

Arcadis LLP

Annual Report and Financial Statements.

Year ended 31 December 2022

Company Number: OC368843



Contents	Page
Corporate information	1
Strategic report	2
Members' report	7
Independent auditors' report	17
Statement of comprehensive income	20
Statement of financial position	21
Reconciliation of members' interests	22
Notes to the financial statements	23

Corporate information

Designated members

Arcadis (BAC) Limited
M B A Alghita
S Bimpson
T T Morgan
S Whittaker (appointed 1 December 2022)
N J Bellew (resigned 31 March 2022)
M A Cowlard (resigned 31 March 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 2022

The members present their Strategic report for the year ended 31 December 2022.

Principal activities

Arcadis LLP ("the LLP") is a limited liability partnership registered in England and Wales.

The LLP 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.

The LLP also provides services to the group headed by Arcadis UK (Holdings) Limited.

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 members 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.

Strategic report (continued)

For the year ended 31 December 2022

Companies Act 2006 - Section 172 (1) statement (continued)

(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.

The designated members, 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 LLP 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 designated members 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 LLP for the benefit of its members as a whole.

Strategic report (continued)

For the year ended 31 December 2022

Review of the business

To help deliver our strategic ambitions, we have changed how we operate. Moving from multiple operating regions to three Global Business Areas (GBAs) – Mobility, Places and Resilience – we are driving global connectivity and collaboration.

Aligned to this, it is important that there is consistency in the experiences and opportunities for colleagues across the globe at all levels of our business.

Taking these points into account, a review of the Arcadis LLP, which is unique to the UK has been concluded, with a decision to take a phased approach to optimise activity over time.

Therefore, the LLP's revenues for 2022 were lower than the previous year due to the mix of new contract activity and more of a share taken by Arcadis Consulting (UK) Limited. However, despite the drop in Revenue, profits increased due to amortisation of Goodwill in the year being nil as fully amortised in prior year

The LLP's profit for the year before members' remuneration and profit shares was £27.0m (year ended 31 December 2021: £25.1m). This is after amortisation of goodwill of £nil (2021: £8.0m).

As at 31 December 2022 the LLP had net assets of £36.9m (31 December 2021: £40.1m).

During 2022, Arcadis N.V. acquired IBI Group which, in combination with the existing capabilities of Arcadis GEN, resulted in the creation of a fourth Global Business Area, "Intelligence".

The financial position, development and performance of the LLP as presented in these financial statements are considered satisfactory.

There are no material significant events since the balance sheet date.

Key performance indicators

- Turnover £140.9m (2021: £147.5m)
- Operating profit before amortisation £27.0m (2021: £33.2m)
- Adjusted operating margin [operating profit before amortisation / turnover] 19.2% (2021: 22.5%)
- Net current assets £37.9m (2021: £41.0m)

Adjusted operating margin excludes the impact of members' remuneration and amortisation.

Strategic report (continued)

For the year ended 31 December 2022

Current trading and outlook

We monitor the market closely to identify trends and adjust our business appropriately. Throughout 2022 we continued to imbed our Global strategy which moved 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 LLP 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 or cost efficiently.

Financial: A number of financial risks, as outlined in the Members' 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.

Environmental statement

Arcadis is passionately committed to improving quality of life with Sustainability embedded as one of five core values. We consider sustainability as a goal in our policies and while conducting our services, delivering Sustainable Solutions to our Clients and society. We have made a commitment to achieve net zero across our global operations by 2035, halving company emissions by 2028.

Strategic report (continued)

For the year ended 31 December 2022

Employment policies

The LLP has no direct employees. All of the LLP's staff are employed by Arcadis Human Resources Limited ("AHR") and the LLP 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 LLP 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 and creating an inclusive business. Training is open to everyone regardless of protected characteristic status.

On behalf of the members

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T Morgan

Designated member

20 July 2023

Members' report

For the year ended 31 December 2022

The members of Arcadis LLP present their report and the audited financial statements of the LLP for the year ended 31 December 2022.

Designated members

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

Review

The year saw the LLP perform well and maintain a strong balance sheet. The Designated Members are satisfied with the development and performance of the business during the year, and with the position of the LLP at the end of the year.

Future developments

The Designated Members believe the prospects for the LLP to be good, due to continuing demand for its services.

Employees

Employment policies are discussed in the Strategic report on page 5.

Financial risk management

The LLP'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 LLP.

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.

Credit risk

The LLP's main exposure to credit risk relates to amounts due from customers. In line with the UK group policy, appropriate credit checks are performed on potential customers to identify potential risks. The LLP 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 some exposure to interest rate changes. The LLP's overall net interest expense for 2022 was £30k (2021: net interest expense of £5k).

Price risk

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

Members' report (continued)

For the year ended 31 December 2022

Financial risk management (continued)

Foreign exchange risk

The LLP 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 2022 Annual Report of Arcadis N.V. (the ultimate parent undertaking and controlling party (pages 131 to 143)), available at: www.arcadis.com.

Post balance sheet events

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

Streamlined Energy & Carbon Reporting (SECR)

The LLP recognises that our operations and activities have an environmental impact and as we grow and develop our business, we need to take steps to mitigate equivalent increases in our emissions where we can do so. For over ten years we have been proactively monitoring and reducing our emissions through the setting of objectives and targets and increasing awareness amongst our staff and suppliers.

