance of the Company.

The Company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind.

The Company has made and expects to continue its commitment to training and executive education programs for its employees.

Applications for employment by disabled persons are given full and fair consideration for all vacancies, having regard to their particular aptitudes and abilities. Where existing employees become disabled, it is the Company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training, career development and promotion to disabled employees wherever appropriate.

On behalf of the board



Director

Johannes Gerardus Intema

26 September 2017

## Directors' Report

### Directors' Report for the year ended 31 December 2016

The directors present their Report and the audited financial statements of the Company for the year ended 31 December 2016.

On 27 April 2016, the Company's name was changed from EC Harris International Limited to Arcadis International Limited.

### Directors

The directors of the Company who were in office during the year and up to the signing of the financial statements were:

A G Brookes	
K L Brooks	(resigned 29/02/2016)
A I Chernenkov	(resigned 01/01/2016)
A R Clark	(resigned 01/11/2016)
K A R Ibrahim	(appointed 01/07/2017)
J G Jntema	(appointed 01/11/2016)
P V Madden	(resigned 01/11/2016)
G M Reid	(appointed 01/11/2016, resigned 01/07/2017)
M J Riley	(resigned 25/07/2016)
J H Williams	(resigned 01/11/2016)

### Review

The directors are satisfied with the results for the year given the challenging economic environment and the strength of the balance sheet. The statement of comprehensive income is set out on page 10 and shows the loss for the financial year.

### Future developments

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

### Post balance sheet events

There are no material events affecting the Company to be reported since the year end.

### Dividends

The directors do not recommend payment of an ordinary dividend. (2015: £Nil (£Nil per share)).

A dividend of £4,000 (£0.01 per share) (2015: £4,000 (£0.01 per share)) was paid on the 1% convertible cumulative preference shares.

## **Directors' Report (continued)**

### **Statement of directors' responsibilities**

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

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

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

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

### **Statement of disclosure of information to auditors**

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

## **Directors' Report (continued)**

### **Independent auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

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

A handwritten signature in black ink, appearing to be 'JGI', with a long horizontal stroke extending to the right.

### **Director**

Johannes Gerardus IJntema

26 September 2017

# ***Independent auditors' report to the members of Arcadis International Limited***

## **Report on the financial statements**

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### **Our opinion**

In our opinion, Arcadis International Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
  - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
  - have been prepared in accordance with the requirements of the Companies Act 2006.
- 

### **What we have audited**

The financial statements, included within the Annual Report and Financial Statements, comprise:

- the Statement of financial position as at 31 December 2016;
- the Statement of comprehensive income for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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## **Opinions on other matters prescribed by the Companies Act 2006**

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

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

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

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## **Other matters on which we are required to report by exception**

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### **Adequacy of accounting records and information and explanations received**

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



## ***Independent auditors' report to the members of Arcadis International Limited (continued)***

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### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

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

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#### **Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

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#### **What an audit of financial statements involves**


We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Jonathan Hook (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
29 September 2017

**Statement of comprehensive income for the year ended 31 December 2016**

	Note	2016 £'000	2015 £'000
Turnover		23,431	25,738
Cost of sales		(19,372)	(20,816)
Gross profit		4,059	4,922
Administrative expenses		(4,972)	(5,117)
Operating loss	3	(913)	(195)
Loss on ordinary activities before interest and taxation		(913)	(195)
Finance income	5	1	8
Finance costs	5	(4)	(64)
Finance costs – net	5	(3)	(56)
Loss on ordinary activities before taxation		(916)	(251)
Tax on loss on ordinary expenses	6	12	-
Loss for the financial year		(904)	(251)
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on retranslation of overseas branches		1,883	559
Other comprehensive income for the year, net of tax		1,883	559
Total comprehensive income for the year		979	308

All amounts relate to continuing activities during the year.

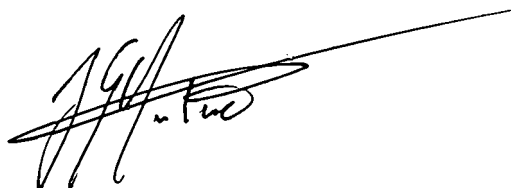
A note on historical gains and losses has not been included as part of the financial statements as the results as disclosed in the statement of comprehensive income are prepared on an unmodified historical cost basis.

