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Arup Group Limited

Financial Statements and Reports

For the year ended 31 March 2022

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Chair's foreword

A challenging and rewarding year

What did last year teach us? The power of resilience, and especially the resilience of our people, in the face of unforeseen events. The *wisdom of being adaptable*. The *satisfaction of making progress* as we focus on what matters most – working with our clients and partners to plan, design and build a sustainable future.

Commercial performance

We achieved a return to our pre-pandemic growth during the year ending 31 March 2022. Our global income (revenue and other income) grew by over 9% to £1.9bn and we recorded a 10.1% operating profit before global profit-share.

This strong financial performance was achieved during a year when, once again, lengthy lockdowns were in place across several geographies within which we operate. Our focus on supporting our clients as their strategies evolved and empowering our people to be adaptable and to protect their wellbeing were instrumental in achieving this growth.

The war in Ukraine began during this reporting period, but financial implications for Arup were modest. Our international network of offices did not include any in Russia and we withdrew from the *small number of projects in the country*. We introduced additional due diligence to ensure all our work and procurement complies fully with economic sanctions.

Humane organisation

One of Arup's core values is to be a humane organisation. Our members' response to the war in Ukraine and other humanitarian tragedies was significant last year. Many members took practical action to support refugees in their communities and to fund-raise.

Through our Community Engagement Programme and matching funding programme, together with our members we donated over £300,000 to UN-endorsed humanitarian programmes working with those affected by the war in Ukraine. This response was informed by earlier programmes we had initiated to support Rohingya refugees from Myanmar, those seeking new futures outside Afghanistan, and refugee communities in Greece, Jordan, and Lebanon.

Our experience of the COVID-19 pandemic, combined with other unforeseen changes that so many of us have faced, have acted as powerful reminders of the importance of mental, emotional, and social support. Last year, we introduced global wellbeing commitments designed to promote an environment in which taking action to protect the personal wellbeing of our members is part of the way we all work.

We are empowering our members to operate a new hybrid working model in ways that work for both our clients and our teams. This model gives our members greater flexibility in deciding how and where they work, while also recognising the value of being together in person. Our digital tools have been instrumental in facilitating our members' adaptability and flexibility. I was delighted that our digital technology team, which operates as one global network, was awarded 'IT Team of the Year' at the UK IT Industry Awards and that the team's leader, Rob Greig, was named 'Chief Information Officer of the Year'.

Arup was also named Britain's Most Admired Company 2021 in Management Today's respected annual study into corporate reputation. This is a particularly pleasing award as it is founded on an extensive survey of business leaders who rate the performance of competitors in their sector.

Committing to climate action

In November 2021, Arup experts and leaders participated in the United Nations climate change conference, COP26. At this global gathering in Glasgow, we made two important decarbonisation commitments that are shaping our contribution to climate action.

Our first commitment focuses on making net zero buildings a reality. Recognising our significant influence over the design of new and existing buildings, we committed to applying whole lifecycle carbon assessment techniques to our building design projects. Since COP26, this commitment has driven globally significant work by more than a thousand Arup members, work that is advancing the collection and analysis of datasets that have the potential to facilitate the property sector's next steps toward implementing net zero goals. We must move beyond target setting and into climate action, and as a member of the UN Race to Zero campaign we are pushing hard to make that a reality.

Our second COP26 commitment focused on our work for the energy sector. Arup's global energy business continues to grow, and we are committed to supporting full decarbonisation of the world's energy and power systems. In support of the global energy transition, we committed to not pursuing work that supports the extraction, refinement, or transportation of hydrocarbon-based fuels. All our work in the energy sector is now about advancing the energy transition and we are working closely with existing and new clients across the energy industry to implement the solutions that will minimise future emissions.

Our contribution to the conference also included working with the COP26 Presidency team as sustainability consultant, in partnership with others. Using international standard ISO 20121, we developed the most advanced carbon management plan for any UN climate change conference to-date and we worked closely with the conference organisers to improve the sustainability of goods and services procured for Glasgow. Independent verification by the British Standards Institute allowed us and the COP26 Presidency to evidence the positive impacts this approach had; it is clear that the sustainability of major events can and should be strengthened, with *carbon management as a primary tool*.

Contributing to sustainable development

In addition to these climate change actions it is clear, reflecting on projects we undertook for clients last year, that our collective expertise is increasingly channelled toward our goal to move the world closer to sustainable development. Examples range from our work to create a decarbonisation strategy for three Great Barrier Reef islands to our artificial intelligence land-use analysis tool, Terrain, which we are using to understand why some of the world's largest cities are more at risk of climate change-driven flooding than others.

Digital solutions include Charge4All, that works to establish an equitable approach for the selection of kerbside locations for installation of electric vehicle charging infrastructure in Los Angeles, while our sea level rise tool seeks to incorporate uncertainty over future sea level in specific locations within local decision making.

Our Circular Buildings Toolkit, developed with our partners the Ellen MacArthur Foundation, is helping designers, construction clients and asset owners to put circular economy principles into practice.

Continued innovation

It was fantastic for our teams to be recognised for their work on projects such as M+, Hong Kong's new museum of visual culture, which won the non-residential Grand Award at the Hong Kong Institution of Engineers' Structural Excellence Awards. The British Council for Offices named Derwent London's 80 Charlotte Street 'best commercial workplace' in the United Kingdom. We provided a wide range of engineering and technical specialist services for this operationally net zero carbon building, where we are a main tenant.

MX3D Bridge is a striking new addition to Amsterdam's city centre. The world's first 3D printed steel bridge has proven that it is possible to print safe, large-scale structures in metal, reducing waste and achieving shapes that cannot be formed using standard methods of steel manufacturing.

In what has been an incredibly challenging period for the aviation industry, Arup has continued to provide a diverse range of multidisciplinary services in support of major aviation projects. With Delta Air Lines, our recent work includes Terminal C at LaGuardia Airport in New York and the first major phase of Delta Sky Way at LAX, both of which opened in 2022. Critical to the success of both projects was the months of extensive process development, training, and familiarisation with our client and stakeholders by our operational readiness activation and transition team.

Change is a certainty

The drivers of global change continue to exert powerful and often unpredictable pressures on our social, political, and economic systems. Whether it is climate change, urbanisation, loss of nature and biodiversity, or social movements to address inequality, the environment within which we operate has been changing – and there is more change ahead.

Arup's members are people who want to shape a better world. We do this by focusing on how our work with clients and partners can allow them to thrive while contributing to rapid climate action, greater social value, and deeper resilience.



Alan James Belfield

Chair, Arup Group Limited

1 November 2022

Registered office: 8 Fitzroy Street, London, W1T 4BJ, United Kingdom

Strategic report

The directors present their strategic report for Arup Group Limited. (the "Company") together with its subsidiaries (the "Arup Group" or "Group") for the year ended 31 March 2022 which has been approved by the board of directors (the "Board").

Review of the business

These are the results for the Group for the financial year ended 31 March 2022. The results show a profit for the financial year after exceptional items of £18.3m (2021: £35.8m); the underlying profit for the year before profit-share, interest, income tax, depreciation and amortisation, share of investments accounted for using the equity method and exceptional items was £255.1m (2021: £266.4m). The net assets as at 31 March 2022 are £394.7m (2021: £315.7m).

We have been successful in adapting to the COVID-19 pandemic that continued to impact us operationally during the year, including direct and indirect effects on our people and our clients; travel restrictions and lockdowns; and temporary closure and re-opening of offices. Business has returned to growth, profitability has been maintained, and our future workload remains strong.

The escalation of geopolitical tensions towards the end of the year, and the Ukraine conflict in particular, together with rising energy prices, interest rates and inflation are expected to continue contributing to an unsettled economic climate and market conditions.

Risk management

Formal risk reporting and management is embedded within Arup Group's management bodies so that emerging risks can be identified, escalated and addressed as appropriate. Oversight is carried out by the Risk committee that reports to the Board. Further details are provided within the 'Opportunities and risks' section within the governance report.

The principal area of risk and operating uncertainty for the Arup Group is its ability to continue to secure new projects and deliver the performance of existing projects in line with management's objectives. To monitor these, the directors use the following key performance indicators ("KPIs") which are monitored at the Group level:

- Revenue and profit per person are financial KPIs used to monitor the continued contribution to the Group. In calculating profit per person, profit is stated before income tax of £36.7m (2021: £54.0m), dividends of £nil (2021: £nil) and the global profit-share scheme cost of £143.1m (2021: £97.7m). For the year ended 31 March 2022, revenue per person was £127k (2021: £112k) and profit per person was £12k (2021: £10k).
- Staff turnover is a key non-financial measure of the Group's performance. For the year ended 31 March 2022, staff turnover was 12.2% (2021: 13.1%).

The KPIs used within Arup Group are being reviewed with the intention to provide a broader range of metrics that align more closely with our strategy and plans, as well as our operational performance. Consideration will be given to whether any of these internal KPIs are appropriate, and can be reported on consistently, to be included within future statutory reporting.

The ability to continue to secure new projects remains a key risk going forward. Uncertainties include both the volume of new work that can be secured and the continuation of existing projects, and new trade barriers, sanctions and similar challenges may increase the complexities of international trade and mobility of our employees ("members"). The situation continues to be monitored closely and actions taken as needed to balance costs, staffing and revenue. Current workload is remaining broadly steady, and the directors expect the Group to remain resilient for the foreseeable future.

The Company keeps current and emerging risk themes under close review. Risk areas prioritised for particular attention include climate change, energy costs, geo-political influences, service delivery, reputation and technological resilience. An Arup Group Risk Management Framework is in place, and subsidiaries are engaged directly in activities as applicable.

Section 172(1) statement

The Board consider collectively and individually that they have made decisions during the financial year to 31 March 2022 that they consider would be most likely to promote the success of the Company for the benefit of its stakeholders as a whole, having regard to the matters set out in S.172 (1) (a) to (f). This is set out in the 'Policies in practice' and 'Building successful relationships' sections within our governance report.

Employee and other stakeholder engagement

Our commitment to shaping a better world shapes the choices that we make at all levels in Arup Group: in the work that we do and the way that we do it; in our investment into our membership; in the quality of our relationships with clients and collaborators; and in the decisions of all the bodies tasked with managing the Arup Group.

The Board sets the framework within which the day-to-day operational management, including employee and stakeholder engagement, is carried out by management teams on its behalf.

Further details on our employees and other stakeholders and how we engage with them is provided in the 'Building successful relationships' section in our governance report.

By order of the Board



Martin James Ansley-Young

Secretary

1 November 2022

Registered office: 8 Fitzroy Street, London, W1T 4BJ, United Kingdom

Directors' report

The directors present their directors' report together with the audited financial statements for Arup Group Limited (the "Company") together with its subsidiaries (the "Arup Group" or "Group") for the year ended 31 March 2022 which was approved by the board of directors (the "Board").

The directors confirm that to the best of their knowledge the Financial Statements and Reports, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

Principal activities

The Group practices in the field of design and consulting engineering services, in architecture and other related professional skills.

General information

The Company is a private limited company registered in England and Wales under company number 1312454 at registered address 8 Fitzroy Street, London, W1T 4BJ, United Kingdom.

The capital of the Company is divided into equity shares, which are held in trust for the benefit of the employees (past and present) of the Group, and voting shares, which are held by Ove Arup Partnership Charitable Trust.

Future developments

The Group will continue to operate in similar markets and will develop new services that meet market needs. To ensure that the Group is positioned for long term success the Board takes into account a broad range of factors including: the level of committed work and future work prospects; Arup Group's reputation and our ability to attract good quality projects and clients; the diversification of the business by service, business sector and geography; actual and projected cashflow and the sufficiency of access to financial resources; and our ability to attract and retain highly talented employees ("members").

Dividends

Any dividend payments have been disclosed in note 34 to the financial statements.

Directors

The directors of the Company during the year and up to the date of signing these financial statements were as follows:

Belfield, Alan James
 Carfrae, Tristram George Allen
 Coughlan, Paul Anthony
 Cousins, Fiona Mary
 Dedring, Isabel
 Frost, Jerome Anthony
 Hinkers, Eva Maria (Appointed 01 April 2021)
 Howard, Andrew Simon (Appointed 01 April 2021)
 Kwok, Ka Yue Michael
 Mitchell, Dervilla Mary
 Whyte, Thomas John Fergal

Chung, Cordelia (independent non-executive director)
 Stone, Timothy John (independent non-executive director)

Directors' remuneration

Directors' remuneration has been disclosed in note 8 to the financial statements.

Directors' indemnities

As permitted by the Company's Articles of Association, the directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by section 234 of the UK Companies Act 2006.

The indemnity was in force throughout the financial year and is currently in force.

The Arup Group also purchased and maintained throughout the financial year Directors' and Officers' Liability Insurance in respect of itself, its directors and officers.

Independent auditors

The Company's independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office for another financial year following the Audit committee's recommendation and the directors' resolution to re-appoint them in April 2022. More information on the tender process undertaken is detailed in the governance report.

Financial risk management

The Group's financial assets and liabilities comprise cash at bank, contract assets, trade and other receivables and trade and other payables, the main purpose of which is to maintain adequate finance for the Group's operations. The Group is exposed to a number of financial risks and actively mitigates the risk of financial loss. The key aspects of these risks and mitigations are:

- Foreign exchange risk: where possible the Group matches its currency earnings with currency costs. Where this is not possible, appropriate derivative contracts may be used. There is no speculative use of financial instruments;
- Interest rate risk: the Group currently does not hedge interest rate risk, however the need to do so is regularly reviewed;
- Credit risk: the main exposure to credit risk is on amounts due from customers. Controls and procedures are in place to mitigate this risk. Cash investments are held with banks with a minimum credit rating of A-3 / P2; and
- Liquidity risk: cash flow forecasts are prepared to ensure that sufficient funds are available to meet the Group's liabilities as and when they fall due.

Note 2.4 to the financial statements provides further information on accounting for exchange rate differences.

Going concern

These financial statements have been prepared on the going concern basis. Note 2 in the notes to the financial statements provides further information.

Governance statement

We apply our own corporate governance framework, that is based upon the same principles of good governance and long-term sustainable success as those reflected in the UK Corporate Governance Code 2018.

The Company's statement on corporate governance is set out in the governance report. The governance report and Board remuneration committee report form part of this directors' report and are incorporated into it by cross-reference.

A governance framework is also in place for subsidiary companies in Arup Group to ensure that Arup Group's values, policies and processes are adhered to, and our members and businesses act in a clear, accountable and consistent manner.

Research and development

The Group invests in a global research programme which underpins the strategy. This is managed by a research faculty within Arup University who administer the award of funds, the research techniques utilised, and the communication of the research throughout the Group (for further details please refer to the governance report).

In addition, the Group engages in research and development as required to complete projects during the normal course of business. Costs incurred in research are immediately expensed to the income statement, whilst development costs are assessed for capitalisation against the criteria of International Accounting Standard ("IAS") 38 'Intangible Assets'.

Employees

Arup is owned by Trusts for the benefit of Arup employees (our "members"). The directors are responsible for assuring themselves that the adoption of the Arup Group policies and their implementation by the management team enable the Company to fulfil all statutory duties and other legal requirements relevant to the members and prospective members.

All members and prospective members receive equal treatment regardless of factors including, but not limited to, age, disability, gender reassignment, marital or civil partner status, pregnancy or maternity, race, colour, nationality, ethnic or national origin, religion or belief, sex or sexual orientation. Regular monitoring reports are provided by the management team to the Board, including matters related to member health, safety and wellbeing, and diversity and inclusion.

Arup Group's policies, and commitments to our members and prospective members, are detailed in the 'Group policies', 'Our members' and 'Diversity and inclusion' sections within our governance report.

The 'Employee and other stakeholder engagement' section within the strategic report provides details of the Company's engagement with members.

Carbon emissions

In October 2019 the Arup Group committed to be a net zero carbon organisation by 2030, and that we would reduce absolute scope 1 and 2 Greenhouse Gas ("GHG") emissions 30% by 2025 from a 2018/19 baseline year. The Arup Group has also committed to

reduce absolute scope 3 GHG emissions 30% by 2025 from a 2018/19 baseline year; this includes a target to reduce business travel by 50% from the baseline.

Further details of Arup Group's commitments to achieve Net Zero including our Net Zero Carbon Strategy and our Net Zero GHG Emissions Statement, can be found in the 'Our global commitments' section on Arup.com.

The total carbon footprint of Arup Group, for the financial year ended 31 March 2022 amounts to 165,110 tonnes of carbon dioxide equivalent (tCO₂e). As the 2020/21 financial year was anomalous given the significant changes to our ways of working, this summary compares our 2021/22 data against the 2018/19 baseline year. Our 2021/22 emissions represent an absolute 14% decrease on our baseline. The firm has grown over the period, so this equates to a 31% reduction in per capita emissions.