We have made a public commitment to achieve net zero carbon emissions across our global operations by 2035, and had our target approved by the Science Based Target Initiative (SBTi) in February 2022. Due to expansion through acquisitions and an updated Scope 3 inventory, we will be re-applying in 2023 for updated approval.

As a business we are also aware of our reporting obligations under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. As such, this year we are reporting our greenhouse gas emissions (GHG) publicly, demonstrating our commitment to increasing the transparency with which we communicate our environmental impact to our stakeholders.

Qualification and Reporting Methodology

This report outlines the greenhouse gas emissions arising from the activities that are material to Arcadis. We report on all material emissions in scope 1 and 2, plus selected scope 3, using an operational control approach. Since 2010, we have followed a standardised approach in reporting data consistent with the World Resources Institute (WRI) General Reporting Protocol (GRP).

The methodology used to compile our greenhouse gas emissions inventory is in accordance with the requirements of the following standards: The WRI GHG Protocol Corporate Standard (revised version), UK Government conversion factors published July 2020 by the Department for Business, Energy & Industrial Strategy (BEIS) and the Department for Environment, Food and Rural Affairs (DEFRA) Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting requirements (SECR) (March 2019).

Members' report (continued)

For the year ended 31 December 2022

Streamlined Energy & Carbon Reporting (SECR) (continued)

Summary

Following the reduction in the pandemic, operations have started to return to pre-Covid levels, with office occupancy increasing, leading to increased consumptions and waste generation. We continue to review these aspects of our operations. We are updating our Workplace Policy and creating Workstyle Charters that are framed around our requirement for Arcadians to consider the needs of our individual clients, our business and our people when adopting our new and flexible ways of working – which is a fundamental principle of our Workstyle Promise. As well as encouraging physical collaboration in offices, we are reviewing our buildings, and where possible, moving into smaller, more efficient buildings, closer to transport hubs, as part of our Global Workplace Transformation Programme.

Reasons for Change in Emissions

Our reported emissions continue to fall this year due to COVID 19, although office energy has started to increase and is seen to have an impact on the emissions we are creating. Business travel has started to increase with some staff returning to the office, which has led to an increase in energy, paper usage and waste production in our offices.

Reporting Period: 01 January 2022 –31 December 2022

Boundary of report: UK operations only

Scope:

This report covers Arcadis UK operations for the following:

1. Arcadis LLP, registered office 80 Fenchurch Street, London, EC3M 4BY
2. Arcadis Consulting (UK) Ltd, registered office 80 Fenchurch Street, London, EC3M 4BY
3. Arcadis (UK) Ltd, registered office 80 Fenchurch Street, London, EC3M 4BY

Reporting Method: GHG Protocol Corporate Accounting and Reporting Standard

Route to compliance with SECR: Mandatory requirements for a Large Organisation (unquoted):

Energy consumption used to calculate emissions: kWh

- Calculation of required emissions into kWh using 2021 UK Government GHG Conversion Factors for Company
- Reporting factors (Greenhouse gas reporting: conversion factors 2021 - GOV.UK (www.gov.uk))

Organisational Boundaries

We report on all material emissions in scope 1 and 2, plus selected scope 3 emissions [1], using an operational control approach.

Members' report (continued)

For the year ended 31 December 2022

Streamlined Energy & Carbon Reporting (SECR) (continued)**Operational Scope**

We have measured our scope 1, 2 and material scope 3 emissions. Figures exclude Serviced buildings and We Work Offices, as we do not have operational control in these buildings. In 2022 we have extended Scope 3 to include Commuting figures and Working from Home figures. These have been calculated from responses gather from an employee survey.

Emission Figures 2022

Table 1. Total Arcadis UK Emissions (01 January 2022-31 December 2022)

Scope	Emissions Source	2022 tCO ₂ e	2021 tCO ₂ e	2020 tCO ₂ e	2019 tCO ₂ e
Scope 1	Natural gas	3.4	74.72	123.51	226.86
	Refrigerant Leakage	0.0	0.00	0.00	363.48
	Vehicles	199.5	194	172.64	159.07
Total Scope 1		202.9	268.72	296.15	749.41
Scope 2	Electricity Consumption [4]	177	231	312.20	765.71
Total Scope 2		177	231	312.20	765.71
Scope 3	Private cars & Motorcycles	818	587	601.24	721.59
	Car hire	590	137	226.79	300.60
	Taxi hire [5]	16.3	n/a	n/a	n/a
	Air travel	1,620	131	407.70	1,460.54
	Rail travel	n/a	176	165.05	725.00
	Public transport [6]	204	n/a	n/a	n/a
	Other Travel (International Rail, Eurotunnel & Ferry)	n/a	48.7	52.37	3.27
	Commuting [7]	762	n/a	n/a	n/a
	Working from home [7]	1,564	n/a	n/a	n/a
	Electric vehicles T&D	0.00	0.00	0.01	0.00
	Electricity T&D	16.3	12.59	26.85	65.01
	Water (Supply & Treatment)	0.0	9.60	9.27	19.00
	Paper purchased	4.95	0.00	0.25	19.00
	Waste	3.1	0.63	3.80	7.66
Total Scope 3		5,598.65	1,102.52	1,493.31	3,321.69
Total scope 1,2,3		5,978.55	1,602.24	2,101.66	4,836.81
Carbon intensity (tCO₂e/fte)		1.30	0.52	0.64	1.39
Total energy usage (kWh) [3]		947,787	1,016,390	180,128.41	127,738.80