## Statement of financial position as at 31 December 2016

	Note	2016 £'000	2015 £'000
<b>Fixed assets</b>			
Built software	7	505	-
Property, plant and equipment	8	313	149
Investments	9	10	10
		<b>828</b>	<b>159</b>
<b>Current assets</b>			
Debtors	10	37,749	23,591
Cash and cash equivalents		1,673	1,841
		<b>39,422</b>	<b>25,432</b>
<b>Creditors: amounts falling due within one year</b>	11	<b>(27,685)</b>	<b>(14,005)</b>
<b>Net current assets</b>		<b>11,737</b>	<b>11,427</b>
<b>Total assets less current liabilities</b>		<b>12,565</b>	<b>11,586</b>
<b>Creditors: amounts falling due after more than one year</b>	12	<b>(400)</b>	<b>(400)</b>
<b>Net assets</b>		<b>12,165</b>	<b>11,186</b>
<b>Equity</b>			
Called up share capital	13	50	50
Retained earnings		12,115	11,136
<b>Total shareholders' funds</b>		<b>12,165</b>	<b>11,186</b>

The notes on pages 12 to 25 are an integral part of these financial statements.

The financial statements on pages 9 to 25 were authorised for issue by the board of directors on 26 September 2017 and were signed on its behalf.



Johannes Gerardus Intema  
Director

## Statement of changes in equity as at 31 December 2016

	Called up share capital £'000	Retained earnings £'000	Total shareholders' funds £'000
Balance as at 1 January 2015	50	10,828	10,878
Loss for the financial year	-	(251)	(251)
<i>Other comprehensive income for the year:</i>			
Exchange differences on retranslation of overseas branches	-	559	559
Total comprehensive income for the year	-	308	308
Dividends	-	-	-
Total transactions with owners, recognised directly in equity	-	-	-
Balance as at 31 December 2015	50	11,136	11,186
<b>Balance at 1 January 2016</b>	<b>50</b>	<b>11,136</b>	<b>11,186</b>
Loss for the financial year	-	(904)	(904)
<i>Other comprehensive income for the year:</i>		-	-
Exchange differences on retranslation of overseas branches	-	1,883	1,883
Total comprehensive income for the year	-	979	979
Dividends	-	-	-
Total transactions with owners, recognised directly in equity	-	-	-
<b>Balance as at 31 December 2016</b>	<b>50</b>	<b>12,115</b>	<b>12,165</b>

Retained earnings represents accumulated comprehensive income for the year and prior years less dividends paid.

No interim dividend was paid on the ordinary shares in 2016 (2015: £Nil (£Nil per share)).

## Notes to the financial statements

### 1 General information

The principal activities are that of capital properties and facilities consultants.

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

Arcadis House  
34 York Way  
London  
N1 9AB

### 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 financial statements of Arcadis International Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and 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 higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the relevant note detail.

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 the carrying amount at the beginning and end of the period)

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

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

#### **2.1 Basis of preparation (continued)**

- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d), (statement of cash flows);
  - 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),
  - 16 (statement of compliance with all IFRS),
  - 38A (requirement for minimum of two primary statements, including cash flow statements),
  - 38B-D (additional comparative information),
  - 40A-D (requirements for a third statement of financial position),
  - 111 (cash flow statement information), and
  - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

#### **2.2 Going concern**

The financial statements have been prepared on the going concern basis, with net current assets of £11.737m (2015: net current assets of £11.427m).

The Directors are confident that the Company will continue to operate as a going concern for the foreseeable future.

#### **2.3 Trade and other receivables**

Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

#### **2.4 Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks and bank overdrafts.

In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

#### **2.5 Share capital**

Ordinary shares are classified as equity. Preference shares are classified as liabilities (note 2.7).

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

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

#### **2.6 Creditors**

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### **2.7 Borrowings**

Preference shares, which do not have a redemption entitlement, have mandatory dividend payments paid half-yearly in arrears and are classified as liabilities. The dividends on these preference shares are recognised in the income statement as interest expense.

#### **2.8 Borrowing costs**

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### **2.9 Current and deferred income tax**

The tax expense for the period only comprises current 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.

#### **2.10 Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services supplied, stated net of value added taxes. The Company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company's activities, as described below. The Company bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

##### ***(a) Provision of services***

The Company performs services for overseas external customers. Revenue is recognised in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of the actual service provided as a proportion of the total services to be provided. Revenue is wholly attributable to the principal activities of the Company in the UAE.

#### **2.11 Interest income**

Interest income is recognised using the effective interest method.

#### **2.12 Leases**

Leases in which substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. The Company leases certain property to facilitate its operations.

## Notes to the financial statements (continued)

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

#### **2.13 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.

#### **2.14 Foreign currency translation**

##### ***(a) Functional and presentation currency***

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency').

The financial statements are presented in 'Pounds Sterling' (£), which is also the Company's functional currency.