Arup Group aims to reduce global emissions by 58,000 tCO₂e by 2025 as compared to 2018/19. This trajectory is on track with a decrease of approximately 26,839 tCO₂e in 2021/2022 from the baseline. The emission sources that have seen greatest change are business travel (-82%) and employee commuting (-64%) noting that COVID-19 has significantly altered travel patterns. Due to the change in working arrangements the majority of our members are now working from home for part of the week, so this year we have included emissions from home working in our carbon footprint for the first time.

There is a 12% decrease in emissions across the total Scope 1 and 2 emissions from the baseline year. Scope 3 has reduced by 14% from the baseline year primarily due to the significant decrease in business travel. Purchased goods and services (within Scope 3) continue to be the vast majority of emissions at 86% of Arup Group's total.

Scope	2022	2021	2020	2019 (2018/19 baseline year)
Headcount ¹	17,208	15,968	16,556	13,747
Emissions per capita tCO ₂ e	9.6	7.7	12.7	13.9
Scope 1 tCO ₂ e	1,669	1,172	1,654	1,416
Scope 2 tCO ₂ e	6,221	5,839	7,765	7,531
Scope 3 tCO ₂ e	157,221	116,290	200,334	182,715
TOTAL tCO ₂ e	165,110	123,301	209,753	191,662

1. Headcount includes employees, agency staff and government site-based staff.

This year our priority is to reduce our Scope 3 (Purchased goods and services) by ensuring our key suppliers are equally committed to reducing carbon emissions, as well as improving data collection to inform our spending decisions and our reporting.

Significant effort is also being set on avoiding an upward trend in our emissions going forward, as we experience higher return to our offices and business travel. Arup Group will continue to look ahead to our 10-year target of Net Zero by 2030.

Streamlined Energy and Carbon Report (SECR)

The Group is required to report the emissions deriving from our operations in the United Kingdom focussing on the energy and carbon indicators mandated by the SECR:

Scope	2022	2021
UK energy use kWh ¹	13,666,750	12,526,348
Associated GHG emissions ² tCO ₂ e	2,833	2,738
Intensity ratio tCO ₂ e per m ² net lettable area	0.06	0.05

- 1 Energy use associated with combustion of gas, combustion of fuel used for fleet vehicles and grey fleet (hire vehicles and personal mileage), electricity consumption and district heating for Ove Arup & Partners International Limited.
- 2 Associated GHG have been calculated using the GHG Protocol Corporate Accounting and Reporting Standard and UK Government GHG Conversion Factors for Company Reporting 2021.

During the year, the following energy efficiency actions were taken for the United Kingdom operating subsidiary Ove Arup & Partners International Limited:

- Although overall energy use increased in 2022 from 2021 levels, the previous financial year was anomalous due to restrictions associated with the COVID-19 pandemic, and so the current figures represent a continued downward trend when compared to the 2020 energy use figures;
- Business travel is being closely monitored to ensure we maintain our target to keep business travel emissions below 50% of pre-pandemic levels. Through supplier partnerships we are increasing the use of more efficient, electric and plug-in hybrid vehicles for business travel;
- One of the largest UK offices has moved to more energy efficient, EPC B rated and BREEAM Excellent building. This is an all-electric building and uses air source heat pumps for heating and cooling which will support future portfolio decarbonisation;
- A number of future office moves are being planned. Energy efficiency and future net zero carbon buildings are priorities for these moves;
- Energy efficiency continues to be prioritised in existing office space, with ongoing programmes of retrofit for LED and PIR sensors in offices where payback can be achieved within existing lease terms.

Responding to climate change

In addition to the significant impact that we can make through our professional services work we need to be able to demonstrate that we are acting responsibly as a business in terms of our impact on the environment and society.

We have conducted a review of our reporting against several ESG frameworks, and we intend to publish a separate report during 2022/23 to provide our stakeholders with a holistic view of our performance and KPIs in these areas. For 2023/24 we plan to extend that reporting to include nature and biodiversity goals.

While the landscape of ESG reporting is evolving rapidly, changes in UK regulations will result in Arup Group Limited becoming subject to mandatory climate disclosures for the year ending 31 March 2024. We are in the process of assessing the actions that will be needed but have chosen to prepare an initial response in these financial statements with a view to building on this in successive reports.

Governance

Overall responsibility for our approach to ESG sits with the Board, who have set sustainable development as our strategic priority. Responsibility for specific actions to enable the global delivery of our agreed aims is as follows:

Board	Overall responsibility
Sustainable Development Executive	Directing and overseeing the implementation of 'A better way' (see governance report 'Shaping a better world')
Investment Executive	Prioritising global investment in sustainable development initiatives
Operations Executive	Overseeing the delivery of the Climate Services Plan that focusses on key objectives linked to climate action
Commercial Executive	Overseeing the delivery of our Net Zero Greenhouse Gas commitment
Greenhouse Gas Steering Group	Co-ordinating GHG emissions reduction measures
Risk Committee	Overseeing climate risk identification and mitigation
Global Climate and Sustainability Portfolio leader	Identifying and implementing actions to develop climate and sustainability services and capabilities
Region management boards	Setting targets, driving change and monitoring progress in regions

The Board receives regular reports of progress, with extended sessions held to review progress against agreed milestones and to confirm priorities for the year ahead. The Board also takes key decisions including those noted on Net Zero (see Carbon emissions above), and on whole lifecycle carbon assessments and hydrocarbon fuels (see the Chair's foreword).

Key impacts of climate risk on our business

A series of focus climate risk workshops covering clients and services, supply chain and assets were held with key internal stakeholders during 2020 and 2021. A set of distinct climate risks has been identified, and mitigating actions – many of which are already in progress – are currently being worked through, and that process has informed the following qualitative assessments.

We judge that the likely impact of potential climate risks on short term business continuity, and on our ability to continue to provide professional services effectively, is low. Sensible precautions are in place to protect the limited physical assets that we own against extreme weather events, which we expect to be disruptive rather than business critical, and we do not hold investments or other assets whose value is innately climate dependent.

Climate change is clearly a significant factor in our core business. Decarbonisation and resilience to the effect of changing policy, legislation, and financial criteria as well as physical impact are

increasingly being incorporated as key design parameters. This represents a business opportunity, but also a potential threat in terms of future project claims and or remediation costs – whether in terms of the delivery of our own responsibilities, or indirectly in relation to developments where we provide specialist services.

All Region boards and eight global Portfolio leaders, members of the Operations Executive that reports to the Board, are actively engaged on identifying the risks and opportunities specific to their sectors and constituent businesses as a result of transitioning to low-carbon solutions, as well as the wider implications of the focus on sustainable development.

Wide-ranging initiatives are in progress across the business to enable the positive and meaningful contribution to the United Nations Sustainable Development Goals (“UN SDGs”) to which we have committed, and many of them impact on climate change. These initiatives include significant investment in the knowledge and skills of our people and the systems and processes that support them in delivering sustainable outcomes on our projects, and in the partnerships and collaborations that extend our influence into the wider community. A notable example is our ongoing work with the Cambridge Institute of Sustainability Leadership to develop an Executive Leadership Programme.

Overall, we see that climate change will drive future business growth by increasing the demand for innovative solutions that reduce the carbon contributed by the built environment and that improve its resilience, and therefore the resilience of communities, to climate impacts and other shocks and stresses.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the 'Financial Statements and Reports' 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 Group financial statements in accordance with UK-adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework' ("FRS 101"), and applicable law). In preparing the Group financial statements, the directors have also elected to comply with International Financial Reporting Standards ("IFRS" or "IFRSs") issued by the International Accounting Standards Board ("IASB").

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group 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 UK-adopted international accounting standards and IFRSs issued by IASB have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, 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 Group and Company will continue in business.

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

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

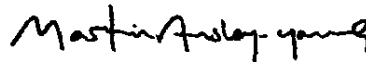
The directors are responsible for the maintenance and integrity of the Arup Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

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

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

By order of the Board



Martin James Ansley-Young

Secretary

1 November 2022

Registered office: 8 Fitzroy Street, London, W1T 4BJ, United Kingdom

Governance report

Values driven

Unique ownership structure

Since 1979 Arup has been owned by Trusts for the benefit of Arup Group employees (our “members”). The directors of the Trusts are collectively referred to as the Trustees.

Trust ownership affords us total independence and the ability to take a long-term view, without external pressures from shareholders or the risk of change in ownership. This provides our clients with confidence in our ability to prioritise their interests, and we have the freedom to shape our own direction and invest in the things we feel matter most: our members, our knowledge, our resources and our communities.

The Trustees appoint the directors of Arup Group Limited (the “Company”) to lead the Company, and to oversee the management of its business through the Company and its subsidiaries (collectively the “Arup Group” or “Group”) in accordance with the Company’s Articles of Association.

The Trustees are not themselves directly involved in management decisions about Arup Group’s operations.

Our culture

For over seventy years, Arup Group has evolved into a unique company with a strong culture, thanks in part to our independence and our shared values. The six aims set out in our founder, Ove Arup’s, Key Speech of 1970, guide us to this day: *quality of work, total architecture, humane organisation, straight and honourable dealings, social usefulness and reasonable prosperity of members* remain the foundation of our culture and continue to motivate and guide us both as individuals and as a membership. The Key Speech is required reading for each person who joins Arup Group.

Today our work, our range of expertise, and our international footprint are all greatly expanded and people’s expectations about their working lives are changing. The Board recognise that as a membership of over 17,000 people, we need to be even more intentional in how we maintain our culture at scale and make sure it is evident in how we behave.

With that in mind, People is one of four ‘pillars’ that underpin our 2020-2023 strategy (refer to ‘Strategy development’ for further details). The actions required are set out in our people strategy which takes all the ambition, excellence, creativity and focus that we deliver on our projects and brings it to bear on how we behave. It is explicit about the culture that we want to maintain and grow and the experience that our members can consistently expect.

Our people strategy is centred on three big ideas, each asking our members to actively do something, to Be Leaders, to Be Human and to Be Arup. Be Leaders articulates what good leadership looks like and encourages everyone, regardless of grade to show and develop positive and inclusive leadership attributes. Be Human encourages our members to develop strong relationships and emphasises the importance of wellbeing and the power of true inclusion (refer to ‘Diversity and inclusion’ for further details). Be Arup is about celebrating what makes us unique whilst always looking to improve; how we harness our skills and creativity as we collaborate to shape a better, more sustainable future (refer to ‘Delivering excellence’ for further details).

Progress on the people strategy is monitored and reported monthly to the Management Board (Arup Group’s operational board) and our global People leadership team, together with our People Executive, is responsible for supporting us in maintaining and continuing to grow a positive culture at Arup Group.

Purpose

Arup Group works across every aspect of the built environment to help our clients solve their most complex challenges – turning exciting ideas into tangible reality. We are driven by our values, and vision to shape a better world; living by Ove Arup’s goal of doing our work “*as well as it can be done*” to push boundaries and produce better, more sustainable, socially valuable, outcomes for everyone it impacts.

As a trust-owned company, we view value through the lens of three of our aims: *quality of work, social usefulness and reasonable prosperity of members*. We define prosperity in its broadest sense and seek clients we enjoy collaborating with, work that is interesting and rewarding, solutions we can be proud of for their contribution to society and fees that recognise the value of what we provide and are sufficient to enable us to reinvest in Arup Group and our members.

In June 2020, the Arup Group Strategy for 2020-2023 was launched, fifty years after Ove Arup delivered his Key Speech. The strategy reaffirms our values and sets out the priorities and approach that will continue to unite our members and make sure we thrive in a changing world. For us, ‘better’ is all about creating a more sustainable future for everyone.

We are on track against our plan, and have made significant progress in all regions and in all parts of the business in operationalising sustainable development as an integral part of our projects, client relationships, businesses, services and operations. Climate change has been prioritised, and significant steps have been taken to advance progress on decarbonisation and towards Net Zero. A plan for skills transformation as a key enabler of our strategic aims is also well advanced (refer to ‘Delivering excellence’ for further details).

The Board recognises that ongoing engagement with our members is fundamental to delivering our purpose and current strategic priorities; interaction opportunities for our members to discuss progress with our Board directors are of mutual value and key to continuously monitoring our culture. Engagement with our members is expanded upon in ‘Our members’.

Shaping a better world

A commitment to sustainable development is a long-established part of our culture, aligning with our aims to be *socially useful* and a *humane organisation*. Ove Arup recognised in 1970 our responsibility to look after the natural environment and the impact the creation of the built environment was having on our planet: “*The battle is on, and it is a crucial battle for mankind*”.

In October 2017 we committed to contribute meaningfully to the UN SDGs. These provide a shared vision of what a better world looks like in 2030 and provide us with a lens through which we can challenge, refine and expand our work. As a provider of professional services focusing on the built environment, our work directly impacts those goals relating to water, energy, cities and transport, while enabling us to contribute to a fairer, more inclusive world and ensuring we safeguard the planet.

Sustainable development is at the heart of the Arup Group strategy, guided by 'A better way', our strategy for embedding sustainable development as part of everything we do. This is underpinned by six principles which guide our decision-making, shape our approach to projects, determine what we invest in, identify the research we prioritise and help us form strong client and partner collaborations which enable us to shape a better world. Our work should strive to:

- improve human health, safety and well-being recognising that this is intrinsically tied to the health of the planet and quality of the built environment;
- transition to a zero carbon economy and a world where everyone has access to clean energy;
- adopt circular economy principles leading to decoupling of economic growth and consumption;
- enhance communities' resilience to climate change and other risks;
- create social value that results in a more inclusive, equitable and just society; and
- respect planetary boundaries, and reverse the damage done to date.

These six principles are implemented through our region plans, services and business strategies, management systems and the application of our Group policies.

We are also developing strategic partnerships that reflect our nature as a purpose-driven organisation, allowing us to shape the debate around the changes needed in urban development and the planning, design and operation of assets to address climate change, nature loss and inequity or achieve the UN SDGs.

So, we seek to work with globally relevant partner organisations that share our own commitment to addressing some of the most intractable problems facing the planet, to pioneer a more sustainably developed built environment. As an organisation that is both technically excellent and socially committed, collaboration with these partner organisations is a powerful way to be present where bigger ideas are debated and amplify our voice on critical topics.

Our current global strategic partner organisations – from the Ellen MacArthur Foundation to Resilience Rising or the World Economic Forum – extend our influence beyond the remit of our typical projects to focus on complex and enduring issues, where shared co-creation and collaboration is needed, and a market-led approach alone may not be the route to the most optimal solution.

Examples of our sustainable development engagement are included in the Chair's foreword.

Our well-established global Community Engagement programme is another embodiment of our long-held commitment to humanitarianism, expressed by Ove Arup as *"a social conscience, a wish to do socially useful work, and to join hands with others fighting for the same values"*.

We work in partnership, empowering and learning from organisations that support the people we aim to benefit, to improve the lives of the most vulnerable, marginalised and disadvantaged people around the world. We use our time, skills and expertise to deliver education, employment and basic infrastructure that provides the essentials for life such as water, sanitation, energy, food security and shelter.

The Board jointly agree with the Trustees the annual priorities for the programme and review progress biannually.

In July 2021, the refreshed Community Engagement strategy was approved. The strategy reinforces Arup's commitment to focus on the most disadvantaged and vulnerable communities, and places added emphasis on the importance of longer-term partnering with charities and NGOs to deliver positive impact at scale.

Growth through 2021/22 saw 205 major projects (investments greater than £1,000) delivered and member participation increasing by 42% on the previous year. Our project partners responded to a survey between January and March 2022 estimating that more than one million people globally will benefit from the projects delivered in the year. We invested £4.6m in delivering our Community Engagement programme over the year and the Board is committed to an increase in budget for 2022/23.

To support the planned growth, in January 2022 the Board agreed to the recruitment of a senior executive to lead the programme. Having a director with responsibility for the programme will enable us to deliver on our ambition to grow and reach underserved communities at scale.

The Community Engagement programme is designed to respond to emerging needs. During 2021/22 we continued to support communities affected by COVID-19. We adapted our global STEM (Science, Technology, Engineering and Mathematics) outreach programmes to be delivered online and supported charities and schools with donations of devices so students from low-income households could access learning.

In addition, following the onset of the current Ukraine crisis in February 2022, we have supported those displaced by the conflict through donations to charities and NGOs working in Ukraine and on its borders. Within the financial year ended 31 March 2022, Arup Group made cash donations totalling £220,000, in addition our staff directly donated £120,000. Donations and fundraising activities will continue in the coming year.

Our continuing priority is to ensure that the projects we co-create, and solutions we propose, deliver lasting value to communities. As communities recover post-pandemic, we continue to focus on how we can apply our digital capabilities and innovate for community benefit. For example, we provided a full-time resource for two weeks to provide remote skilled data analytics and GIS support to the humanitarian response to the catastrophic Haiti earthquake in August 2021 and through our long-standing relationship with Bridges to Prosperity we were able to develop an easy-to-use bridge visualisation tool, developed as an offline application, that provides bridge construction support to rural communities in East Africa. Further details about these projects and the programme can be found online at Arup.com.

Roles and responsibilities

Defined terms of reference for all the key senior management and global roles, boards and committees are not publicly available but are accessible to the Trustees (our shareholders) and our members on our intranet; these terms of reference are agreed by the Board except for those for the Board and its Chair and Deputy Chair(s) that are set by the Trustees.