Members' report (continued)

For the year ended 31 December 2022

Streamlined Energy & Carbon Reporting (SECR) (continued)

Emission Figures 2022 (continued)

Table 2. Total Arcadis UK Emissions full time equivalent (fte) (01 January 2022-31 December 2022)

Scope	2022 tCO ₂ e	2021 tCO ₂ e	2020 tCO ₂ e	2019 tCO ₂ e
Scope 1	202.9	268.72	296.15	749.41
Scope 2	177	231	312.20	765.71
Scope 3 (exc WFH/Commuting)	3272.65	1102.52	1,493.31	3,321.69
Scope 3 (inc WFH & Commuting)	5,598.65	n/a	n/a	n/a
Total (exc WFH&Commuting)	3,652.55	1,602.24	2,101.66	4,836.81
Total (inc WFH & Commuting)	5,978.55	n/a	n/a	n/a
Carbon intensity (tCO ₂ e/fte)	1.32	0.52	0.64	1.39
Total energy usage (kWh)	947,787	1,016,390	3,378,894.46	5,279,708.30

2022 Performance

Arcadis are certified to ISO 14001 and maintain an integrated management system, within this we have objectives and targets that are reviewed and challenged each year to demonstrate continuous improvement. Arcadis have made a public commitment to achieve net zero carbon emissions across our global operations by 2035, set a Science Based Target, are part of the Pledge to Net Zero and UN Race to Zero campaigns.

The carbon emissions baseline has been aligned with the Global business, each country has contributed to the Net Zero approach and will demonstrate how they will achieve a reduction in carbon emissions.

To provide a fair summary against normal work activities for the business, we have a baseline against our 2019 figures. These figures are pre-pandemic and when the business was fully operational and undertaking normal work in the office, sites and foreign travel activities as part of our everyday activities.

Other notable trends include:

- **Scope 1** – the 24% reduction in total scope 1 emissions is related to our policy of exiting less efficient buildings and entering more efficient buildings with smaller footprints and our policy of reviewing our fleet vehicles attending site to complete works. This represents a reduction of 73% lower from the emissions recorded in 2019 (our baseline).

Members' report (continued)

For the year ended 31 December 2022

Streamlined Energy & Carbon Reporting (SECR) (continued)

2022 Performance (continued)

- **Scope 2**—our location-based emissions from electricity in 2022 is at 177 Co2e (Tonnes), is a reduction on the previous year, again as a result of our office strategy to move into environments that are sustainable and SMART. This represents a reduction of 77% lower from the emissions recorded in 2019 (our baseline).
- **Scope 3**— our selected scope 3 emissions have increased by 408% in 2022, this is because we have extended the scope to include emissions associated with working from home and commuting, and the return of the flights following the easing of restrictions that were in place during the pandemic as normal operations are returning. As one of our objectives is to reduce Air Travel by 50% in 5 years' time, this data set is being reviewed closely and is being highlighted at senior levels. If the new data set is removed, our scope 3 emissions would show a 1.5% increase against our 2019 baseline.

Energy and Carbon Action

During 2022 we have continued to work hard to reduce our energy consumption and associated carbon emissions, particularly in our buildings, this is an initiative that began in 2020. This has seen a move in a number of our offices that were not as Carbon and Energy efficient as others; to date we have moved from or about to move to Smart buildings at the following locations:

- Birmingham
- Cambridge
- Cardiff
- Croydon
- East Kilbride
- Guildford
- Leeds
- York

During 2022, as a result of reduced attendance due to COVID, Birmingham closed and moved to a smaller office in September 2022 to take into account the lower demand. Cardiff never returned to using both floors after Covid, and has reduced using the gas boiler for heating since air conditioning units are now optimized. We also continue to review capacity and usage at our buildings, which has led to us reducing office space at the following locations:

- Cardiff
- Exeter
- Plymouth

Members' report (continued)**For the year ended 31 December 2022****Streamlined Energy & Carbon Reporting (SECR) (continued)****Energy and Carbon Action (continued)**

Any office move that takes place where interim offices are required, we are using WeWork offices who have a sustainability policy and approach to each of their offices, so that we continue to fulfil our obligations.

Renewable energy is used in all offices except for Bristol, which does not fall under Arcadis' direct control. We continue to liaise with the landlord to encourage the switch to renewable sources.

During 2022, we carried out a review of the operation of our photocopiers/printers, and are working on a plan to remove or replace with more efficient models where possible.

Timing of the AV screens in London, Birmingham, York and Guildford are now controlled so they are turned off overnight.

We continue to monitor all electrical usage in all our offices, this enables to monitor the cost and consumption for each office and identify any potential issues or opportunities.

10% CO2 reduction target was set for 2022, the following table shows how much CO2 was used in 2022 compared to 2021.

	2021	2022	% Change
Electricity (tCO2e)	231	177	(23)
Gas (tCO2e)	74.72	3.4	(95)
Total	305.72	180.4	(42)

Electricity – we decreased by 23% CO2 compared to 2021.

Gas – we decreased by 95% CO2 compared to 2021.

Future plans

Arcadis are planning to continue to reduce our property portfolio where possible, which will provide further energy savings as new locations are likely to be smaller and more energy efficient.