##### ***(b) Transactions and balances***

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges.

All other foreign exchange gains and losses are presented in the income statement within 'Other operating income.'

#### **2.15 Intangible assets**

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 three years.

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



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

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

#### **2.16 Property, plant and equipment**

All property, plant and equipment is stated at historical cost less depreciation.

Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Motor vehicles - 20%
- Furniture, fittings and equipment - 20% - 33%

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 8).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other income' in the income statement.

#### **2.17 Impairment of non-financial assets**

Non-financial assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

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

There were no new standards, amendments and interpretations adopted by the Company during the year that would have a material impact.

**Notes to the financial statements (continued)****3 Operating loss**

This has been stated after charging:

	<b>2016</b>	2015
	<b>£'000</b>	£'000
Staff costs (note 4)	<b>17,401</b>	18,514
Depreciation of property, plant and equipment	<b>93</b>	150
Impairment of group trade receivables	<b>1,396</b>	308
Operating lease charges	<b>286</b>	398
Audit fees payable to the Company's auditors	<b>33</b>	27

**4 Employees and directors****Employees**

	<b>2016</b>	2015
	<b>£'000</b>	£'000
Staff costs (note 3) consist of:		
Wages and salaries	<b>16,133</b>	17,391
Other pension costs	<b>1,268</b>	1,123
	<b>17,401</b>	18,514

The average number of monthly staff employed by the Company overseas in the year was 246 (2015: 248).

All of the Company's staff (including two directors) are employed and paid by branches located in the UAE.

**Directors**

	<b>2016</b>	2015
	<b>£'000</b>	£'000
Directors' remuneration consists of:		
Emoluments	<b>-</b>	178

**Notes to the financial statements (continued)****5 Interest income and expense**

## Finance income

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Bank interest	<b>1</b>	<b>8</b>
Interest receivable from subsidiary undertakings	-	-
<b>Total finance income</b>	<b>1</b>	<b>8</b>

## Finance expense

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Interest payable to subsidiary undertakings	-	(60)
Dividend on preference shares (note 16): 1p (2015: 1p) per share	(4)	(4)
<b>Total finance expense</b>	<b>(4)</b>	<b>(64)</b>

## Net finance cost

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Interest income	<b>1</b>	<b>8</b>
Interest expense	(4)	(64)
<b>Net finance cost</b>	<b>(3)</b>	<b>(56)</b>

No borrowing costs have been capitalised during the year.

## Notes to the financial statements (continued)

**6 Tax on loss on ordinary expenses**

Tax credit included in profit or loss

	<b>2016</b>	2015
	<b>£'000</b>	£'000
Current tax:		
- UK corporation tax on loss of the year	-	-
- Foreign tax on loss of the year	-	-
- Adjustments in respect of prior years	<b>12</b>	-
Total tax	<b>12</b>	-

Tax charge for the year is higher (2015: higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2016 of 20.00% (2015: 20.25%). The differences are explained below:

	<b>2016</b>	2015
	<b>£'000</b>	£'000
Loss on ordinary activities before taxation	<b>(916)</b>	(251)
Loss multiplied by the standard rate of corporation tax in the UK of 20.00% (2015 – 20.25%)	<b>(183)</b>	(51)
Effects of:		
- Branch losses not tax deductible in the UK	<b>178</b>	201
- Movement in provision against inter-company balances	<b>4</b>	(160)
- Adjustments in respect of prior years	<b>12</b>	-
- Expenses not deductible for UK tax purposes	<b>1</b>	10
- Foreign tax paid	-	-
Tax credit	<b>12</b>	-

The UK Corporation tax rate decreased from 21% to 20% from 1 April 2015. Therefore, the rate for the current year (20%) is lower than in the prior year (20.25%).

A change to reduce the UK corporation tax rate to 19% from 1 April 2017 had already been substantively enacted on 26 October 2015 and a further reduction in the rate to 17% from 1 April 2020 was substantively enacted on 6 September 2016.