The Trustees

The Trustees are current and former members drawn from two sources in broadly equal proportion: former Board directors, with the majority being retired, one of whom is elected Trustee Chair; and current members of senior management nominated by our members. The composition of the Trustees reflects the diversity of Arup Group, but individual Trustees do not represent any particular part of the firm. Appointment terms are managed on a staggered basis to ensure some continuity of membership to provide both stability and efficiency.

In March 2022, Jenny Baster and Andrew Chan completed their terms as former Board director Trustees and stepped down. Peter Chamley was appointed from 1 April 2022. Peter has led and delivered infrastructure developments and major civil engineering projects worldwide over the past 40 years. He has served as the Australasia region chair and was a member of the Board from 2014-2021.

In March 2022, Rachel Nicholls came to the end of her term as a Trustee nominated from senior management and stepped down. Veng-Wye Tong and Tülay Hatmaz were appointed from 1 April 2022. Veng-Wye has been with our firm for 40 years. As a member of the Australasia board he supported the development of their race, ethnicity and culture action plan. Tülay is a director in our Istanbul office leading the advisory services team. She has been a member of the Europe board for the past five years, and has professional expertise and experience in project and design management of multidisciplinary and international teams on commercial and residential projects.

In addition, David Whittleton's term as Trustee Chair has been extended to 31 March 2024.

Appointments

The Trustees are responsible for ensuring the Board's composition continues to align with our values and enables the delivery of our strategy. Their decisions are informed by ongoing engagement with the Board and our members, progress against the strategy, and periodic formal reviews of the Board's performance (refer to 'Board engagement with the Trustees' and 'External evaluation' for further details).

Potential executive director candidates are identified from the full population of senior management that is kept under regular review as part of succession planning. Candidates are discussed by the Board and the Trustees, and those short-listed are interviewed by a Nominations committee in order to make a recommendation for appointment by the unanimous decision of the Trustees.

Consideration of individual candidates for appointment to the Board includes a range of factors including leadership that inspires trust and commitment, industry and client recognition for excellence, strategic insight, and the complementary skills and diverse perspectives they bring alongside their capacity to perform the role.

A small number of non-executive directors ("NEDs") are appointed to bring an external perspective and constructive challenge which aids comprehensive discourse. Potential candidates for NED roles are identified by the Board through an external consultant, in consultation with the Trustees, and interviewed to decide on their appointment by the Trustees. Checks are carried out to confirm the availability to commit sufficient time to perform the role and on any potential conflict of interest.

Chair and Deputy Chair(s) appointments are handled by a Nominations committee of the Trustees that may include specialist external advisors. The Nominations committee consults with all Board directors and Trustees to identify individual views on suitable candidates, and the Trustees discuss the outcome of that consultation and shortlist candidates for interview and formal assessment. The Nominations committee makes recommendations for appointment by the unanimous decision of the Trustees.

The Chair is appointed for an initial term of three years which can be extended for one or two years up to a maximum of five years; appointees will typically have served on the Board prior to this.

The Board acts collectively as an executive team, and the primary role of the Chair is to facilitate that process. This model differs from the conventional mix of Chair and CEO roles, where the independence of the former is a necessary check on the authority of the latter (refer to 'The Board' for further details). Terms as Board member and Chair are considered as separate matters by the Trustees to enable the best combination of Board membership and Chair at any point in time.

Board directors are normally appointed for an initial term of three years; the same timeframe applied throughout Arup Group for individuals taking on a broad range of senior leadership responsibilities. This is considered to be a sensible period over which to demonstrate meaningful and sustainable impact. Annual re-election is not required. It is expected that executive directors will typically serve for six to nine years, but with shorter or longer terms agreed as appropriate to balance fresh thinking with continuity and Board experience.

Re-appointments are determined by the Trustees as Board directors approach the end of their term. Individual performance is assessed through the formal appraisal process (refer to 'Board engagement with the Trustees' for further details) and informal one-to-one discussions by the Trustee Chair with the Board directors. This is considered alongside the current and future Board composition.

Alan Belfield's term as Chair, and Tristram Carfrae's term as Deputy Chair, have been extended for two years to 31 March 2024. Dervilla Mitchell's role as Deputy Chair alongside Tristram Carfrae continues.

Isabel Dedring and Paul Coughlan's terms as Board directors have each been extended for a second three-year term to 31 March 2025.

Tim Stone's role as an NED was extended for one year to 31 March 2023, at which point he will have completed seven years. During the financial year ended 31 March 2022, Tim was chair of the Audit committee and a member of the Risk, Board remuneration, and Investment committees. Cordelia Chung continues as an NED and as a member of the Risk and Board Nominations committee.

Board engagement with the Trustees

Regular engagement with the Trustees is achieved in several ways:

- reports from the Chair to the Trustees three times a year;
- Joint Boards' meetings between the Trustees and Board twice a year;
- monthly meetings between the Chair and the Trustee Chair; and
- joint working on areas of mutual interest e.g. the Community Engagement Programme and the appointment of Fellows (members at the forefront of professional excellence).

Board directors are formally appraised by the Chair on an annual basis following the same process undertaken for all our members including feedback from a number of sources including the external evaluation and Trustees' review. Plans are agreed to address any *individual skills development and / or training needs* that will contribute towards more effective Board composition. The Chair is formally appraised by the Trustee Chair in the same way.

The Trustees are provided with feedback on the performance of individual Board directors by the Chair and in addition, the Trustee Chair attends the appraisals for Board directors nearing the end of their current term. The appraisals are considered by the Trustees, together with other feedback, when determining any potential re-appointments.

The Trustees carry out a formal review of the Board every two to three years as part of our governance arrangements and to help the Board to be as effective as possible. The review process includes an initial survey of senior management and interviews with a random sample of 10% of them to gain their views on the Board's performance; this is followed by interviews with all Board directors and officers. The results of this engagement is used by the Trustees to develop recommendations to the Board and inform the Trustees' appointment decisions (refer to 'Appointments' for further details).

One of the recommendations of the 2020 review was that the Board should play a more active role in directing the implementation of the Arup Strategy. This has been a key focus since the strategy was launched in July 2020, and has been reflected in the organisation changes introduced on 1 April 2022. Good progress has also been made on *defining the Board's role, and the delegation of responsibilities to executives and committees, more clearly*. A full close out report was reviewed at the July 2022 Joint Boards' meeting.

The Board

The Board is responsible for Arup Group's long-term success, financial security, unity, wellbeing and sustainability. The directors of the Board are as set out in the *directors' report*.

Good and fair-minded governance, together with our independence, creates the conditions for our members to flourish, and our Board is responsible for this approach. The composition of the Board has evolved from our origins as a professional services partnership to enable the effective leadership of our business within a trust owned corporate structure. That trust ownership is a key part of our governance in enabling and supporting good stewardship and high standards of corporate behaviour.

The Board operates as an executive team, reaching decisions collectively as a board of equals. All Board directors are expected to attend all Board meetings and to actively contribute and to voice any

relevant views in reaching consensus. As such, no one individual or small group of individuals is able to dominate the Board's decision-making in line with the principle set out in the UK Corporate Governance Code 2018 (the "Code"), notwithstanding that our Board composition differs from the model set out in the Code's provisions.

The majority of the Board is drawn from the senior management within the business so that the Board's decisions can be informed by their breadth of experience - from across Arup Group's business; from their individual advisory, design and engineering disciplines; from client and project work; and of our key sectors and growth areas - together with a granular understanding of our operations. Board directors do not represent the parts of Arup Group where they are operationally engaged, but their individual insights are valuable in determining the direction of Arup Group as a whole. At least as importantly, Board directors have a strong understanding of, and personal commitment to, our values and our culture.

There are currently two independent NEDs on the Board. The Chair meets with the NEDs before each Board meeting to brief them on matters on the agenda to ensure their active participation in board discussions. The NEDs participate in the Board's engagement with individual offices, although that has necessarily been online rather than in person over the course of the last year, as well as joining the annual senior management meeting.

The Chair is responsible for managing the Board and, together with the Deputy Chair(s), for acting on behalf of the Board on a day to day basis between meetings. In particular, the Chair encourages collegial discussion and effective decision-making, identifies *strategic issues needing Board action* and ensures Board directors are appropriately informed on key matters. Many of the operational responsibilities are undertaken by the Chief Operating Officer ("COO") who chairs the Management Board, Arup Group's operational board.

The Board are supported by the Board Secretary (Company Secretary), who they appoint in accordance with the articles of association. All directors are informed at their induction that they can access the advice of the Board Secretary as needed. The Board Secretary also liaises with the Chair to ensure the Board has access to all the information it needs to perform effectively and efficiently. All papers (current and past) are available to Board directors through an online portal.

Board activity

There are four full Board meetings per year, and two meetings held jointly with the Trustees; three additional short interim meetings are also scheduled to address matters needing more urgent decisions, to maintain pace between the full Board meetings, and to set priorities. All meetings have taken place online this year, with shorter sessions, reflecting the global time zones of the participants, held over three or four days. The agenda has been refocussed, and more work has been undertaken through sub-groups in between meetings. All Board directors attended every meeting during the year except for September 2021 (Eva Hinkers) and October 2021 (Isabel Dedring and Eva Hinkers).

Key matters addressed by the Board, in addition to monitoring *progress against our strategy, include market outlook and key client and project matters; significant and emerging risks and progress on existing mitigation measures; oversight of operations and performance; investment funding and allocation; and the profit-sharing arrangements and distribution amount.*

The Board makes all appointments at the senior management level, as well as the members of the management bodies with specific operational or advisory roles.

Significant work has been undertaken during 2021 and 2022 to develop a globally consistent geography-based operational structure together with a common set of external facing portfolios, to strengthen how we connect with our clients, our markets and each other. This will also broaden career and development paths and create new leadership opportunities for our members, enable more agile decision making, and reinforce our focus on technical excellence. The reconfiguration of the executives and committees reporting to the Board, as noted in the Board's response to the Trustees review, was a part of the same process (refer to 'Board engagement with the Trustees' for further details).

Opportunities and risks

The Board is ultimately responsible for oversight of risk and for maintaining a robust risk management and internal control system. Formal risk reporting is embedded within the Company's management bodies so that emerging risks can be identified, escalated and addressed as appropriate. This is underpinned by the Risk committee of the Board who are responsible for our risk management framework whose key objectives are to minimise threats to our business and improve our preparedness for risk events, should they occur. A review was undertaken in 2021 of our approach to risk resulting in a prioritisation of a number of focus risks and more structured coordination across our geographies. Our overall approach integrates economic, environmental and social issues noting that climate change is one of the defined focus risks. The Board continues to receive regular reports from the Risk committee on the efficacy of the systems in practice. See 'Audit, risk and internal control' for further details.

Seven key Arup Group risks have been identified for oversight at Board level: geopolitical risk; technological resilience; technical errors; reputation; solvency; health & safety; and climate risk. Each has a defined risk owner driving the management of the risk and the development and active implementation of pragmatic and impactful response plans with SMART actions.

Our Board directors' diverse operational roles provide day-to-day insight into opportunities and risks, and the Board's decision making is informed by their understanding of the current and future marketplace, client opportunities and industry developments. Reputation and related thematic risks that could affect the firm in significant ways are also kept under review by the Risk committee and the Management Board. Any matters of significance are brought to the attention of the Board.

Strategy development and implementation

The Board is responsible for setting the strategy for Arup Group which sets out the priorities and approach that will continue to unite us and make sure we thrive in a changing world. This is typically reviewed and renewed on a three-to-five year basis.

In 2019, the Board reviewed Arup Group's business priorities, taking into consideration feedback from extensive engagement and consultation processes with our members and leadership, and the 2020-2023 Arup Group strategy was launched in June 2020.

Sustainable development is unequivocally at the heart of the strategy, which encourages our members to find new solutions to some of the great challenges of our age. We have also identified four

strategic priorities that will enable us to achieve our purpose: People, Excellence, Influence and Digital.

Coherent programmes of work were developed during the year and have now been put in place across all of the strategic priority areas, with executive committees established to enable delivery.

Execution and performance

The Board delegates responsibilities in various areas to executive bodies. The governance structure outlined here was in place for year ended 31 March 2022 (refer to 'Board activity' for further details of the changes that were implemented from 1 April 2022). There were three advisory bodies in key strategic areas: Arup University council, Digital executive and People council. These reported to the Board quarterly and their performance was subject to ongoing assessment against agreed plans.

Day to day operational management was carried out by the Management Board who had overall responsibility for business operations and performance, the delivery of annual business plans, the success and well-being of our members, delivering value to clients and a high quality of service.

The Management Board was chaired by the COO and formed of the chairs of the five operating regions, the Chief Information Officer, the Chief Financial Officer ("CFO"), the People Leader and the Head of Corporate Services. The Management Board was collectively responsible for delivery of global targets agreed by the Board, as well as coordinating the activities of the region Boards.

An internal performance report is published internally every six months which provides an overview of Arup Group's performance across three areas: health, safety and wellbeing, our business performance, and progress against the Arup Group strategy.

Region reviews are undertaken annually by a panel of the Board, typically the Chair, Deputy Chair(s), and COO together with the regional leadership teams. This is intended to be a constructive process and includes reports on the region's progress against the Group strategy and in-depth discussions in key areas including clients and projects, risk, succession planning and diversity.

Succession planning

Senior management succession plans, providing a three-to-five year pipeline of potential successors to termed roles, are reviewed annually. The alterations to our operational structure (refer to 'Board activity' for further details), have resulted in significant change and movement across our senior management, resulting in opportunities for new and existing leaders at both global and regional levels. Many of these appointments have been made on a termed basis which will continue to allow for flexibility, resilience and broader career development.

The appointment process for Board directors is detailed under 'Appointments' above where diversity within leadership bodies is considered – including diversity of thought, expertise, skills, attributes, gender, race, age, tenure and geography.

External evaluation

The recommendations of the Board evaluation reported in April 2020 have largely been implemented, most notably by reconfiguring the executives and committees reporting to the Board, developing revised Terms of Reference for the Board that have been approved by the Trustees, and clarifying the means by which those responsibilities are discharged within a formal delegated authority

framework. A new appointments committee has also been put in place from 1 April 2022 to review and improve our processes for identifying and appointing senior leaders, with a strong focus on enabling as diverse a pipeline as possible. The third area identified in response to the 2020 report, decision-making, will be monitored carefully as the new organisation arrangements are embedded, as those changes should result in the outcome needed from Board discussions being framed more clearly.

The Board intends to establish a regular evaluation process, and a working group that includes the NEDs has been established to recommend a suitable approach.

Policies in practice

Group policies

Arup Group has six core policies, formal declarations of principle whose purpose is to guide decision making. They are informed by our stakeholder engagement and provide direction for our business, translating our values into actions, and set clear expectations for and of our members (refer to 'Our stakeholders' for details of Board engagement).

Group policies apply across all Arup Group operations; they are set, reviewed and approved annually by the Board and implemented through regions and groups. An individual Board director is assigned responsibility for developing a plan to enable us to reach the aims set out in each policy while fulfilling applicable legal, regulatory and other requirements. However, all Board directors take an active and visible role in communicating the importance to our members of each of the policies' aims.

We publish our policies publicly on our website. The implications in the areas of good governance under the Code, and the way they shape our work, are outlined below (where "CA" refers to the UK Companies Act 2006):

Environmental

We seek to protect the environment by addressing the complex challenges presented by population growth, climate change, biodiversity loss, increasing energy demand and resource scarcity to live within the natural limits of our planet.

Key Board decisions: committed to undertaking whole lifecycle carbon assessments for all our buildings projects, new and retrofit, from April 2022, and to not pursue any new energy commissions that support the extraction, refinement, or transportation of hydrocarbon-based fuels; progressed our target to reduce business travel by 50% from the 2018 baseline; maintained a management system certificated to international standard ISO 14001 in our formal offices (refer to 'Shaping a better world' for further details).

Key stakeholder considerations: Society
Regard to matters outlined in CA S.172 (1): a, d

Equality, diversity and inclusion

We are committed to creating an inclusive working environment based on merit, fairness and respect. One that encourages talented people of any background to produce their best work of the highest quality. As a humane organisation, we embrace the skills, abilities and knowledge, that only a diverse and inclusive workforce can

provide, to create solutions, and give advice, that improves society as a whole.

Key Board decisions: continued to target for the male to female ratios within our membership to be in a 40% to 60% range in either direction; maintained diversity as a key consideration in Board appointments and succession planning; approved of the global Behaviour Charter (refer to 'Diversity and inclusion' for further details).

Key stakeholder considerations: Members
Regard to matters outlined in CA S.172 (1): a, b

Ethical conduct

Our values and commitment to business integrity stem from a desire to act honourably and with integrity in all our business dealings. We maintain ethical business standards in all the markets in which we operate, and have a strong sense of responsibility to treat people respectfully.

Key Board decisions: established Speak Up, a confidential disclosure procedure across all regions enabling our members and external parties to report their concerns about unethical behaviours (refer to 'Business integrity' for further details).