We continue to regularly report on energy usage as part of a global reporting tool. Workplace Facilities Team will carry out the following activities as part of their sustainability plan, including:

- Monitor and recording any energy saving activities
- Bi-annual monitoring of appliances not turned off when not in use
- Review any EPC reports for new properties or renewed and consider activities for plan in 2023
- ESOS Phase 3 Reporting

As part of our commitment to achieving net zero emissions across our global operations, we are implementing a carbon management policy which will be signed off by Senior Management and cascaded throughout the organisation.

Members' report (continued)

For the year ended 31 December 2022

Streamlined Energy & Carbon Reporting (SECR) (continued)

Future plans (continued)

As Arcadis have recently made a number of acquisitions, business changes and office consolidations, a review will be undertaken on the appropriateness of the 2019 baseline in its current form.

Discussions have already begun on implementing the carbon management policy and integrating carbon reduction plans.

[1] UK emissions only, as required under the SECR reporting obligations of a large unquoted organisation.

[2] Refrigerant emissions currently reported are associated with buildings only.

[3] Energy reporting includes kWh from scope 1, scope 2 and scope 3 (as required by the SECR regulation).

[4] Location based approach used to calculate Scope 2 Electricity consumption.

[5] Taxi data was only separately available from 2022.

[6] Public transport includes rail and other travel previously separated.

[7] Commuting and WFH emissions have been extrapolated from responses to an internal survey undertaken in Arcadis in 2022. Further surveys are anticipated and this information will be refined as more information is gathered.

Going concern

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

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

Transactions with members

The members, including the corporate member, participate fully in the firm's profits and losses, share the risks and subscribe to the LLP's capital.

An individual member's capital requirement is linked in part to their share of profit and the financing requirements of the LLP. There is no opportunity for appreciation of the capital subscribed. Just as incoming members introduce their capital at 'par', so retiring members are repaid their capital at 'par' as soon as practicable after leaving.

Members' report (continued)

For the year ended 31 December 2022

Transactions with members (continued)

The LLP Agreement and further members' deed govern the rights of members regarding drawings. Subject to the retention policy in relation to members' profits and losses, all partners are entitled to draw down the balance in full on their distribution account. If statutory accounts, for any accounting year as audited and approved, indicate drawings in excess of profit share, then said sums shall remain outstanding until repaid out of future profits.

All of the profits are allocated to the members and these are distributed to the members after the year end. In accordance with the LLP Statement of Recommended Practice ('LLP SORP'), automatic allocations of profits to members are treated as an expense in the Statement of Comprehensive Income and treated as a liability within loans and other debts due to members.

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 2022 and the interactions with our stakeholders were a continuum with moments of intense activity around the Human Rights Roundtable and the Arcadis Sustainability Day. 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.

Statement of members' responsibilities in respect of the financial statements

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

Company law, as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the "Regulations"), requires the members to prepare financial statements for each financial year. Under that law the members have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, as applied to limited liability partnerships, members 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 LLP and of the profit or loss of the LLP for that period. In preparing the financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 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 LLP will continue in business

Members' report (continued)

For the year ended 31 December 2022

Statement of members' responsibilities in respect of the financial statements (continued)

The members are 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 members are also 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 members are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure of information to auditors

The members consider that the annual report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the LLP's position and performance, business model and strategy.


In the case of each designated member in office at the date the Members' Report is approved:

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

Independent auditors

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

On behalf of the members

DocuSigned by:

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T Morgan
Designated Member

20 July 2023

Independent auditors' report to the members of Arcadis LLP

Report on the audit of the financial statements

Opinion

In our opinion, Arcadis LLP's financial statements:

- give a true and fair view of the state of the LLP's affairs as at 31 December 2022 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, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

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 2022; the Statement of comprehensive income, the Reconciliation of members' interests 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 LLP 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 LLP'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 members' 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 LLP's ability to continue as a going concern.

Our responsibilities and the responsibilities of the members 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 members 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 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.

Responsibilities for the financial statements and the audit

Responsibilities of the members for the financial statements

As explained more fully in the Statement of members' responsibilities in respect of the financial statements, the members 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 members 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 members are responsible for assessing the LLP'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 members either intend to liquidate the LLP 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 LLP 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 Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. 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 of 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;
- 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); and

- Performing audit procedures to evaluate the accounting estimates related to revenue recognition, in particular the percentage of completion.

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the members of the partnership as a body in accordance with the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 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 as applicable to limited liability partnerships 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 LLP, 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.



Jason Clarke (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff
21 July 2023

Statement of comprehensive income
For the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Turnover	3	140,925	147,542
Other income	4	3,000	-
Staff costs	5	(64,362)	(71,433)
Amortisation of intangible assets		-	(8,010)
Depreciation of tangible assets		(87)	(88)
Other operating expenses		(52,451)	(42,885)
Operating profit	4	27,025	25,126
Finance costs	6	(30)	(5)
Finance costs - net		(30)	(5)
Profit for the year before members' remuneration and profit shares	7	26,995	25,121
Members' remuneration charged as an expense		(26,995)	(25,121)
Total comprehensive income for the year available for discretionary division among members		-	-