## Notes to the financial statements (continued)

## 7 Built software

	£'000
<b>Cost</b>	
At beginning of year	-
Additions	484
Disposals	-
Reclassification from Property, plant and equipment	108
At end of year	<u>592</u>
<b>Accumulated amortisation</b>	
At beginning of year	-
Disposals	-
Reclassification from Property, plant and equipment	28
Charge for the year	59
Exchange adjustment	-
At end of year	<u>87</u>
<b>Net book value</b>	<u>505</u>
<b>Net book value</b>	
At 1 January 2016	-
Movement in the year	505
At 31 December 2016	<u>505</u>

## Notes to the financial statements (continued)

## 8 Property, plant and equipment

	Motor vehicles	Fixtures, fittings and equipment	Total
	£'000	£'000	£'000
<b>Cost</b>			
At beginning of year	25	2,913	2,938
Additions	-	294	294
Disposals	-	(2,888)	(2,888)
Reclassification to Intangibles	-	(108)	(108)
Exchange adjustment	5	314	319
At end of year	<b>30</b>	<b>525</b>	<b>555</b>
<b>Accumulated depreciation</b>			
At beginning of year	(19)	(2,769)	(2,788)
Disposals	-	2,888	2,888
Reclassification to Intangibles	-	28	28
Charge for the year	(5)	(88)	(93)
Exchange adjustment	(5)	(272)	(277)
At end of year	<b>(29)</b>	<b>(213)</b>	<b>(242)</b>
<b>Net book value</b>	<b>1</b>	<b>312</b>	<b>313</b>
<b>Net book value</b>			
At 1 January 2016	<b>6</b>	<b>143</b>	<b>149</b>
Movement in the year	(5)	169	164
At 31 December 2016	<b>1</b>	<b>312</b>	<b>313</b>

## Notes to the financial statements (continued)

## 9 Investments

## Jointly controlled entities

	2016 £'000	2015 £'000
At 1 January	10	10
At 31 December	10	10

## Jointly controlled entities

Company Name	Holding	Incorporated in	Principal Activity	Equity Owned	Registered address
Harris Franklin and Andrews Ltd	Direct	UK	In liquidation	50%	Arcadis House 34 York Way London N1 9AB
Sama - ECH LLC	Direct	UAE	Dormant	49%	Level 6 Emirates Towers PO Box 72527 Dubai United Arab Emirates

## 10 Debtors

	2016 £'000	2015 £'000
Trade receivables	6,623	7,370
Amounts owed by group undertakings	27,748	13,803
Other receivables	818	566
Prepayments and accrued income	2,560	1,852
	<b>37,749</b>	<b>23,591</b>

All amounts shown under debtors fall due for payment within one year.

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

Trade receivables are stated after provisions for impairment of £1,029k (2015: £1,031k).

## Notes to the financial statements (continued)

## 11 Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Trade creditors	152	548
Amounts owed to group undertakings	15,440	6,990
Other creditors	2,887	2,479
Accruals and deferred income	9,204	3,988
	<b>27,683</b>	<b>14,005</b>

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

## 12 Creditors: amounts falling due after more than one year

	2016 £'000	2015 £'000
Preference shares (note 13)	400	400
	<b>400</b>	<b>400</b>

## 13 Called up share capital

**Equity****Ordinary shares of £1 each**

	Number	£'000
Allotted, called up and fully paid		
At 1 January 2015 and 2016	50,000	50
Issued during the year	-	-
At 31 December 2015 and 2016	<b>50,000</b>	<b>50</b>

**Long-term liabilities****Preference shares of £1 each**

	Number	£'000
Allotted and fully paid		
At 1 January 2014, 2015 and 2016	400,000	400
Issued during the year	-	-
At 31 December 2014, 2015 and 2016	<b>400,000</b>	<b>400</b>

The preference shares are classified as liabilities in the statement of financial position.

The preference shares are 1% convertible redeemable cumulative preference shares. The preference shares carry the right to a preference dividend of 1% per annum ahead of any dividend being paid on the ordinary shares. They have no rights to any other income.



## Notes to the financial statements (continued)

### 13 Called up share capital (continued)

On winding up, preference shareholders have priority ahead of the ordinary shares to receive repayment of capital. The holders have no voting rights unless the dividend is more than six months in arrears.

On notice by the shareholders, the preference shares may be converted to ordinary shares ranking "pari passu" with the existing ordinary shares.

### 14 Capital and other commitments

The Company had the following future minimum lease payments under non-cancellable operating leases:

	Land and buildings 2016 £'000	Land and Buildings 2015 £'000
Operating leases which expire:		
Within one year	366	312
In two to five years	285	315
	<b>651</b>	<b>627</b>

### 15 Critical accounting judgements and estimation uncertainty

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. None of the estimates and judgements have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year.

### 16 Dividends

Dividends paid during the year	2016 £'000	2015 £'000
£1 Ordinary shares: £Nil (2015: £Nil) per £1 share	-	-
	-	-

The directors do not propose an ordinary dividend in respect of the financial year ending 31 December 2016.

## Notes to the financial statements (continued)

### 17 Ultimate parent company

The Company's immediate parent undertaking is Arcadis Group 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.

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