Key stakeholder considerations: Members, Clients, Collaborators and Suppliers
Regard to matters outlined in CA S.172 (1): a, b, c, e, f

Health, safety and wellbeing

We care about our members, our communities and those that we influence by our actions. We prioritise a safe and healthy working environment for our members; in our offices, on site and travelling on business. We promote the importance of health, safety and wellbeing, and strive for zero harm both within the workplace and through our activities. Health, safety and wellbeing is a standing agenda item at Board meetings.

Key Board decisions: appointed a new health and safety director; agreed a programme of objectives to improve how health and safety is addressed; approved the global wellbeing commitments; launched our new flexible working programme; maintained management system certificated to Occupational Health and Safety Assessment Series (OHSAS) 18001 or equivalent in our formal offices (refer to 'Health, safety and wellbeing' for further details).

Key stakeholder considerations: Members, Clients, Society
Regard to matters outlined in CA S.172 (1): a, b, c, d

Quality

We care deeply about our work and seek to produce better outcomes for our clients, the public and our planet. Through our collaborative spirit, independent thinking and holistic approach we produce work of quality that improves the built environment and sets new expectations for our industry.

Key Board decisions: established an Excellence committee to help deliver this key pillar of the strategy; adopted excellence as the overarching theme for the annual senior management event; refreshed our skills network programme; maintained a management system certificated to international standard ISO 9001 in our formal offices; maintained oversight of the Client relationship programme (refer to 'Building successful relationships' and 'Delivering excellence' for further details).

Key stakeholder considerations: Members, Clients, Collaborators and Suppliers, Society
 Regard to matters outlined in CA S.172 (1): a, b, c, d, e

Sustainable development

We are committed to contribute meaningfully to the UN SDGs, creating shared value for our clients and our communities while safeguarding our planet. We will apply our expertise, diversity of thinking and independence in the quest for a safe, sustainable and resilient future – for all. This is how we will shape a better world.

Key Board decisions: recommitted our global membership with the UN Global Compact including increasing the number of countries who are members locally; engagement with the Earthshot Prize as a global alliance member.

Key stakeholder considerations: Clients, Collaborators and Suppliers, Society
 Regard to matters outlined in CA S.172 (1): a, c, d

Business integrity

Our values and commitment to business integrity stem from a desire to act honourably and with integrity in all our business dealings; the expectations we have of our members, including Board directors, are set out in our Business Integrity Code of Practice.

Our senior management receive regular business integrity reports, with content including, but not limited to risk management, due diligence, training, and communications. The Risk committee proactively reviews and comments on those reports, seeking further information as required.

The increasingly complex global sanctions regime, critically including the February 2022 Russian invasion of Ukraine, has demonstrated that our due diligence processes are robust and effective. With regards to the significant sanctions imposed on Russia following its invasion of Ukraine, additional sanctions-related risk mitigation actions have been implemented. The effectiveness of those actions is monitored regularly by members of the Board.

A Speak Up procedure has been implemented, which enables our members and external parties to make confidential, and where required by the discloser, anonymous disclosures of behaviours that do not align with our commitment to high standards of Business Integrity. An investigation procedure has been developed to facilitate formal investigation of specific disclosures, and a Speak Up online learning module has been developed and published.

A modern slavery on-line learning module has been developed and published. The module is part of our risk mitigation measures to further reduce the risk of modern slavery being present in our supply chain.

A voluntary conflicts of interest on-line learning module was launched during the year, and requirements for mandatory completion by specific roles are currently being defined.

The online personal interests register continues to be used by all statutory board directors to facilitate regular consideration of the relationship between an individual's personal interests and their Arup Group roles and responsibilities. Consideration is being given to expanding the scope of the register, both with regards to items recorded, and roles that are required to complete the register.

Board directors' external appointments are notified to the Chair in advance of acceptance and any actual, potential or perceived conflicts of interest are examined to determine if they should proceed and if any mitigating actions are required to ensure all matters determined by Board directors are solely considered in the interests of Arup Group. An updated report from the online personal interests register is a standing item on the Board agenda.

Building successful relationships

Ove Arup’s words guide us in recognising the importance of building successful relationships; “[we] recognise that no man is an island, that our lives are inextricably mixed up with those of our fellow human beings, and that there can be no real happiness in isolation”. Our purpose and our values, through our Trust ownership, ingrained not only throughout our governance and our operations, but as part of our DNA, are a core constituent of how we think and act. Our timeframe is multi-generational, and our commitment to shaping a better world shapes the choices that we make at all levels in the firm: in the work that we do and the way that we do it; in our investment into our membership; in the quality of our relationships with clients and collaborators; and in the decisions of the bodies tasked with leading and managing the firm, including the Board. This is how we deliver on the duty to promote the success of the Company as set out under S.172 of the Companies Act 2006. For our formal S.172 statement, please refer to our strategic report.

Our stakeholders

The table below identifies our stakeholders and provides examples of how the Board engages with them. The resulting principal decisions the Board has made are outlined in ‘Policies in practice’. Face-to-face interaction during the year remained limited due to the ongoing pandemic, however, our members adapted to online meetings resulting in many cases in increased participation, and greater depth of engagement.

Stakeholder	Who are they?	Why are they important to us?	Board engagement
Trustees	Directors of the owning Trusts.	The Trusts are the sole shareholders in the Company.	<ul style="list-style-type: none"> • Reports to Trustees’ meetings • Bi-annual Joint Boards’ meetings • Monthly Chair-to-Chair meetings • Joint working groups • Refer to ‘Board engagement with the Trustees’
Members	Everyone employed by Arup Group.	<p>We are a people business, and our members are the primary beneficiaries of the Trusts.</p> <p>Alignment with aims: <i>humane organisation and reasonable prosperity.</i></p>	<ul style="list-style-type: none"> • ‘Working at Arup’ survey • Annual meeting as well as regular online sessions for senior management • Board visits to offices and sites • Regular internal performance report • Initiative specific consultation and co-creation • Regular events, online meetings (including all member calls) and news • Refer to ‘Our members’ and ‘Health, safety and wellbeing’
Clients	Everyone who contracts Arup Group’s services, public and private sector.	<p>They provide income and the opportunities to use our skills to deliver solutions they will value which shape a better world.</p> <p>Alignment with aims: <i>quality of work and social usefulness.</i></p>	<ul style="list-style-type: none"> • Professional engagement on projects • Direction and oversight of the Client relationship programme • Membership of the World Economic Forum • Refer to ‘Business integrity’ and ‘Long-term collaboration’
Collaborators and Suppliers	Those we have a direct working relationship with e.g. joint-venture partners, contractors, consultants, industry organisations.	<p>To deliver excellence, we recognise that we may need to supplement capacity or introduce niche expertise.</p> <p>Alignment with aims: <i>total architecture and straight and honourable dealings.</i></p>	<ul style="list-style-type: none"> • Senior positions in industry organisations e.g. Royal Academy of Engineering • Attendance at industry events • Sub-consultant and supplier engagement on sustainable development approaches, Modern Slavery and Human Trafficking legislation etc. • Refer to ‘Business integrity’ and ‘Long-term collaboration’
Strategic Partners and Society	<p>Those with whom we can engage to extend our influence.</p> <p>Those impacted or influenced by our work including end-users, communities local to our projects, charities, and future members.</p>	<p>Our vision to shape a better world is all encompassing; social usefulness and sustainable development are key outcomes.</p> <p>Alignment with aims: <i>social usefulness and humane organisation.</i></p>	<ul style="list-style-type: none"> • Senior positions, and participation, in policy setting, government and regulatory forums • Partnerships with influencers e.g. Ellen McArthur Foundation, C40 Cities, World Business Council for Sustainable Development • Membership of the World Economic Forum and UN Global Compact • Community Engagement programme • Tax strategy aligns with being an ethical corporate citizen paying the right amount of tax when it becomes payable • Refer to ‘Shaping a better world’

Long-term collaboration

We deliver high quality work and build long-term trusted relationships with our clients and collaborators in all our markets. Creating and strengthening these relationships is a primary goal for the Board and our members. It goes beyond the project work we are doing with them at any one time, understanding all aspects of their business, anticipating their needs and offering solutions they will value.

Our Client relationship programme is a key enabler for our strategy and purpose. It focusses on embedding a client centric approach through which we can increase both the value we bring to our clients and our ability to deliver better and more sustainable outcomes for them and for society.

Our members

Our members are both the reason Arup Group exists and the means by which we achieve our goals. Our founder, Ove Arup, often spoke about the importance of people and how people are 'members' of organisations they want to be part of. Their participation is voluntary, and a reflection of what he called 'unity and enthusiasm'.

An open and continuous dialogue

All of our members are invited to join 'All Members' calls every six months. These sessions enable the Board to update our membership on progress made against our strategic priorities as well as other key matters, and enable our members to ask any questions they may have directly to Board directors and officers. All questions are responded to, either during the session or in a written follow-up. No question goes unanswered unless it is duplicative or inappropriate. In addition, there are monthly video updates from the Chair to make firm-wide announcements and encourage participation in key initiatives.

Our senior management participate in regular calls with the Chair and directors of the Board; each is also invited at least every three years to participate in a two-day annual meeting to discuss matters of strategic importance.

Formal engagement

'Working at Arup' is our global membership engagement survey and has been run every three years since 2005. It is open to all permanent and specific-term members and there is a high level of participation with a 75% average response rate.

The most recent survey was conducted in February 2022. Whilst the participation rate was below average (62%), we saw an increase in our 'membership engagement' score which rose from 84% to 90% (7% above the benchmark on the industry leading platform Culture Amp) with 91% of respondents 'proud to work for Arup'.

Early analysis has identified a number of globally consistent themes around transparency, innovation and behaviours and a working group, led by our global leader for culture and engagement, is being established to determine what actions will be taken to address the feedback.

All members are encouraged to raise any matters of concern through their group leader or People business partner. If this is not possible or they feel uncomfortable, then they can contact any of the following: their region Ethics champion, the Group Ethics director, Group Legal director or email the ethics mailbox. Any reports of suspected breaches of the Business Integrity Code of Practice are

treated as confidential and any investigations will be handled sensitively.

The Board encourages and facilitates a robust freedom of expression within the firm, and the experience of the Board when connecting with local offices is that, as beneficiaries of the firm's success, our members are generally comfortable engaging with the Board directors on a broad range of challenging topics. This is reinforced by our Trust ownership which helps to bypass traditional hierarchies that might otherwise suppress the reporting and addressing of issues.

The Trustees themselves provide an additional layer of assurance, as our members can raise matters of concern with them if it appears that the more usual escalation route through line management is either inappropriate given the circumstances or is proving to be ineffective.

Geographically, our members are spread across 89 offices in 33 countries. The Board and Trustees have structured engagement plans that enable their members to visit Arup offices (online or face-to-face), such that each office is visited ideally at least every three years. Visits typically involve a presentation focussed on strategic or cultural matters, hearing about the work the local office is undertaking, visiting projects and talking with teams, and questions from members are actively encouraged.

Consultation and collaboration

There is a culture of openness and members are able to share their ideas candidly and freely. Areas of innovation, differences of opinion and potential controversy are often raised in local forums or on our member online discussion forums.

Borne from our global commitments to inclusion, in September 2021 we introduced our first Future Voices cohort: 14 members selected from our mid-career grades who work alongside our People Executive (formerly People Council) and the global People leadership team. The opinion of our Future Voices has been actively sought on a wide variety of issues including our 'Employee Value Proposition' (EVP) and our Excellence strategy. Future Voices are turning their attention to our appraisal system, with a global review of our current performance management process to produce a set of recommendations later this year.

A number of our regions have also created 'Region Engagement Groups' (REG), most notably in our UKIMEA and Europe regions. These groups are designed to encourage feedback and discussion on a wide variety of topics from hybrid working to wellbeing. Elected REG representatives are a key link to ensuring feedback and views are heard at region Board level; with common global themes being highlighted to the Board.

Employee Resource Groups have also been formed by our members to provide communities that support specific groups including women, diverse sexualities, ethnic identities etc.

Delivering excellence

Arup University was formally established in 2009. It is home to Arup Group's resources specially assigned to enable our membership to deliver excellence and to influence the pursuit of a sustainable future. Arup University leads the firm's foresight, research and innovation programmes, the outcomes of which are used to influence the transformation of standards in the built environment, helping find a better way. Arup University also brings together the firm's learning opportunities for its global membership, and enables collaboration, knowledge and information sharing

through global skills networks; all in pursuit of excellence for our clients and collaborators.

2021/22 has been a year of substantial focus on future skill needs, emanating from extensive analysis globally, and resulting in planned expertise development in support of delivering a sustainable future in all our global markets. That analysis concluded that we need a rapid skills transformation of all our members, drawing on all our disciplines and services to move to a portfolio business model. This requires the introduction of new expert skills; recognition that some skills will not form part of our future organisation, thus the need for reskilling initiatives; and the need for a refresh and uplift in focus in all skills areas to better serve the needs of the firm and our membership.

The global skills transformation programme was designed to deal with these opportunities and has resulted in 58 global 'Skills Networks'. Skills Networks are responsible for ensuring our global expertise is accessible by our clients and members anywhere in the world to maintain and enhance market competitiveness in all regions.

We have created 20 new Skills Networks aligned with our global portfolios and strategy pillars, getting to the heart of expert digital skill needs – including advanced analytics, cloud engineering, geospatial and earth observations; – and with critical skill development forming around the sustainable future themes including decarbonisation, environment and biodiversity, and social value.

All Skills Networks are responsible for delivering against an agreed plan to drive up technical and professional standards in the firm.

Arup University has continued to successfully enable our members to develop personally and professionally and build upon corporate knowledge to work collaboratively to deliver excellence for our clients. The collateral produced from its major global programmes around skills, research, learning, foresight, knowledge and information, continue to be in high demand with for example over two thirds of our membership making 400,000 interactions each quarter. Our membership has accessed over 31,000 different information sources for use in their work with clients including guidance notes, technical documentation, design guides, research outputs and more.

Work continues in the formulation of a learning transformation, where we are now focusing our global learning needs into nine key strategic learning accounts; and preparing new learning systems and experiential learning platforms. Our global research programmes continue at pace, as we drive up standards of research from our membership and increase our external research partnerships around the world.

Health, safety and wellbeing

Arup Group cares about the health, safety and wellbeing of our members, our communities and those that we influence by our actions. We support our people through an enjoyable and positive working environment that protects and promotes physical and mental wellbeing. That means caring about our members in our offices, when travelling to and from work and for business, on construction sites and other offices, and in our design processes to ensure that we address safety and maintenance when we are designing. Through our work, we strive to positively influence the health and safety of the projects we work on and the communities they impact.

The firm has continued to respond to the COVID-19 pandemic, placing the health of members at the forefront of how we manage our business. We took a precautionary approach early on in response to the developments, reverting to home working, stringently managing the risks of site visits and tracking the impact of the virus on the health of our members. More recently, as restrictions have eased, a hybrid working approach has been introduced.

No work-related employee or contractor fatalities or high consequence injuries occurred during year ended 31 March 2022. Five recordable lost-time incidents were recorded during the year.

A comprehensive safety audit of our premises was completed this year, and we have committed to a programme of ongoing reviews to ensure the safety of its workplaces.

Throughout the year we have taken further steps to strengthen our safety programme, enhance our resourcing of safety and introduce specialist capability in training, digitalisation and design safety. As part of the Health and Safety plan for 2021 to 2024, the Board conducted two in-depth reviews this year of how safety is addressed at Arup Group, discussing the reflections of the newly appointed health and safety director. The Board agreed seven objectives to improve our health, safety and wellbeing programme. These include commitments to digitalise our safety core processes, enhance our training, and enhance our focus on design safety. Aligned with this approach, the Board approved the refresh and relaunch of Arup Group's Health, Safety and Wellbeing policy.

The Board regularly reviews progress against the Health and Safety plan, and this is also discussed at the Management Board. This ensures a consistent approach across the firm's five regions. Our internal reviews are augmented by the external audits of the safety management system conducted as part of its certification to ISO 45001.

Our wellbeing vision and priorities are led in region by the People team and the day-to-day implementation of the wellbeing programme is a collaborative effort between group leaders and the People team.

As our business practices adapt post-pandemic, we have progressed our 'Work Unbound' programme, which offers members permanent flexibility in how and where they work. These changes have been supported with the Board's approval of three global commitments to wellbeing which support our members to live healthy, productive lives and achieve a positive work-life balance. These changes will be supported over the coming year with additional training, tools and guidance. We believe these measures provide members the trust and autonomy to work flexibly which improves their wellbeing.

To seek members' views of how well the firm is managing health, safety and wellbeing, an enlarged series of questions was included within the firm's employee opinion survey, 'Working at Arup'. The feedback will be used to enhance the quality of support provided to members (refer to 'Our members' for further details).

Total reward

To deliver our commitment to shape a more sustainable future for everyone, we need to attract and retain quality people. We provide opportunities for our members to develop in their careers, to achieve reasonable prosperity, and to thrive in a humane and caring environment. Our approach to reward at Arup Group reflects these values.