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

Statement of financial position**As at 31 December 2022**

	Note	2022 £'000	2021 £'000
Fixed assets			
Intangible assets	9	-	-
Tangible assets	10	618	705
		618	705
Current assets			
Debtors	11	100,097	100,290
Cash and cash equivalents		5,529	15,492
		105,626	115,782
Creditors: amounts falling due within one year	12	(67,341)	(74,129)
Provisions for liabilities	13	(416)	(670)
Net current assets		37,869	40,983
Total assets less current liabilities		38,487	41,688
Creditors: amounts falling due after more than one year			
Provisions for liabilities	13	(1,581)	(1,578)
Net assets attributable to members		36,906	40,110
Represented by:			
Loans and other debts due to members within one year			
Members' capital classified as a liability	14	19,585	19,539
Other amounts	14	17,321	20,571
		36,906	40,110
Total members' interests			
Members' capital classified as a liability	14	19,585	19,539
Loans and other debts due to members	14	17,321	20,571
		36,906	40,110

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

The financial statements on pages 20 to 40 were authorised for issue by the designated members of Arcadis LLP on 20 July 2023 and were signed on its behalf by:

DocuSigned by:

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T Morgan
 Designated member

Reconciliation of members' interests

For the year ended 31 December 2022

	Loans and other debts due to members £'000	Total £'000
Balance at 1 January 2021	47,972	47,972
Members' remuneration charged as an expense including employment and retirement benefit costs	25,121	25,121
Members' interests after profit for the year	73,093	73,093
Members' capital introduced	70	70
Members' capital repaid	(335)	(335)
Drawings and distributions	(32,718)	(32,718)
Balance as at 31 December 2021	40,110	40,110
Balance at 1 January 2022	40,110	40,110
Members' remuneration charged as an expense including employment and retirement benefit costs	26,995	26,995
Members' interests after profit for the year	67,105	67,105
Members' capital introduced	-	-
Members' capital repaid	(2,295)	(2,295)
Drawings and distributions	(27,904)	(27,904)
Balance as at 31 December 2022	36,906	36,906

The LLP has no equity and consequently a Statement of changes in equity is not given.

The above reconciliation of members' interests should be read in conjunction with the accompanying notes.

Notes to the financial statements

For the year ended 31 December 2022

1. General information and statement of compliance

The principal activities of the LLP are the provision of natural and built asset design and consultancy services. The LLP also provides services to the group headed by Arcadis UK (Holdings) Limited.

Arcadis LLP is a Limited Liability Partnership incorporated in England and Wales. The address of its registered office is:

80 Fenchurch Street
London
EC3M 4BY

The individual financial statements of Arcadis LLP have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102"). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 as applicable to entities using FRS 102.

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. The LLP has adopted FRS 102 in these financial statements.

2.1 Basis of preparation

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates.

It also requires management to exercise its judgement in the process of applying the entity'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 note 2.19.

The following exemptions have been applied in the preparation of these financial statements, in accordance with FRS 102:

- certain financial instrument disclosures on the basis that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated. FRS 102 paras 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b), 12.29A and 12.30.;
- certain financial instrument disclosures on the basis that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated. FRS 102 paras 11.39 – 11.48A, 12.26 – 12.29.
- preparation of a statement of cash flows, on the basis that Arcadis LLP is a qualifying entity and its ultimate parent company, Arcadis N.V., includes the LLP's cash flows in its own consolidated financial statements. FRS 102 para 1.12(b).
- from disclosing the LLP key management personnel compensation, as required by FRS 102 paragraph 33.7.
- from disclosing related party transactions and balances with group undertakings as permitted by paragraph 33.1A of FRS 102.

Notes to the financial statements (continued)

For the year ended 31 December 2022

2. Summary of significant accounting policies (continued)

2.2 New standards, amendments and interpretations adopted by the LLP

There were no new standards, amendments and interpretations during the year that were relevant to the LLP.

2.3 Going concern

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

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

2.4 Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for services rendered, stated net of discounts and value added taxes.

The LLP recognises turnover 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 the LLP's activities, as described below. The LLP 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) Sales of services

The LLP sells design and consultancy services for natural and built assets.

Notes to the financial statements (continued)

For the year ended 31 December 2022

2. Summary of significant accounting policies (continued)

2.4 Turnover (continued)

For sales of services, revenue is recognised in the accounting period in which the services are rendered.

(b) Contract work in progress

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion. Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the end of the reporting period.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that it may have been agreed with the customer and are capable of being reliably measured. The LLP uses the "percentage-of-completion method" to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. On the balance sheet, the LLP reports the net contract position for each contract as either an asset or a liability. A contract represents an asset where costs incurred plus recognised profits (less recognised losses) exceed progress billings; a contract represents a liability where the opposite is the case.

Where the outcome of a contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

(c) Time-based contracts

Revenue on time-based products is recognised in line with labour hours delivered.

(d) Provision of services

Revenue for provision of services to the group headed by Arcadis UK (Holdings) Limited is measured at the fair value of the consideration received or receivable.

Revenue is recognised in the accounting period in which the services are rendered.

2.5 Taxation

Taxation payable on the LLP's profits is solely the personal liability of the individual members and consequently neither taxation nor related deferred taxation arising in respect of the LLP are dealt with in these financial statements.

Notes to the financial statements (continued)

For the year ended 31 December 2022

2. Summary of significant accounting policies (continued)

2.6 Goodwill

Goodwill arising on the acquisition of a subsidiary undertaking or an unincorporated business is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Positive goodwill is capitalised and amortised through the profit and loss account to £nil by equal annual instalments over the Board's estimate of its useful economic life, which is 10 years.

2.7 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment and whenever events or changes in circumstance indicate that the carrying amount may not be recoverable.

Assets that are subject to amortisation and depreciation are tested 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 to sell and value in use. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8 Tangible fixed assets and depreciation

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all fixed assets evenly over their expected useful lives. It is calculated at the following rates:

Restoration assets	Over the period of the lease or break clause date
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2.9 Financial instruments

The LLP has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Notes to the financial statements (continued)

For the year ended 31 December 2022

2. Summary of significant accounting policies (continued)

2.9 Financial instruments (continued)

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

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 pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate.

The LLP does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.10 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.

Notes to the financial statements (continued)

For the year ended 31 December 2022

2. Summary of significant accounting policies (continued)

2.11 Provisions for claims

In common with comparable businesses, the LLP was involved in a number of disputes in the ordinary course of business which may give rise to claims. Provision is made in the financial statements for all claims where costs are likely to be incurred and represents the cost of defending and concluding claims. The LLP carries professional indemnity insurance and no separate disclosure is made of the cost of claims covered by insurance.

2.12 Contingencies

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the LLP's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

2.13 Classification of members' capital of the partnership

The members' capital of the LLP is treated as a liability, as the partnership does not have an unconditional right to avoid repaying the capital.

2.14 Allocation of profits and drawings

The LLP Agreement and further members' deed govern the rights of members regarding drawings. Subject to the retention policy in relation to members' profits and losses all partners are entitled to draw down the balance in full on their distribution account. If statutory accounts for any accounting period, as audited and approved, indicate drawings in excess of profit share, then said sums shall remain outstanding until repaid out of future profits.

All of the profits are allocated to the members and these are distributed to the members after the year end. In accordance with the LLP Statement of Recommended Practice ('LLP SORP') automatic allocations of profits to members are treated as an expense in the Statement of comprehensive income and treated as a liability within Loans and other debts due to members.

2.15 Financial risk management

The Board manages the LLP's exposure to price risk, credit risk, liquidity risk, and cash flow risk, considering its potential impact on the business. In particular, the Board ensures that, by managing client relationships effectively, income and profit streams are maintained, and accordingly the demand for natural and built asset design and consultancy services is maintained.

The LLP's policy in respect of liquidity risk is to maintain intra group financing and readily accessible bank deposit accounts to ensure the LLP has sufficient funds for operations. Cash flow is managed as part of the day to day control procedures, and the board ensure that appropriate facilities are available to be drawn upon as necessary.

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

Notes to the financial statements (continued)

For the year ended 31 December 2022

2. Summary of significant accounting policies (continued)

2.16 Related party transactions

The LLP discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

2.17 Post-retirement benefits

Certain of the employees of Arcadis Human Resources Limited provided to the LLP participate in the EC Harris Group Pension Scheme which provides benefits based on final pensionable pay. The plan is closed for future accrual from 31 January 2011. The assets of the scheme are held separately from those of the LLP.

The LLP is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

2.18 Foreign currency translation

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on retranslation are included in the income statement. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

The financial statements are presented in sterling to the nearest thousand (£'000).

2.19 Critical accounting judgements and estimation uncertainty

The LLP makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a 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 tangible assets

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 when 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 the property plant and equipment and note 2.8 for the useful economic lives for each class of assets.

(b) Carrying value of trade receivables, accrued income and other receivables

The LLP makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 11 for the net carrying amount of the debtors and associated impairment provision.

Notes to the financial statements (continued)

For the year ended 31 December 2022

2. Summary of significant accounting policies (continued)**2.19 Critical accounting judgements and estimation uncertainty (continued)****(c) Carrying value of goodwill**

The LLP tests annually whether goodwill has suffered any impairment, in accordance with the LLP's accounting policy.

In determining the recoverable amount of all cash generating units it is necessary to make a series of assumptions to estimate the present value of future cash flows. In each case, these key assumptions have been made by management reflecting past experience and future expectations. The main assumptions within forecast operating cash flows include the achievement of future sales, the costs to be incurred and the anticipated after-tax profit.

(d) Revenue recognition

The LLP 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 LLP to estimate the work performed to date as a proportion of the expected work for the whole contract. The LLP 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 LLP'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 LLP's financial statements.

When it is probable that total contract costs will exceed total contract revenue, the expected loss shall be recognised as an expense immediately.

3. Turnover

Geographical split of turnover:

	2022	2021
	£'000	£'000
United Kingdom	138,547	143,844
Rest of Europe	1,324	1,901
Rest of the World	1,054	1,797
	140,925	147,542
	2022	2021
	£'000	£'000
Contract revenue	125,219	128,907
Services provided to UK group companies	15,706	18,635
	140,925	147,542

Notes to the financial statements (continued)

For the year ended 31 December 2022

4. Operating profit

This has been stated after charging/(crediting):

	2022	2021
	£'000	£'000
Staff costs (note 5)	64,362	71,433
Depreciation of tangible assets	87	88
Amortisation of intangible assets	-	8,010
Movement in provision for doubtful debts	(6)	(92)
Foreign exchange (gains)/losses	(50)	137
Subcontracting costs	29,035	25,457
Intercompany charges	5,567	4,627
Other operating income	(3,000)	-
Operating lease charges – land & buildings	570	1,640

Operating lease charges include recharged amounts from other entities in the group headed by Arcadis UK (Holdings) Limited.