Competitive, fair and equitable pay is just one part of the investment that we make in our members. In addition, we provide a range of benefits that support health and wellbeing, deliver income in retirement, enable flexible working and paid time-off.

Our profit-share is a key element of the reward package, and has been in place for around 50 years. It encourages sharing of work and mobility of our members and reflects the importance of our highly collaborative culture.

Biannually, the aggregated performance of Arup Group is used to determine the available global profit. Some profit is retained for reinvestment in learning, research and development, charitable donations and working capital. We distribute the remaining profit to our members so that we share in our collective efforts.

Each member's share of the profit is determined on the same basis, wherever they are located.

Diversity and inclusion

We value individual differences and recognise the contributions of all our members in creating solutions of value to society as a whole, and we are working to improve diversity across Arup Group. All members and prospective members receive equal treatment regardless of age, disability, gender reassignment, marital or civil partner status, pregnancy or maternity, race, colour, nationality, ethnic or national origin, religion or belief, sex or sexual orientation (refer to 'Group policies' for further details).

For example, the measures we take to ensure there are equal opportunities for members or prospective members with a cognitive or physical disability include; full and fair consideration being given to all applications for employment, making suitable interview provisions and having regard to their capabilities; equal consideration for training, career development and opportunities for promotion; and making reasonable adjustments for individuals to undertake their role, including making adjustments to provide suitable employment in the same, or by training, in an alternative role for members which become disabled during employment.

We continue to work towards fulfilling our nine global commitments to inclusion, approved by the Board and introduced in September 2020. Notable progress includes the creation of our Future Voices cohort in fulfilment of our commitment to hearing from a more diverse group of voices (refer to 'Our members' for further details), development of our inclusive leadership principles and the approval by the Board, and launch, of our global 'Behaviour Charter' which makes clear our expectations of one another in terms of inclusive behaviour and enables us to challenge behaviour which doesn't meet the standard.

To support our efforts we have made a number of senior diversity and inclusion appointments including our first EDI director in our Americas region and a global Inclusion leader, a newly created position to drive forward our inclusion commitments.

One particular focus is the collection and analysis of diversity data. We have made some progress on reporting (refer to 'Remuneration' for details of our approach to gender pay parity) and our UK pay gap report included ethnicity pay gap figures for the first time in November 2021. We are also in the process of implementing a new human capital management system to help us with our diversity data capture and reporting. The system is scheduled to be implemented in May 2023.

We recognise that all those who work at Arup Group contribute to our diversity including those on permanent, specific-term and agency contracts. We have made further progress this year to improve our gender balance, with an increase from 38.6% to 39.2% females across the firm overall (year ended 31 March). The proportion of females in senior management, including Board directors, has increased from 19.1% to 20.5%, and the proportion of females in our three most senior grades has increased from 24.8% to 26.3%. With the new appointments made on 1 April 2021, there was 33.9% female membership of our five region boards and 38.5% of our Board directors were female.

Audit, risk and internal control

Oversight of our financial reporting and related internal controls, risk, and ethics and compliance was principally carried out by three committees of the Board; the Audit committee, the Ethics committee and the Risk committee. Support is also provided by our Business Integrity function and our project delivery environment.

The number of committee meetings during the financial year and the attendance by directors was as follows:

	Audit committee		Ethics committee		Risk committee	
	Actual	Possible	Actual	Possible	Actual	Possible
Alan Belfield	4	5			4	4
Cordelia Chung					4	4
Paul Coughlan	5	5	5	5		
Eva Hinkers			4	5		
Tim Stone	4	5			2	4
Fergal Whyte					4	4

Each of the committees reports directly to the Board on the matters within its scope on a quarterly basis.

As part of the reconfiguration of the executives and committees reporting to the Board (refer to 'Board activity' for further details), a new Assurance committee has been established from 1 April 2022 to provide additional oversight of our key assurance functions, including Ethics, Health, safety and wellbeing, Audit and Risk. As well as ensuring that these key functions are discharged to a high standard, the Assurance committee will be working to identify cross-dependencies, efficiencies and sharing of best practice across our compliance and internal control activities.

Audit committee

Based on our internal control environment an internal audit function has not historically been considered appropriate, however, to reinforce this further particularly in response to increasing external requirements, it has now been agreed by the Board that a new Head of Risk and Assurance role will be created and will come into effect during 2022.

The new Audit committee took over in April 2021 from the previous Statutory Accounts committee. The committee is responsible for oversight and assurance of our statutory financial reporting and the external audit process; it receives a detailed report from the independent auditors on significant matters arising from the audit;

and it recommends the Arup Group statutory accounts to the Board for approval.

Significant decisions for the committee this year included the appointment of Group auditors following the audit tender process, and the creation of the Head of Risk and Assurance role. The committee has also discussed ESG reporting and climate related disclosures, and an additional Climate response note has now been included in the Directors' report.

The committee is chaired by Tim Stone (NED), and its membership includes Alan Belfield (Group Chair), Paul Coughlan (Group COO), Rob Boardman (CFO), Margot Day (General Counsel), Martin Ansley-Young (Group Company Secretary), Fileen White (Finance) and Lesley Grandy (Finance). Tim Stone has extensive financial expertise from his previous roles. The Group Chair and COO bring valuable insight to the committee from their extensive knowledge of the operations and finances of the Arup Group and its constituent parts over many years, as well as hands on experience as project directors in delivering our professional design and engineering services earlier in their careers. The other committee members all have significant statutory reporting experience.

No member of the committee has direct responsibility for the management of professional services projects, the performance of which forms the core of the financial statements. The Chair of the committee holds meetings as appropriate with the auditors without members of senior management or the finance teams being present, to ensure that there are no barriers to the free disclosure of all relevant matters.

The committee typically meets three times a year at appropriate points in the audit process: to confirm the audit programme and agree audit approaches in key areas, to agree the principal accounting policies and accounting procedures, and to review the auditors' report and the Arup Group statutory accounts.

The committee also receives briefings on key matters relevant to its remit; this year these included reports from the Chief Information Officer on IT risks and mitigation measures, including cyber security; and a review and recommendation on non-financial reporting, in response to increasing ESG and climate risk requirements.

Following a retender process conducted during the year, it has been agreed to reappoint PricewaterhouseCoopers LLP, who were originally appointed in 2010 as the Company's auditors. Given the unusual trust ownership structure of the firm, an extended tenure of external auditors can contribute to a more comprehensive understanding of our business, and therefore a more effective audit process, subject to maintaining an appropriately independent relationship. The performance and tenure of the auditors is kept under regular review by the committee and the CFO.

The committee receives a formal report from the auditor each year on its independence, covering corporate, business and individual relationships as well as identifying non-audit services, and confirms that there are no matters that would compromise an objective evaluation of the financial statements. The primary non-audit services are in relation to tax compliance and advisory work. There are no contingent fee arrangements in place, and the lead audit engagement partner is rotated at least every 10 years. The committee formally considered the position and confirmed at its October meeting in both 2021 and 2022 that it was satisfied that the auditors remain sufficiently independent.

Ethics committee

The committee is responsible for oversight and assurance of business integrity and ethical behaviours.

The committee was chaired by Paul Coughlan (COO) to 31 March 2022, and its membership includes senior leadership representatives from across the firm. The membership of the committee is intended to ensure that, with *straight and honourable dealings* as one of our aims, ethical conduct is given the highest priority.

The committee meets quarterly to receive reports on any matters of concern, and it reports to the Board at each of the latter's quarterly meetings. The committee chair communicates to our members periodically to reinforce the importance of this area.

Ethics training ('Ethics: Acting in line with our values') is mandatory for all our members, who are actively encouraged to raise any ethics-related issues that they have, either with their group leader, the region champions who form the Ethics committee, the Board Ethics director or the Legal director. An ethics@arup.com email is also available. Speak Up, an Arup Group wide whistleblowing scheme has now been implemented and is available to our members and external parties.

Refer to 'Business integrity' for further details of our approach to whistleblowing and conflicts of interest.

Risk committee

The committee is responsible for oversight and assurance of our framework of risk areas as identified and prioritised by the Board, together with the related control and mitigation measures, as well as in depth reviews of specific risks arising from time to time. It regularly reviews and updates the framework to ensure a dynamic approach to risk management.

The committee has been chaired during the year by Fergal Whyte, and its membership includes our two NEDs Cordelia Chung and Tim Stone and Alan Belfield (Group Chair).

The committee meets quarterly, reviews the implementation of the Group Risk Management Framework and receives reports on any matters of concern, whether escalated through management channels or otherwise. Reports from the committee are considered by the Board at each of its quarterly meetings. Refer to 'Opportunities and risks' for further details.

Project delivery environment

Our global Arup Management System ("AMS") project delivery environment is our primary quality management tool providing a comprehensive set of procedures and checks to enable compliance and quality assurance. The AMS integrates our Quality, Health and Safety, and Environmental policies within our project delivery environment. Adherence to the AMS is overseen by the regional management teams, and its operation is audited annually by external bodies in each location. The AMS is certificated to ISO 9001, ISO 14001 and ISO 45001.

The AMS is regularly audited, internally and externally, and lessons learned and opportunities for improvement are incorporated, in line with the requirements of the standards.

Remuneration

Remuneration policy for the Board, including the Chair, and senior management is set in accordance with our global approach to reward

for all of our members. It reflects our values and in particular our aim for *reasonable prosperity of members* (refer to 'Total reward' for further details).

The Trustees oversee and set the total remuneration of the Board, which includes salary, benefits and profit-share. A committee of the Trustees, the Board remuneration committee, develops policy and advises on Board remuneration for decision by the Trustees. The Board remuneration committee report provides further details of the responsibilities of the committee and our policies for Board remuneration.

The Senior Staff Remuneration executive is a committee of the Board that determines the remuneration of the senior management (excluding the Board itself).

The remuneration of the NEDs of the Board is determined by the Chair on the advice of the global People Leader and is based on current market rates and the time commitment required. Reasonable expenses are also reimbursed but there are no additional benefits, and the NEDs are not beneficiaries of the profit-share.

The Board conducts an annual firm-wide review of gender pay parity, in addition to the gender pay gap reporting requirements in various countries in which we employ members. This enables the Board to assess the overall picture of gender pay parity across Arup Group and raise any areas of concern with senior management for further investigation, and correction of any disparities as appropriate.

During our annual pay review process, leaders across all offices reference a dashboard showing gender pay parity data for their teams. This enables them to see how the salary decisions they take will impact gender pay parity, helping to reduce unconscious bias in the process. Real-time data is supplemented with guidance and support from their local People support teams and all decisions are ultimately approved by the leader at the next level up.

By order of the Board



Martin James Ansley-Young

Secretary

1 November 2022

Registered office: 8 Fitzroy Street, London, W1T 4BJ, United Kingdom

Board remuneration committee report

Committee Chair's introduction

On behalf of the Board remuneration committee (the "Committee"), I am pleased to introduce our remuneration report for the financial year ended 31 March 2022. In my first remuneration report as Chair of the Committee, I welcome this opportunity to share with you an overview of the Committee's activities over the past year, as well as the remuneration principles and policies that apply to the executive directors of the board of Arup Group Limited (the "Board" of "Arup Group").

As part of the firm's ongoing commitment to governance best practice, we are committed to making disclosures in relation to Board remuneration, using as a basis the provisions of the UK Corporate Governance Code 2018 (the "Code") as a recognised benchmark.

I would like to begin by acknowledging the continuing impact of the pandemic, which remained a presence in the lives of our employees (our "members") and their families, as well as our clients and communities over the past year. Despite this ongoing challenge and the increasingly uncertain economic outlook, our firm has shown a high degree of resilience and performed well. Consequently, Arup Group delivered a profit-share to all eligible members above the long-term average level.

As part of broader activity to simplify the delivery of remuneration, Arup Group consolidated grade-based cash allowances into base salary in most countries this year, increasing the salary level used in the calculation of retirement savings and profit-sharing.

When determining the remuneration of the executive directors, the Committee continued to prioritise ensuring alignment to the same general principles as for members. Following a pay freeze for the executive directors of the Board last year, the Trustees agreed increases to salary this year considering performance and to make sure our remuneration remains fair and competitive. Grade-based allowances, where applicable, have been consolidated into base salary and the transition of pension arrangements for all executive directors concluded and are now consistently aligned with the wider workforce in the relevant country of employment.

The Committee continues to seek opportunities to ensure the remuneration policy for executive directors is clear and easily understood; and I am pleased to present our voluntary CEO pay ratio building upon the first disclosure we made last year.

The Committee

The Trustees, which include four independent directors, determine Board remuneration (refer to 'Unique ownership structure' and 'The Trustees' sections of the governance report for further details). The Trustees are advised by the Committee whose overarching purpose is to ensure the remuneration structure and policies reward the executive directors fairly, responsibly, and in line with our values (as set out in the 'Values driven' section of the governance report).

The Committee comprises:

- Peter Bailey, Trustee, appointed April 2020, Committee Chair since April 2021;
- Tim Stone, non-executive director of the Board, appointed April 2016;
- Trent Lethco, Trustee, appointed April 2021;
- Diane Thornhill, People leader, appointed September 2021, following the resignation of Jenni Emery; and
- David Whittleton, Chair of the Trustees, appointed January 2018, Committee Chair from April 2018 to March 2021, advisor to the Committee from April 2021.

Asim Gaba stepped down from the Committee upon the conclusion of his term as a Trustee in March 2021.

The Committee operates within agreed terms of reference that are freely available to Arup Group members, and without influence from the executive directors or other senior management. Its main responsibilities are to:

- ensure Arup Group adheres to the highest standards of governance and best practice in remuneration matters;
- design and administer the remuneration policy for executive directors; and
- implement such policies to ensure that remuneration: promotes Arup Group's values and culture; aligns with the delivery of its strategic goals and purpose; and helps to attract, motivate and retain high calibre individuals.

Remuneration outcomes in 2022

The Committee met three times in the year ended 31 March 2022, with all current members present at each meeting. Activities included:

- reviewing internal pay relativities and gathering external market data for benchmarking executive director pay levels;
- making proposals regarding the annual review of remuneration for the executive directors;
- reviewing the effectiveness of the pay structure introduced to enable Arup Group to manage the unique nature of the Board role; and
- continuing to review the broader context for executive director remuneration decisions to ensure that:
 - the remuneration of our members, related policies, and the alignment of rewards with our values, are all appropriately reflected in executive director remuneration; and
 - overall reward levels are in line with, and appropriately competitive against, relevant local market practice.

Looking ahead to next year

During the coming year, the Committee's focus is expected to include the following areas:

- ensuring that remuneration continues to support our overall strategy, as well as the firm's values and purpose;
- understanding and contributing to any proposals from the Board on the future design of our profit-sharing arrangements for members of the firm; and
- continuing to align our remuneration policy, practices and governance, more closely with the Code (or explaining why we choose not to).

The Committee continues to engage with the Board in its work to ensure that the approach to remuneration taken across Arup Group is simple, coherent and consistent; and aligned with our aims, in particular *straight and honourable dealings* and *reasonable prosperity* of members.

I am pleased to be able to share with you in my first report as Chair of the Committee an overview of the Committee and its activities, as well as the remuneration principles and policies that apply to the executive directors of the Board.

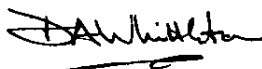
On behalf of the Board remuneration committee



Peter Anthony Bailey

Chair, Board remuneration committee

1 November 2022



David Arthur Whittleton

Chair, Trustees

1 November 2022

Registered office: 8 Fitzroy Street, London, W1T 4BJ, United Kingdom

CEO equivalent pay ratio

Regulations for listed companies require them to publish the ratio of the pay of the CEO to that of United Kingdom employees. Arup Group is not obliged to comply with these regulations; however, the Committee has, since 2021, chosen to consider the regulations and provide a disclosure. The following table shows the ratio between the total remuneration of the Chair of the Arup Group (refer to the 'Appointments' section of the governance report for further details of the Board's composition) and the member of Arup Group in the United Kingdom at the lower quartile, median and upper quartile pay level.

This year our ratios have remained broadly consistent. This reflects no change to our remuneration policies and broadly equivalent increases to the pay of members at each quartile and the Group Chair. Junior members continue to have a greater portion of their pay delivered as fixed base salary, which allows greater predictability when planning day to day finances. Our senior management, including the executive directors and the Chair, generally have a higher portion of their total remuneration structured as variable pay, given their role and ability to influence strategy and performance. The Committee has therefore chosen to provide a total salary ratio as helpful context in addition to the total remuneration ratio.

Pay ratios

Year	Method		25th percentile ratio	50th percentile ratio	75th percentile ratio
2022	B ¹	Total pay and benefits ²	23:1	16:1	13:1
		Total salary	15:1	11:1	9:1
2021	B ¹	Total pay and benefits ²	20:1	15:1	11:1
		Total salary	13:1	10:1	7:1

- The calculation methodology used reflects Option B, as defined under the relevant regulations and utilises the most recently collected and disclosed Gender Pay Gap report to identify Arup Group members at the three quartiles. In 2021 this was the 2020 Gender Pay Gap report, in 2022 this was the 2022 Gender Pay Gap report. To ensure this data accurately reflects individuals at these quartiles, the values for members immediately above and below the identified member at each quartile were also reviewed.
- Total pay and benefits for our United Kingdom members includes base salary and guaranteed cash allowances; profit-share awards; and the value of health, insurance and pension benefits for the financial year ended 31 March 2022. The single total figure of remuneration for the financial year ended 31 March 2022 has been used for the Arup Group Chair. No broadly applicable components of pay or benefits have been omitted. Overtime pay has been excluded from the calculation as it was not deemed to be material.

Total pay and benefits used to calculate the ratios

Year	UK employees (members)	25th percentile	50th percentile	75th percentile
2022	Total pay and benefits	£39,593	£56,140	£70,653
	Total salary	£33,300	£44,750	£54,800

The Committee is satisfied that the median pay ratio reflects the total pay and benefit values for the Chair and the median United Kingdom member respectively. Also, that it is consistent with the pay, reward and progression policies for our United Kingdom members, taking into account the diverse mix of roles, the compensation structure mix applicable to each role, and our objective of delivering market competitive remuneration.

Arup Group Board remuneration policy

This section of the report summarises the Board remuneration policy that is currently in operation. In line with the underlying principles for remuneration across Arup Group more broadly, the aim of the Board remuneration policy is to promote our values and culture, and long-term success through strong and sustainable performance.

The Committee keeps this policy under periodic review. We assessed once again the policy against the six themes set out in paragraph 40 of the Code: clarity, simplicity, risk, predictability, proportionality and culture. The Committee concluded that:

- the policy is simple, appropriately designed and clear. It effectively reinforces Arup Group’s culture, its aim of *straight and honourable dealings*, and long-term sustainable success. Importantly, it is also consistent with the remuneration policies in place across Arup Group as a whole;
- fixed pay is predictable and calibrated to support our aim of *reasonable prosperity*. The Board allowance, payable during an individual’s termed appointment to the Board, ensures that remuneration is proportionate to the additional responsibilities of this role. Eligibility for the global profit-share ensures an appropriate balance between pay certainty and driving behaviours that promote sustainable growth for the benefit of all stakeholders, without encouraging or rewarding excessive risk-taking; and
- the Committee retains appropriate discretion to ensure that poor performance is not rewarded.

The Committee reviewed the application of this policy during the financial year ended 31 March 2022 and confirmed that it operated as intended, particularly in the application of measures to protect the financial position of the firm and to ensure that we have a healthy, sustainable business into the future.

Whilst we do not consult directly with our broader membership on the remuneration policy, our members may discuss remuneration matters with the Trustees at any time (refer to the ‘Our members’ section of the governance report for further details).

Remuneration policy table

The table below summarises the main components of the reward package for executive directors of the Board:

Purpose and link to strategy	Operation	Opportunity	Performance metrics
Base pay: annual base salary and Board allowance			
To attract and retain high calibre individuals, and to recognise their responsibility to deliver our values, culture and strategy over the term of their appointment to the Board.	Base pay consists of annual base salary, plus an additional Board allowance. This allowance is paid in monthly instalments over the term of an individual’s membership of the Board. After an individual’s termed appointment to the Board ends, the allowance reduces, and annual base salary is reviewed and set in relation to the role to which they are subsequently appointed. Base pay is reviewed annually with any changes, if appropriate, typically effective in April. Factors considered when reviewing base pay include overall business performance; economic climate and market conditions; general increases awarded to Arup Group members and in the relevant market more broadly.	Average base pay increases are normally in line with the average increases for the members in the relevant market. Increases above this level may be applied in situations where the Committee considers this necessary, such as when there is a material change in the scope or responsibility of a role, where market conditions indicate a level of under-competitiveness that requires correction, or there is considered a risk to the attraction or retention of executive directors of the Board. The Committee does not consider it appropriate to set a maximum pay level.	Not applicable.

Purpose and link to strategy	Operation	Opportunity	Performance metrics
Benefits			
To provide market competitive health and wellbeing benefits consistent with the role and driving member engagement and security for the individual and their family.	Executive directors of the Board are entitled to benefits which may include the following, based on country of employment: private healthcare and annual health checks; insurances covering accident, income protection and life; and paid annual leave. The benefits offered may change from time to time to reflect changing circumstances, market practice, or consistency with other members in the relevant market.	Benefits will be provided at levels commensurate with market practice in the country of employment. We expect the value of benefits to fluctuate due to individual circumstances, insurance premiums and other external factors.	Not applicable.
Pension			
To provide an income after retirement through the provision of retirement savings during employment.	Arup Group offers executive directors of the Board: <ul style="list-style-type: none"> participation in the local pension plan in the country of their employment, or the equivalent employer contribution to be taken as a cash allowance and paid in instalments, or a combination of these arrangements to the same total value. 	All executive directors of the Board receive employer pension contributions in line with the rest of the members in the country of their employment.	Not applicable.
Profit-share			
To embody the principles of our ownership structure, where our members are the drivers and the beneficiaries of our success. To reinforce the truly global nature of Arup Group, by being based on our collective success.	Eligible members in all Arup Group locations participate in the profit-share. Any payments made to executive directors of the Board are determined based on base pay, allocated 'profit shares' and Arup Group's financial performance. These payments are typically made twice per year in June and November, after review of full and half-year performance.	Consistent with all eligible members, executive directors of the Board are allocated 'profit shares'. The level of allocation is subject to periodic review, both in the context of the operation of the profit-share across Arup Group, and to ensure an appropriate mix of fixed pay and pay at risk for executive directors of the Board reflecting their role in delivering Arup Group strategy.	Following each profit-share period, the Board determines the available profit-share fund for distribution to eligible members. The Trustees review the payments for the executive directors of the Board and have full discretion to vary or award no payment depending upon performance of the Board as assessed by the Trustees in the prior performance period. In the event of an overpayment the rules make provision for awards to be corrected and recouped as necessary.

Service contracts

Executive directors of the Board have signed rolling contracts in respect of their ongoing employment by Arup Group, terminable on six-months' notice by either the Arup Group or the individual (unless local employment legislation requires a different duration, or in a limited number of instances due to a legacy 12 months' notice). An executive director may be required to undertake 'garden leave' during all or part of their notice period and may receive their base pay during the notice period. The firm may alternatively pay an equivalent amount of base pay in lieu of the executive director being required to work their notice period.

Eligibility for a payment under the profit-share upon termination of Arup Group employment is not automatic and varies depending upon the basis of the termination. Members must be in eligible employment on the first day of the payment month to remain eligible to receive any payment relating to the prior period. No payment will be made where an executive director resigns, or is terminated for cause, prior to the first day of the payment month. In the event of retirement, redundancy or death in service, any payment will be pro-rated and will reflect all eligible service up to and including the date of termination. The approach for executive directors follows the same rules as for members, notwithstanding that any payment to the executive directors remains at the discretion of the Trustees.

As set out in the table above, an individual's appointment as an executive director of the Board is a termed role, terminable at any time with immediate effect and without compensation for loss of office.

Summary of remuneration for other Arup Group members

The approach to remuneration for the executive directors of the Board follows the same fundamental principles as for all members throughout Arup Group, aligned to our values, and supporting the right outcomes and our unique ownership structure, as outlined in the following table (and the 'Total reward' section of the governance report):

Base salary	Benefits and pension	Profit-share
<p>We conduct an annual review of base salary for all members.</p> <p>In determining any increase to base salary, we consider comparable market rates, the contribution, skills, knowledge and experience of each individual, and the pay budget for each country in which we employ members.</p> <p>In setting pay budgets we assess how our pay levels are positioned relative to the market, review economic conditions and forecasts for market and wage growth, and consider the business context and affordability.</p>	<p>All members are eligible for benefits reflecting competitive market practice in the country in which they are employed. This typically includes a combination of health, wellbeing, insurance and retirement benefits.</p>	<p>All permanent members of Arup Group are eligible to participate in the profit-share. The profit-share reflects the importance of our highly collaborative culture to our ongoing success and enables all members to share in the success of Arup Group.</p>

Independent auditors' report to the members of Arup Group Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- Arup Group Limited's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2022 and of the group's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Financial Statements and Reports (the "Annual Report"), which comprise: the Consolidated balance sheet and Company balance sheet as at 31 March 2022; the Consolidated income statement, Consolidated statement of comprehensive income, Consolidated statement of changes in equity, Company statement of changes in equity and Consolidated statement of cash flows 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 group 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 group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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

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

Reporting on other information

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

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

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

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

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 March 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to pension legislation, employment legislation and tax legislation, 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. 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 posting inappropriate journal entries to manipulate results and potential management bias in accounting estimates and judgements. Audit procedures performed by the engagement team included:

- Gaining an understanding of the legal and regulatory framework applicable to the company and considering the risk of non-compliance by the company;
- Holding discussions with management, covering its consideration of known or suspected instances of non-compliance with laws and regulation that could give rise to a material misstatement;
- Addressing the risk of management override of controls through the testing of journals which met specific risk criteria, and evaluating whether there was evidence of management bias throughout our audit procedures;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulation; and
- Reviewing critical accounting estimates in regards to the percentage of completions and forecast outcomes of projects and the valuation of trade receivables and contract assets.

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Jonathan Sturges (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
1 November 2022

Consolidated income statement

For the year ended 31 March 2022

	Note	2022 £'m	2021 £'m
Revenue	5	1,893.8	1,717.1
Other income	6	22.3	33.9
Employee benefit expense	7	(1,165.5)	(1,090.1)
Charges from sub-consultants and other direct project expenses		(425.5)	(338.2)
Depreciation and amortisation expense	13, 14 & 28	(81.1)	(90.8)
Accommodation		(28.1)	(29.2)
Net impairment losses on financial and contract assets		(5.2)	(4.9)
Communications and other overheads		(159.8)	(129.7)
		<u>(1,865.2)</u>	<u>(1,682.9)</u>
Operating profit	9	50.9	68.1
Comprising:			
- Operating profit before exceptional items		30.9	77.9
- Exceptional items	10	20.0	(9.8)
		<u>50.9</u>	<u>68.1</u>
Finance income	11	1.6	1.4
Finance costs	11	(15.2)	(15.5)
Share of loss of investments accounted for using the equity method		(0.6)	-
Profit before income tax		<u>36.7</u>	<u>54.0</u>
Income tax charge	12	(18.4)	(18.2)
Profit for the financial year		<u>18.3</u>	<u>35.8</u>
Profit / (loss) is attributable to:			
Owners of Arup Group Limited		17.4	37.5
Non-controlling interests		0.9	(1.7)
		<u>18.3</u>	<u>35.8</u>

All activities of the Group are derived from continuing operations in both the current and prior years.

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

Consolidated statement of comprehensive income

For the year ended 31 March 2022

	2022	2021
	£'m	£'m
Profit for the financial year	18.3	35.8
Other comprehensive income / (expense)		
Items that will not be reclassified to profit or loss		
Remeasurements of post-employment benefit obligations - net of tax	55.7	(50.5)
	<u>55.7</u>	<u>(50.5)</u>
Items that may be reclassified subsequently to profit or loss		
Currency translation differences - gains / (losses)	6.0	(9.4)
	<u>6.0</u>	<u>(9.4)</u>
Other comprehensive income / (expense) for the year - net of tax	61.7	(59.9)
Total comprehensive income / (expense) for the year	<u>80.0</u>	<u>(24.1)</u>
Total comprehensive income / (expense) for the year is attributable to:		
Owners of Arup Group Limited	79.1	(22.5)
Non-controlling interests	0.9	(1.6)
	<u>80.0</u>	<u>(24.1)</u>

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

Consolidated balance sheet

As at 31 March 2022

	Note	31 March 2022 £'m	31 March 2021 £'m
Assets			
Non-current assets			
Property, plant and equipment	13	299.0	291.9
Right-of-use assets	28	324.1	353.4
Intangible assets	14	5.2	4.9
Investments accounted for using the equity method	17	1.2	-
Deferred income tax assets	29	59.9	62.1
Financial assets at fair value through profit or loss	18	21.8	18.5
Net investments in subleases		0.2	0.1
Fulfilment contract assets	16	0.8	0.9
Other non-current assets		2.4	-
		<u>714.6</u>	<u>731.8</u>
Current assets			
Contract assets	21	196.3	190.6
Trade and other receivables	22	339.1	304.6
Derivative financial instruments	20	0.0	0.0
Cash and cash equivalents	23	307.1	285.8
		<u>842.5</u>	<u>781.0</u>
Assets classified as held for sale	24	1.8	-
Total assets		<u>1,558.9</u>	<u>1,512.8</u>

Consolidated balance sheet as at 31 March 2022

	Note	31 March 2022 £'m	31 March 2021 £'m
Liabilities			
Current liabilities			
Borrowings	25	1.0	3.2
Trade and other payables	26	298.2	262.8
Contract liabilities	21	300.3	276.9
Current income tax liabilities		15.9	17.7
Lease liabilities	28	43.8	45.0
Derivative financial instruments	20	0.1	0.0
Provisions for other liabilities and charges	27	15.6	16.5
		<u>674.9</u>	<u>622.1</u>
Non-current liabilities			
Borrowings	25	50.0	60.0
Lease liabilities	28	321.3	340.3
Deferred income tax liabilities	29	22.1	18.2
Post-employment benefit liabilities	37	68.9	135.0
Provisions for other liabilities and charges	27	23.9	17.3
Other non-current liabilities		3.1	4.2
		<u>489.3</u>	<u>575.0</u>
Total liabilities		<u>1,164.2</u>	<u>1,197.1</u>
Net assets		<u>394.7</u>	<u>315.7</u>
Equity			
Share capital	30	0.1	0.1
Retained earnings		392.6	313.5
Capital and reserves attributable to owners of Arup Group Limited		<u>392.7</u>	<u>313.6</u>
Non-controlling interests		2.0	2.1
Total equity		<u>394.7</u>	<u>315.7</u>

The above consolidated balance sheet should be read in conjunction with the accompanying notes. The financial statements on pages 31 to 89 were approved and authorised for issue by the board of directors and signed on its behalf by:



Alan James Belfield

Director

1 November 2022

Company balance sheet

As at 31 March 2022

	Note	31 March 2022 £'m	31 March 2021 £'m
Assets			
Non-current assets			
Property, plant and equipment	13	-	1.9
Investments in subsidiaries	15	155.5	155.5
Financial assets at fair value through profit or loss	18	0.0	0.0
		<u>155.5</u>	<u>157.4</u>
Current assets			
Trade and other receivables	22	165.4	169.0
Cash and cash equivalents	23	1.2	1.1
		<u>166.6</u>	<u>170.1</u>
Assets classified as held for sale	24	1.8	-
Total assets		<u>323.9</u>	<u>327.5</u>
Liabilities			
Current liabilities			
Trade and other payables	26	217.2	210.4
Current income tax liabilities		1.0	0.9
		<u>218.2</u>	<u>211.3</u>

Company balance sheet as at 31 March 2022

	Note	31 March 2022 £'m	31 March 2021 £'m
Non-current liabilities			
Borrowings	25	50.0	60.0
		<u>50.0</u>	<u>60.0</u>
Total liabilities		<u>268.2</u>	<u>271.3</u>
Net assets		<u>55.7</u>	<u>56.2</u>
Equity			
Share capital	30	0.1	0.1
Retained earnings		55.6	56.1
Total equity		<u>55.7</u>	<u>56.2</u>

The Company's loss for the year was £0.5m (2021: £3.2m) and its total comprehensive expense for the year was £0.5m (2021: £3.2m).

The above Company balance sheet should be read in conjunction with the accompanying notes.