Other operating income of £3,000k (2021: £nil) relates to a settlement agreement associated with an internal business line.

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

Auditors' remuneration of £137k (2021: £131k) was incurred by the LLP in respect of audit work performed for other group Companies. No fees were payable to the LLP's auditors and its associates for any other services in the current or prior years.

5. Staff costs

	2022	2021
	£'000	£'000
Staff costs consist of:		
Management charge for provision of staff	64,362	71,433

All of the LLP's staff are employed by Arcadis Human Resources Limited. The management charge for the provision of staff is payable in respect of these costs.

Notes to the financial statements (continued)**For the year ended 31 December 2022****6. Finance costs - net**

	2022	2021
	£'000	£'000
Interest expense	30	5
Total finance costs - net	30	5

7. Profit for the year before members' remuneration and profit shares

Profits are shared among the members each period in accordance with agreed profit sharing arrangements and include interest on members' funds, as illustrated in the table below:

	2022	2021
	£'000	£'000
Remuneration including employment and retirement benefit costs	18,498	22,941
Interest on capital	287	230
Profit share (automatic division of profits)	8,216	11,296
Total members' remuneration	27,001	34,467
Less:		
Amounts absorbed by corporate member	(6)	(9,346)
Members' remuneration charged as an expense in the Statement of comprehensive income	26,995	25,121

The average number of members during the year was:

	2022	2021
	Number	Number
Full members	115	131

Notes to the financial statements (continued)

For the year ended 31 December 2022

7. Profit for the year before members' remuneration and profit shares (continued)

The amount of profit attributable to the member with the largest entitlement was:

	2022 £'000	2021 £'000
Profit share	986	835

The 2022 profit share disclosed above has been calculated by reference to the 2021 profit share, which was allocated to individual members and paid during 2022, along with their remuneration and interest on capital for 2022.

8. Taxation on profit on ordinary activities

The financial statements do not incorporate any charge or liability for Income or Corporation tax on the results of the LLP, as the relevant tax is the responsibility of the individual members and the corporate member.

9. Intangible assets

	Goodwill £'000	Total £'000
Cost		
At beginning of year	96,119	96,119
At end of year	<u>96,119</u>	<u>96,119</u>
Accumulated amortisation		
At beginning of year	96,119	96,119
At end of year	<u>96,119</u>	<u>96,119</u>
Net book value		
At 31 December 2021	-	-
At 31 December 2022	<u>-</u>	<u>-</u>

Notes to the financial statements (continued)
For the year ended 31 December 2022

10. Tangible assets

2022	Restoration assets £'000	Total £'000
Cost		
At beginning of year	828	828
Additions	-	-
Disposals	-	-
At end of year	<u>828</u>	<u>828</u>
Accumulated depreciation		
At beginning of year	123	123
Charge for the year	87	87
Disposals	-	-
At end of year	<u>210</u>	<u>210</u>
Net book value		
At 31 December 2021	705	705
At 31 December 2022	<u>618</u>	<u>618</u>

Notes to the financial statements (continued)
For the year ended 31 December 2022

11. Debtors

	2022 £'000	2021 £'000
Trade debtors	12,212	14,262
Amounts owed by group undertakings	78,209	75,614
Other debtors	-	-
Prepayments and accrued income	9,676	10,414
	100,097	100,290

All 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 £102k (2021: £127k).

12. Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Trade creditors	9,690	7,900
Amounts owed to group undertakings	5,079	24,518
Taxation and social security	17,448	15,694
Accruals and deferred income	35,124	26,017
	67,341	74,129

Amounts due 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 2022

13. Provisions for liabilities

	Restructuring £'000	Legal and similar costs £'000	Dilapidations £'000	Total £'000
At 1 January 2021	-	46	1,605	1,651
Provided during the year	66	558	1	625
Released during the year	-	(46)	-	(46)
Additional liability capitalised during the year	-	-	-	-
Utilised during the year	-	-	-	-
Unwinding of discount	-	-	18	18
At 31 December 2021	66	558	1,624	2,248
At 1 January 2022	66	558	1,624	2,248
Provided during the year	-	-	-	-
Released during the year	-	-	(103)	(103)
Additional liability capitalised during the year	-	-	-	-
Utilised during the year	(66)	(15)	(85)	(166)
Unwinding of discount	-	-	18	18
At 31 December 2022	-	543	1,454	1,997

Restructuring

The provision comprises partner termination payments.

Legal and similar costs

These provisions represent the amount provided for on claims from clients whereby they are not satisfied with the services provided by Arcadis LLP. The provisions are management's best estimates of the financial risk at the balance sheet date (see note 2.11). These provisions are kept under continuous review.

Notes to the financial statements (continued)

For the year ended 31 December 2022

13. Provisions for liabilities (continued)

Dilapidations provisions

The provision relates to repairs and reinstatement costs in respect of the LLP's offices. Amounts capitalised represent the present obligation to reinstate the leasehold properties. The remainder of the liability is being accrued over the remaining life of the lease. The provision has been recognised at present value and a corresponding asset has been recognised (see note 10). Of the total of £1.5m, £0.1m is designated as current (2021: £0.7m).