The financial statements on pages 31 to 89 were approved and authorised for issue by the board of directors and signed on its behalf by:



Alan James Belfield

Director

1 November 2022

Consolidated statement of changes in equity

For the year ended 31 March 2022

	<u>Attributable to owners of Arup Group Limited</u>				
	Share capital	Retained earnings	Total	Non-controlling interests	Total equity
	£'m	£'m	£'m	£'m	£'m
Balance as at 1 April 2020	0.1	336.0	336.1	-	336.1
Profit / (loss) for the financial year	-	37.5	37.5	(1.7)	35.8
<i>Remeasurement of post-employment obligations</i>	-	(62.3)	(62.3)	-	(62.3)
Remeasurement of post-employment obligations – tax	-	11.8	11.8	-	11.8
Currency translation differences – (losses) / gains	-	(9.5)	(9.5)	0.1	(9.4)
Other comprehensive (expense) / income for the year	-	(60.0)	(60.0)	0.1	(59.9)
Total comprehensive expense for the year	-	(22.5)	(22.5)	(1.6)	(24.1)
Non-controlling interests on acquisition	-	-	-	4.2	4.2
Dividends	-	-	-	(0.5)	(0.5)
Total transactions with owners, recognised directly in equity	-	-	-	3.7	3.7
Balance as at 31 March 2021	0.1	313.5	313.6	2.1	315.7
Profit for the financial year	-	17.4	17.4	0.9	18.3
Remeasurement of post-employment obligations	-	52.8	52.8	-	52.8
Remeasurement of post-employment obligations - tax	-	2.9	2.9	-	2.9
Currency translation differences - gains	-	6.0	6.0	0.0	6.0
Other comprehensive income for the year	-	61.7	61.7	0.0	61.7
Total comprehensive income for the year	-	79.1	79.1	0.9	80.0
Non-controlling interests on acquisition	-	-	-	-	-
Dividends	-	-	-	(1.0)	(1.0)
Total transactions with owners, recognised directly in equity	-	-	-	(1.0)	(1.0)
Balance as at 31 March 2022	0.1	392.6	392.7	2.0	394.7

Company statement of changes in equity

For the year ended 31 March 2022

	Share capital	Retained earnings	Total equity
	£'m	£'m	£'m
Balance as at 1 April 2020	<u>0.1</u>	<u>59.3</u>	<u>59.4</u>
Loss for the financial year	-	(3.2)	(3.2)
Total comprehensive expense for the year	<u>-</u>	<u>(3.2)</u>	<u>(3.2)</u>
Balance as at 31 March 2021	<u>0.1</u>	<u>56.1</u>	<u>56.2</u>
Loss for the financial year	-	(0.5)	(0.5)
Total comprehensive expense for the year	<u>-</u>	<u>(0.5)</u>	<u>(0.5)</u>
Balance as at 31 March 2022	<u>0.1</u>	<u>55.6</u>	<u>55.7</u>

Consolidated statement of cash flows

For the year ended 31 March 2022

	Note	2022 £'m	2021 £'m
Cash flows from operating activities			
Cash generated from operations	36	134.0	246.4
Interest paid - excluding lease liabilities		(1.9)	(1.4)
Income tax paid		(19.7)	(11.5)
Net cash generated from operating activities		<u>112.4</u>	<u>233.5</u>
Cash flows from investing activities			
Acquisitions of subsidiaries:			
– cash acquired		-	2.6
Purchases of property, plant and equipment		(35.2)	(14.2)
Proceeds from sale of property, plant and equipment		0.1	0.3
Purchases of intangible assets		(2.3)	(0.6)
Proceeds from sale of subsidiary		13.7	-
Loans granted to related parties		(0.1)	-
Interest received		1.2	1.2
Net cash used in investing activities		<u>(22.6)</u>	<u>(10.7)</u>
Cash flows from financing activities			
Interest paid on lease liabilities		(10.5)	(11.0)
Proceeds from borrowings		50.0	60.0
Principal elements of lease payments		(44.4)	(50.0)
Repayments of borrowings		(60.0)	(70.0)
Loan repayments to related parties		(2.2)	-
Dividends paid to non-controlling interests		(1.0)	(0.5)
Net cash used in financing activities		<u>(68.1)</u>	<u>(71.5)</u>
Net increase in cash and cash equivalents		21.7	151.3
Cash and cash equivalents at the beginning of the year		285.8	134.9
Exchange losses on cash and cash equivalents		(0.4)	(0.4)
Cash and cash equivalents at the end of the year		<u>307.1</u>	<u>285.8</u>

Notes to the financial statements

For the year ended 31 March 2022

1. Incorporation

Arup Group Limited is a private limited company which is incorporated in England and Wales. The address of the registered office is 8 Fitzroy Street, London, W1T 4BJ, United Kingdom.

2. Significant accounting policies

2.1. Basis of preparation

Group

The Group's consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006. There was no impact from transitioning to this basis of preparation. These financial statements have been prepared under the historical cost convention, except for financial assets and liabilities that are measured at fair values at the end of each reporting period, as explained in the accounting policies.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the preparation of the consolidated financial statements are disclosed in note 4.

For the year ended 31 March 2022 the Group has presented contract assets, contract liabilities and current lease liabilities as separate items on the balance sheet to aid the users understanding of the financial statements. For the year ended 31 March 2021 these items had been presented within trade and other receivables and trade other payables respectively. The Group has updated the 31 March 2021 comparatives to reflect this updated presentation.

Company

The Company's financial statements have been prepared in accordance with FRS 101 and the Companies Act 2006. These financial statements have been prepared under the historical cost convention, except for financial assets and liabilities that are measured at fair values at the end of each reporting period, as explained in the accounting policies.

The Company has not presented an income statement or statement of comprehensive income as permitted by Section 408(3) of the Companies Act 2006.

The loss for the year was £0.5m (2021: loss of £3.2m) and total comprehensive expense for the year was £0.5m (2021: expense of £3.2m).

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

- Paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3, 'Business Combinations';
- Paragraph 33(c) of IFRS 5, 'Non-current Assets Held for Sale and Discontinued Operations';
- 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);
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15, 'Revenue from Contracts with Customers';
- The requirements of paragraph 52, paragraph 58, the second sentence of paragraph 89 and paragraphs 90, 91 and 93 of IFRS 16, 'Leases';
- Paragraph 38 of IAS 1, 'Presentation of Financial Statements' comparative information requirements in respect of:
 - 79(a)(iv) of IAS 1, 'Presentation of Financial Statements' (reconciliation of the number of shares outstanding at the beginning and end of the period);
 - 73(e) of IAS 16, 'Property, Plant and Equipment' (reconciliation of the carrying amount at the beginning and end of the period);
 - 118(e) of IAS 38, 'Intangible Assets' (reconciliation of the carrying amount at the beginning and end of the period); and
 - 76 and 79(d) of IAS 40, 'Investment Property' (reconciliation of the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1:
 - 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 IFRSs);
 - 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';
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation); and
- IAS 24 (disclosure of related party transactions entered into between two or more members of a group providing that the parties are wholly owned by the group).

2.2. Going concern

The directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational

existence for the foreseeable future. Management of the Group have performed analysis on future projections of financial performance and cashflow and even after considering the downside scenario (which includes the impact of increased costs and decreased receipts from clients that might arise via increased inflation and interest rates), it is satisfied that the Group can take sufficient mitigating action, where necessary, to ensure that resources remain sufficient over the forecasting period and that it has adequate resources to continue operations. The Group also has access to its existing banking facilities. The Group is therefore satisfied it has sufficient financial resources and, as such, these financial statements have been prepared on the going concern basis.

2.3. Changes in accounting policies and disclosures

New standards, amendments and interpretations

There are no amendments to accounting standards, or IFRS Interpretations Committee (“IFRIC”) interpretations that are effective for the year ended 31 March 2022 that have a material impact on the Group and Company.

New standards, amendments and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for reporting periods ending 31 March 2022 and have not been early adopted by the Group and Company. These standards are not expected to have a material impact on the entity in the current or future reporting periods or on foreseeable future transactions.

2.4. Accounting policies

The following are the significant accounting policies applied by the Group in preparing the financial statements. All accounting policies have been consistently applied to all the years presented, unless otherwise stated.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The consolidated financial statements are presented in pound sterling (£), which is the Company’s functional and presentation currency.

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 remeasured. 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.

Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

Impairment of non-financial assets

At each balance sheet date, the Group assesses whether there is objective evidence that an asset or group of assets is impaired. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and value in use.

Financial assets

Classification

The Group classifies its financial assets in the following categories:

- those to be measured subsequently at fair value through profit or loss (“FVPL”);
- those to be measured subsequently at fair value through other comprehensive income (“FVOCI”); and
- those to be measured at amortised cost.

The classification depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded either in profit or loss or in other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

Recognition and derecognition

Purchases and sales of financial assets are recognised on trade date being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset.

Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in communications and other

overheads together with foreign exchange gains and losses and impairment losses.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Impairment of financial assets

Assets carried at amortised cost

The Group applies the simplified approach for IFRS 9, 'Financial Instruments' when measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. The expected loss rates are based on payment profiles of sales over a period of 36 months for the three preceding financial years (excluding the current financial year) and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on the customers' ability to settle the receivables.

Revenue

The Group practices in the field of design and consulting engineering services, in architecture and other related professional skills.

Revenue represents the value of work performed on contracts in the year. For contracts on which revenue exceeds fees rendered, the excess is included as contract assets. For contracts on which fees rendered exceed revenue, the excess is included as contract liabilities. The value of long term contracts is based on recoverable costs plus attributable profit. Cost is defined as staff costs and related overheads plus project expenses.

As projects reach stages where it is considered that their outcome can be reasonably foreseen, proportions of the expected total profit are brought into the financial statements. Provision is made for all known and anticipated losses.

No element of financing is present. Sales are made with a credit term of 30 days (on average across the Group), which is consistent with market practice.

Employee benefits

Global profit-share scheme

The Group recognises a liability and an expense for the global profit-share scheme, based on a formula that takes into consideration the employees' salary, length of service and grade.

Pension obligations

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits

relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method (see note 37).

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory contractual or voluntary basis. The Group has no further payment obligation once the contributions have been paid.

The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in the future payments is available.

Exceptional items

Exceptional items comprise items of income, expense and cash flow that are material in amount and outside the normal course of business, or relate to events which do not frequently recur. They merit separate disclosure in the financial statements in order to provide a better understanding of the Group's underlying financial performance.

Income tax charge

Current and deferred income tax is recognised in the income statement for the year except where the taxation arises as a result of a transaction or event that is recognised in other comprehensive income or directly in equity. Income tax arising on transactions or events recognised in other comprehensive income or directly in equity is charged or credited to other comprehensive income or directly to equity 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 Group operates and generates taxable income.

Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and impairment. Cost comprises the purchase price after discounts plus all directly attributable costs of bringing the asset to working condition for its intended use.

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 Group and the cost of the item can be measured reliably. 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 or revalued amounts to their residual values over their estimated useful lives as follows:

Freehold property	50 years
Leasehold improvements	Duration of the lease
Furniture, fittings & IT hardware	3 - 10 years
Motor vehicles	3 - 10 years

Investment properties are accounted for using the cost model. The accounting treatment is in line with that of freehold and leasehold property shown above.

Intangible assets

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring into use the specific software. These costs are amortised using the straight-line method to allocate the cost of the software over its useful economic life of between 2 and 5 years. Computer software is stated at cost less accumulated amortisation.

Customer contracts were identified as part of the purchase price allocation exercise on the acquisition of an indirect subsidiary in a prior year. These are amortised over the life of the projects.

Intellectual property is held at amortised cost. It is considered to have an indefinite life as, in future years, there is no foreseeable limit to the period over which they will be used to generate net cash inflows for the Group. This is assessed annually.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Investments in subsidiaries

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

Fulfilment contract assets

The Group has recognised assets in relation to costs to fulfil long-term consultancy service contracts. These costs were incurred prior to being awarded the contracts and will be amortised on a straight line basis over the contract terms.

Contract assets and liabilities

Contract costs

Contract assets represent unbilled revenue on contracts. Generally, at the balance sheet date the unbilled revenue has not been invoiced due to a payment schedule being in place.

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.

Pre-contract costs

The Group accounts for all pre-contract costs in accordance with IFRS 15. Costs incurred before it becomes probable that a contract will be obtained are charged to expenses, unless they meet the definition of a fulfilment cost.

Contract liabilities

Contract liabilities represents revenue on contracts billed in advance of performing the related services.

Trade receivables

Trade 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 receivables are initially recognised at fair value and subsequently measured at amortised cost.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Assets classified as held for sale

If, at the balance sheet date, an asset is expected to be sold within 12 months it is reclassified to assets classified as held for sale.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Provisions for other liabilities and charges

Provisions for other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Property provision

The Group is required to perform dilapidation repairs on leased properties prior to the properties being vacated at the end of their lease term. Provision for such costs is made where a legal obligation is identified and the liability can be reasonably quantified.

Long-term employee benefit obligations

In Australia, employees who work 10 years with a company are entitled to additional annual leave called long service leave. Long service leave covers all unconditional entitlements where employees have completed more than 10 years service and where employees are entitled to pro-rata payments in certain circumstances. The majority of the provision is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group

does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. That proportion of the provision is presented as non-current.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The Group does not apply hedge accounting and therefore fair value gains or losses are credited / charged to the income statement.

Derivatives are classified as an asset or liability. The full fair value of a derivative is classified as a non-current asset or liability if the remaining maturity of the item is more than 12 months or as a current asset or liability if the maturity of the items is less than 12 months.

Leases

(i) The Group's leasing activities and how these are accounted for

The Group leases various offices and equipment. Rental contracts are typically made for fixed periods of 1 year to 5 years, but may have extension options as described in (ii) below.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of property for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, they are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. Right-of-use buildings are not revalued.

Short-term leases are leases with a lease term of 12 months or less. The Group applies the short-term lease recognition exemption to those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the low-value assets recognition exemption to leases of assets below US\$5,000. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in the income statement.

(ii) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

(iii) Variable lease payments

The Group has not entered into leases with variable payments tied to the performance of the business. The Group has annual rent reviews for any property leases where the extension option has been taken.

Joint arrangements

Under IFRS 11 'Joint Arrangements' investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

The agreements in relation to the Group's joint arrangements require unanimous consent from all parties for all relevant activities. Where the joint arrangement partners are entitled to their share of the assets and are jointly and severally liable for the liabilities incurred by the joint arrangement, these arrangements are classified as joint operations. The Group recognises its direct right to the jointly held assets, liabilities, revenues and expenses.

Where the joint arrangement partners have rights to the net assets of the arrangement, it is considered a joint venture and equity accounted.

Deferred income tax

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

3. Financial risk management

3.1. Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to manage certain risk exposures.

Risk management is carried out by a central treasury department ("Group Treasury") under policies approved by the board of directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investment of excess liquidity.

- a) Market risk
- i) Foreign exchange risk

The Group operates in a number of international territories. Each business undertakes a large proportion of its commercial transactions within its local market and in its local functional currency. Foreign exchange risk arises from commercial transactions undertaken in currencies other than the local functional currency, from financial assets and liabilities denominated in currencies other than the local functional currency and on the Group's investments in foreign operations.

Group policy is for each business to undertake commercial transactions in its own functional currency whenever possible. When this is not possible, the Group manages its foreign currency exchange risk from future commercial transactions using appropriate derivative contracts arranged by Group Treasury. Cash flows are reviewed on a monthly basis throughout the duration of projects and the future cover is amended as appropriate.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. A proportion of the currency exposure arising from the net assets of the Group's foreign operations is managed through borrowings denominated in the relevant foreign currencies.

The Group's primary exposure to foreign exchange risk on unhedged financial assets and liabilities arises mainly in respect of movements between pound sterling ("GBP") and euro ("EUR"), the Canadian dollar ("CAD"), the Hong Kong dollar ("HKD") and US dollar ("USD").

	Profit after tax (decrease) / increase	Profit after tax increase / (decrease)	Total equity (decrease) / increase	Total equity (decrease) / increase
	2022	2021	2022	2021
	£'m	£'m	£'m	£'m
GBP/HKD exchange rate - increase 10%	(2.3)	3.8	(0.9)	(1.1)
GBP/HKD exchange rate - decrease 10%	2.8	(4.7)	1.1	1.3
GBP/CAD exchange rate - increase 10%	(1.6)	(1.8)	(1.7)	(1.7)
GBP/CAD exchange rate - decrease 10%	2.0	2.2	2.1	2.0
GBP/EUR exchange rate - increase 10%	(0.9)	(1.2)	(3.4)	(2.7)
GBP/EUR exchange rate - decrease 10%	1.1	1.5	4.2	3.3
GBP/USD exchange rate - increase 10%	(1.2)	1.5	(3.9)	(1.7)
GBP/USD exchange rate - decrease 10%	1.5	(1.8)	4.7	2.1

ii) Interest rate risk

There is no material exposure to interest rate risk. Therefore, no interest hedging is currently undertaken by the Group.

b) Credit risk

Credit risk is the risk that the Group will suffer financial loss as a result of counterparties defaulting on their contractual obligations.

For contract assets and trade and other receivables, concentration of credit risk is very limited due to the Group's broad customer base. An assessment of credit quality of the customer is made where appropriate using a combination of external rating agencies, past experience and other factors. In circumstances where credit information is unavailable or poor, the risk is mitigated primarily by the use of advance payments resulting in positive cash flows. Exposure and payment performance are monitored closely both at individual project and client level, with a series of escalating debt recovery actions taken where necessary. In view of current economic circumstances, additional management attention is focused on the recovery of debtors.

For cash and cash equivalents, cash investments are held with banks with a minimum credit rating of A-3 / P2.

c) Liquidity risk

The Group funds its activities primarily through cash generated from its operations and also maintains committed bank facilities. The liquidity risk is managed with reference to short-term and long-term cash flow forecasts and the maturity of the bank facilities. These facilities contain financial covenants. Throughout the year the Group maintained robust headroom against its covenants and is expected to do so into the foreseeable future.

Surplus cash is invested by Group Treasury in interest bearing current accounts, term deposits and money market deposits through instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts.