14. Members' interests

2021	Loans and other debts due to members £'000	Total £'000
Members' capital classified as a liability	26,732	26,732
Other amounts due to members	21,240	21,240
Balance at 1 January 2021	47,972	47,972
Members' remuneration charged as an expense including employment and retirement benefit costs	25,121	25,121
Members' interest after profit for the year	73,093	73,093
Members' capital introduced	70	70
Members' capital repaid	(335)	(335)
Drawings and distributions	(32,718)	(32,718)
Closing balance as at 31 December 2021	40,110	40,110
Members' capital classified as a liability	19,539	19,539
Other amounts due to members	20,571	20,571
Closing balance as at 31 December 2021	40,110	40,110

Notes to the financial statements (continued)

For the year ended 31 December 2022

14. Members' interests (continued)

2022	Loans and other debts due to members £'000	Total £'000
Members' capital classified as a liability	19,539	19,539
Other amounts due to members	20,571	20,571
Balance at 1 January 2022	40,110	40,110
Members' remuneration charged as an expense including employment and retirement benefit costs	26,995	26,995
Members' interest after profit for the year	67,105	67,105
Members' capital introduced	-	-
Members' capital repaid	(2,295)	(2,295)
Drawings and distributions	(27,904)	(27,904)
Closing balance as at 31 December 2022	36,906	36,906
Members' capital classified as a liability	19,585	19,585
Other amounts due to members	17,321	17,321
Closing balance as at 31 December 2022	36,906	36,906

All members are obliged to contribute capital on admission to Arcadis LLP.

The basis on which profits are allocated is described in note 2.14. Information concerning distributions to members and the number of members is given in note 7.

In the event of a winding up, loans and other debts due to members rank equally with unsecured creditors and no additional protection is afforded to creditors. Members' capital contributions are determined by the Management Board having regard, inter alia, to the working capital needs of the business.

15. Capital and other commitments

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

	Land and buildings 2022 £'000	Other 2022 £'000	Land and buildings 2021 £'000	Other 2021 £'000
Within one year	3,283	35	1,154	62
In two to five years	12,259	-	12,729	22
Over 5 years	7,715	-	10,528	-
	23,257	35	24,411	84

Notes to the financial statements (continued)

For the year ended 31 December 2022

16. Contingent liabilities

The LLP is involved in various legal claims and proceedings as a result of its normal course of business, either as a claimant or a defendant. The LLP ensures that these cases are firmly defended.

All legal claims are assessed on a regular basis in consultation with in-house and outside legal counsels.

Provisions are accrued for only where management believe it is probable that a liability has occurred and can be estimated reliably (see note 2.12).

Since the ultimate disposition of asserted claims cannot be predicted with certainty, final settlement can differ from the estimate, and could require revisions to the estimated provision. This could have a material effect on the LLP's financial position.

The LLP communicates regularly with HMRC to ensure it continues to maintain a compliant tax position, including recent discussions concerning the salaried member rules.

The LLP has no contingent liabilities at year end.

17. Related party transactions

TECHT Limited is an associated undertaking, 50% owned by a subsidiary of Arcadis N.V., the LLP's ultimate parent undertaking.

Arcadis LLP has made sales to TECHT Limited totalling £Nil (2021: £Nil) in the year.

At the year-end TECHT Limited owed Arcadis LLP £Nil (2021: £Nil).

Advantage has been taken of the exemption from disclosing transactions and balances with other group undertakings as permitted by FRS 102, paragraph 33.1A.

18. Post-retirement benefits

Certain employees of Arcadis Human Resources Limited provided to the LLP participated in the EC Harris Group Pension Scheme which provides benefits based on final pensionable pay. Because the LLP is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis the scheme has been accounted for, in these financial statements, as if the scheme was a defined contribution scheme. The plan was closed for future accrual as from 31 January 2011.

The latest actuarial valuation was carried out at 5 April 2021 and was updated for IAS 19 purposes to 31 December 2022 by a qualified independent actuary. The assumptions used for IAS 19 are broadly consistent with the requirements of FRS 102. The total scheme deficit as at 5 April 2021 was £4,200,000.

Contributions to the pension scheme were £1,293,000 (2021: £1,521,000). The contributions for 2023, under the current deficit recovery plan, will be £1,404,000.

Notes to the financial statements (continued)

For the year ended 31 December 2022

19. Financial instruments

The LLP has the following financial instruments:

	2022	2021
	£'000	£'000
Financial assets that are debt instruments measured at amortised cost		
- Trade receivables	12,212	14,262
- Amounts owed by group undertakings	78,389	75,614
- Prepayments and accrued income	9,677	10,414
	100,278	100,290
	2022	2021
	£'000	£'000
Financial liabilities measured at amortised cost		
- Trade creditors	9,690	7,900
- Amounts owed to group undertakings	5,259	24,518
- Taxation and social security	17,448	15,694
- Accruals and deferred income	32,124	26,017
	64,521	74,129

20. Post balance sheet events

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

21. Controlling parties

The LLP's immediate parent undertaking is Arcadis (BAC) Limited, 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 LLP are consolidated is that headed by Arcadis N.V. Registered address:

Arcadis N.V.
Gustav Mahlerplein 97
1082 MS Amsterdam,
The Netherlands

The consolidated financial statements of Arcadis N.V. are available at: www.arcadis.com.