The table below analyses the Group's non-derivative financial liabilities and net settled derivative financial liabilities by relevant maturity groupings based on the remaining period between the balance sheet date and the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	On demand or within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£'m	£'m	£'m	£'m
As at 31 March 2022				
Loan from related party	1.0	-	-	-
Bank loan	-	-	50.0	-
Derivative financial instruments	0.1	-	-	-
Trade and other payables excluding non-financial liabilities	277.3	-	-	-
	On demand or within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£'m	£'m	£'m	£'m
As at 31 March 2021				
Loan from related party	3.2	-	-	-
Bank loan	-	-	60.0	-
Derivative financial instruments	0.0	-	-	-
Trade and other payables excluding non-financial liabilities	232.8	-	-	-

In addition to the table above, the maturity profile of lease liabilities are disclosed in note 28.

3.2. Capital risk management

The Group is a long-term business, held in trust for the principal benefit of its employees. This ownership model means that it is not able to raise equity externally. The Group's objectives when managing capital (defined as net debt plus equity) are to safeguard its ability to continue as a going concern, provide returns for its employees and to avoid debt funding.

The Group manages capital to ensure an appropriate balance between investing in employees, clients and profit.

3.3. Fair value estimation

The fair value hierarchy prioritises the inputs used to measure fair value into three broad levels. These have been defined as follows:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's financial assets and liabilities that are measured at fair value at the balance sheet date. There were no items classified as Level 3 at the balance sheet dates.

	2022	2021	2022	2021
	Level 1	Level 1	Level 2	Level 2
Assets	£'m	£'m	£'m	£'m
Financial assets at fair value through profit or loss				
Derivative financial instruments:				
– Foreign exchange contracts	-	-	0.0	0.0
US listed securities (note 18)	21.8	18.1	-	-
Total assets	21.8	18.1	0.0	0.0

	2022	2021	2022	2021
	Level 1	Level 1	Level 2	Level 2
Liabilities	£'m	£'m	£'m	£'m
Financial liabilities at fair value through profit or loss				
Derivative financial instruments:				
– Foreign exchange contracts	-	-	(0.1)	(0.0)
Total liabilities	-	-	(0.1)	(0.0)

Level 1 financial instruments

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the reporting date and yield curves derived from quoted interest rates matching the maturities of the foreign exchange contracts.

Level 3 financial instruments

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- quoted market prices or dealer quotes for similar instruments;
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to the present value; and
- other techniques, such as *discounted cash flow analysis*, are used to determine fair value for the remaining financial instruments.

3.4. Offsetting financial assets and financial liabilities

	Gross amounts recognised financial assets	Gross amounts of recognised financial liabilities set off in the balance sheet	Net amounts of financial assets presented in the balance sheet
As at 31 March 2022	£'m	£'m	£'m
Cash and cash equivalents	454.5	(147.4)	307.1
Credit balance	(147.4)	147.4	-
	<u>307.1</u>	<u>-</u>	<u>307.1</u>

	Gross amounts recognised financial assets	Gross amounts of recognised financial liabilities set off in the balance sheet	Net amounts of financial assets presented in the balance sheet
As at 31 March 2021	£'m	£'m	£'m
Cash and cash equivalents	435.3	(149.5)	285.8
Credit balance	(149.5)	149.5	-
	<u>285.8</u>	<u>-</u>	<u>285.8</u>

The Group has a cash pooling arrangement with its principal bank. The arrangement allows for cash to be pooled together across certain entities within the Group. A consequence of this arrangement is that any cash balance within the pooling group that is showing as overdrawn is offset against those with positive cash balances. At the balance sheet date, this results in a net positive cash balance being presented in the Group financial statements.

4. Critical accounting estimates and judgements

The Group and Company make estimates and assumptions concerning the future. The resulting accounting estimates may not, by definition, 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.

Group**Contract accounting (estimates and judgements)**

The Group's revenue accounting policy (note 2) is central to how the Group values the work it has carried out in each financial year. This policy requires forecasts to be made on the current percentage complete and the projected outcomes of projects. The key estimates and judgements relating to determining the revenue and profitability of projects within the Group's financial statements are:

- **Percentage completion:** usually calculated by taking actual salary expense incurred as a percentage of forecasted salary expense. Estimation required in determining the forecasted salary expense; .
- **Profitability of a project:** project teams use their judgement to estimate the costs to complete a project. These include an assessment of the need for additional contingencies to cover potential unknown expenses;
- **Modifications:** where a modification to a contract occurs, judgement is made on whether the modification is distinct, or intrinsically connected to the original contract. Where it is not distinct, the original project is reforecasted for the additional income and costs to complete; and

- *Pain / gain share: where the Group engages with another joint operator to provide a service to a client, there are additional risks regarding work outside of the Group's direct control. Project teams use their judgement, to estimate their share of any pain and include this in their cost to complete forecasts. Gain share is only recognised in forecast income once it is virtually certain.*

While the estimates made are based on professional judgements, subsequent events may mean that estimates calculated prove to be inaccurate, with a consequent effect on the reported result.

Projects may contain contingencies in their accounting estimates. These contingencies are for potential additional costs that may be required to complete the project. Such costs are only included when they are deemed more likely than not. Management have reviewed ongoing projects as at 31 March 2022 and are satisfied that it is reasonable to include these contingencies. There is a specific combination of contracts that require significant accounting estimates for which, as at 31 March 2022, contingencies totalling £20.9m have been forecast. These contingencies reflect management's best estimate of outflows or the net cost of remediation work carried out up to 31 March 2022. However, there is uncertainty in respect of the extent and magnitude of the associated costs included in the contingencies, most notably whether the amounts recognised will be fully utilised. Management has estimated a range of outcomes from £12.2m up to a maximum of £34.4m relating to the recorded position at the balance sheet date. Based on the information available as at 31 March 2022, management does not consider there to be any significant risks of material change to the estimates that feed into contract accounting within the next financial year on the other remaining contracts.

Forecasted income represents income that has been agreed with the client. Fees from modifications are only recognised once they have been agreed with the client.

Measuring the outcome of the performance obligations can take time due to the multi-year lifespan of the Group's contracts. Assuming the project is forecasted to make a profit, the Group recognises revenue only to the extent of the costs incurred until the project reaches 50% complete on a standard risk project and 95% complete on a high risk project. Management have reviewed projects across the Group and have used their judgement to establish these percentages. Once a non-onerous project reaches 50% / 95% complete, profit is recognised in line with its percentage completion.

Defined benefit pension schemes (estimates and judgements)

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost / (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

An estimate of the sensitivity to changes in key assumptions is disclosed in note 37.

Legal claims (estimates and judgements)

From time to time the Group receives claims from clients with regards to work performed on projects. The Group has professional indemnity insurance and /or project insurance policies in place for such situations. Significant judgement is required to determine whether a liability should be put in place for these claims. Accounting estimates are made to value these claims utilising both internal and external sources as well as the result of past experience. Assumptions are used in making these estimates and as such subsequent events may mean that they prove to be inaccurate, with an adjustment made in a future year. The Group recognises that accounting standards require that professional indemnity insurance should be recognised as a reimbursement only when it is virtually certain that the reimbursement will be received. No separate disclosure is made of the detail of such claims or proceedings, or the costs recovered by insurance, as to do so could seriously prejudice the position of the Group.

Lease accounting (judgements)

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). In light of the impact COVID-19 has had on office occupancy as a result of employees working from home, where a lease has the option to extend, management have made the judgement that it will not be extended unless there is evidence otherwise.

Company

Investment in subsidiaries (estimates and judgements)

The Company holds investments in subsidiaries at cost. On an annual basis management of the Company uses judgement to assess whether there is objective evidence that the carrying value of the investments needs to be considered for impairment. When a triggering event occurs, estimation is used to project the future returns from the investment and an impairment is made if this falls below the carrying value of the asset.

Impairment of trade and other receivables (judgements)

Due to the nature of the Company, it has a significant receivable due from Group undertakings. When assessing impairment, management have considered inter-group agreements and historical experience. As a result of this the expected credit loss is deemed to be immaterial.

5. Revenue

Group

The total revenue recognised in the year that was included in contract liabilities at the beginning of the year was £275.7m (2021: £265.2m).

The total revenue recognised in the year from performance obligations satisfied (or partially satisfied) in previous years was £1,410.4m (2021: £1,291.9m).

The aggregate amount of the transaction price allocated to long-term contracts that are partially or fully unsatisfied at the balance sheet date is £1,635.1m (2021: £1,554.2m). The Group expects that this will be recognised over the next 1 to 10 years.

The Group derives revenue from the provision of services over time in the following geographical regions:

	2022	2021
	£'m	£'m
Revenue by destination		
United Kingdom	710.4	605.0
Americas	363.3	351.1
Australasia	324.6	290.9
Asia	300.8	266.4
Europe	168.1	167.1
Middle East & Africa	26.6	36.6
	<u>1,893.8</u>	<u>1,717.1</u>

6. Other Income

Group

	2022	2021
	£'m	£'m
Gain on disposal of subsidiaries (note 10)	18.1	-
Fair value gain on financial assets at fair value through profit and loss	2.3	4.4
Government grants (note 10)	1.9	17.5
Gain on closure of defined benefit pension scheme (note 10)	-	12.0
	<u>22.3</u>	<u>33.9</u>

7. Employee benefit expense

Group	2022	2021
	£'m	£'m
Wages and salaries	802.0	761.3
Global profit-share scheme	143.1	97.7
Social security costs	84.9	76.5
Pension contributions	71.4	79.3
Headcount reduction costs	1.0	27.9
Other staff costs	63.1	47.4
	<u>1,165.5</u>	<u>1,090.1</u>

Average monthly number of people employed	2022	2021
	Number	Number
Engineering and technical staff	12,991	12,542
Administrative staff	2,526	2,380
	<u>15,517</u>	<u>14,922</u>

In addition, the average monthly number of government site staff employed by an indirect subsidiary of the Company was 610 (2021: 466). Employee benefit expenses in respect of government site staff are included under 'charges from sub-consultants and other direct project expenses' in the income statement.

The Company has no employees (2021: nil).

8. Directors' remuneration

Group

The directors' remunerations were as follows:

	2022	2021
	£'m	£'m
Aggregate remuneration	9.3	6.7
Aggregate contributions paid to defined contribution schemes	<u>0.2</u>	<u>0.1</u>

	2022	2021
	Number	Number
Number of directors accruing pension benefits under:		
Defined benefit schemes	<u>2</u>	<u>3</u>

	2022	2021
	£'m	£'m
The highest paid director:		
Remuneration excluding contributions paid to pension schemes	0.9	0.8
Contributions paid to defined contribution schemes	0.1	0.0
	<u>1.0</u>	<u>0.8</u>

No directors are remunerated through the Company itself, the expense is borne by other Group companies.

9. Operating profit

Group	2022	2021
	£'m	£'m
This is stated after charging / (crediting):		
During the year, the Group obtained the following services from the Company's auditors:		
– Audit of Company and consolidated financial statements	0.5	0.3
Fees payable for other services:		
– Audit of the Company's subsidiaries, pursuant to legislation	1.5	1.2
– Other audit related assurance services	0.0	-
– Tax compliance services	0.3	0.3
– Tax advisory services	0.3	0.5
– Other advisory services	0.0	0.2
Loss on disposal of property, plant and equipment	3.4	0.3
Loss on disposal of intangible assets	1.1	0.1
Loss / (gain) on exchange from trading activities	1.4	(9.2)
Research and development costs	34.1	30.8
Amortisation of intangible assets	1.2	2.3
Amortisation of fulfilment costs (within charges from sub-consultants and other direct project expenses)	0.2	0.2
Depreciation of property, plant and equipment	26.5	28.4
Depreciation of right-of-use assets	<u>53.4</u>	<u>59.9</u>

10. Exceptional items

For the year ending 31 March 2022

Gain on sale of subsidiaries

On 8 February 2022, a subsidiary of the Company, Ove Arup Ventures Limited, sold its investment in MailManager Limited. The gain on sale for the Group was £15.7m.

During the year ended 31 March 2022, Ove Arup Ventures Limited diluted its investment in Artus Air Limited, relinquishing control of the company. This is treated as a disposal of a subsidiary and resulted in a gain of £2.4m for the Group. The remaining investment in Artus Air Limited is presented as "Investments accounted for using the equity method" in the balance sheet.

Government grant

For the year ending 31 March 2022, Arup Singapore Pte Ltd received £1.9m of COVID-19 subsidies from the Singaporean government.

For the year ending 31 March 2021

Net defined benefit pension curtailment loss

During the year ending 31 March 2021 the defined benefit pension schemes of Ove Arup & Partners Hong Kong Limited and Ove Arup & Partners Ireland Limited were terminated. The impacts of these exceptional items were as follows:

Ove Arup & Partners Hong Kong Limited – A net curtailment gain of £12.0m was recognised in the income statement on the termination of the defined benefit section on 1 May 2020. This gain was after deducting a special contribution of £5.5m made by Ove Arup & Partners Hong Kong Limited into the defined contribution section to match the difference between the total aggregate vested liability and the total transfer value. The net gain has been included in 'other income' in the income statement.

Ove Arup & Partners Ireland Limited – A net loss of £12.9m was recognised in the income statement for the termination of this company's scheme. This company issued notice in writing on 23 December 2020 terminating its liability to contribute to its defined benefit pension scheme. The trustees resolved to wind up the scheme with effect from 28 February 2021. The impact of this windup has been accounted for in the 31 March 2021 financial statements. The net loss has been included in 'employee benefit expense' in the income statement.

Government grants

COVID-19 related government grants have been received by some subsidiary companies as follows:

Arup Canada Inc. – As a measure to aid businesses during the COVID-19 pandemic, the government of Canada announced the Canada Emergency Wage Subsidy ("CEWS") in April 2020 and the Canada Emergency Rent Subsidy ("CERS") in October 2020. This company received a combined grant of £5.4m and it has been presented in 'other income' in the income statement.

Arup Singapore Private Limited – In the Singapore Budget 2020, the government introduced the jobs support scheme as a temporary measure to help enterprises retain local employees. Under this scheme, employers receive cash grants in relation to the gross monthly wages of eligible employees for the months of October 2019 to March 2021. This company received £4.4m and it has been presented in 'other income' in the income statement.

Ove Arup & Partners Hong Kong Limited - During the year ended 31 March 2021, the Hong Kong SAR Government launched the Anti-epidemic Fund; this included the Employment Support Scheme ("ESS"). The ESS provided financial support to employers for six months in the form of wage subsidies to mitigate the adverse impact of COVID-19. This company has received £7.7m and the subsidies have been used to pay employee wages from June to November 2020. This government grant has been included in 'other income' in the income statement.

Headcount reduction costs

During the year ended 31 March 2021 the Group undertook a reshaping programme to reflect anticipated forward workload, business size, shape and skillsets required to meet the post-pandemic market. Headcount reduction expenses of £27.9m has been recognised in 'employee benefit expense' in the income statement.

Gain on subsidiary purchase

On 1 April 2020, a subsidiary of the Company acquired control of Arup Jururunding Sdn. Bhd. At the date control was obtained no consideration was paid and a net gain was recognised in the income statement for £1.5m. This is presented in 'communications and other overheads' in the income statement.

11. Net finance costs

Group

	2022	2021
	£'m	£'m
Interest expense on borrowings	1.3	1.2
Lease liabilities	10.5	11.0
Fair value losses on financial instruments	0.4	1.6
Net finance costs on net post-employment benefit liabilities	2.4	1.5
Other finance costs	0.6	0.2
Total finance costs	<u>15.2</u>	<u>15.5</u>
Interest receivable on short term bank deposits	(1.1)	(1.1)
Fair value gains on financial instruments	(0.4)	-
Net finance income on net post-employment benefit liabilities	(0.0)	(0.2)
Other interest received	(0.1)	(0.1)
Total finance income	<u>(1.6)</u>	<u>(1.4)</u>
Net finance costs	<u>13.6</u>	<u>14.1</u>

12. Income tax charge

Group

(a) Analysis of total income tax charge

	2022	2021
	£'m	£'m
Current income tax		
– Current income tax on profits for the year	9.7	18.1
– Adjustment in respect of prior years	(1.8)	0.9
Total current income tax	<u>7.9</u>	<u>19.0</u>
Deferred income tax (note 29)		
– Origination and reversal of temporary differences	1.4	(2.8)
– Effect of changes in tax rates	9.5	(0.2)
– (Over) / under provision of deferred income tax in respect of prior years	(0.4)	2.2
Total deferred income tax	<u>10.5</u>	<u>(0.8)</u>
Total income tax charge	<u>18.4</u>	<u>18.2</u>

(b) Factors affecting the total tax charge for the year

The tax assessed for the year is higher (2021: higher) than the amount computed at the standard rate of corporation tax in the UK 19% (2021: 19%). The differences are explained below:

	2022	2021
	£'m	£'m
Profit before income tax	<u>36.7</u>	<u>54.0</u>
Profit before income tax multiplied by the standard rate of corporation tax in the UK	7.0	10.3
Effects of:		
Income not subject to tax	(5.7)	(5.6)
Expenses not deductible for tax purposes	3.7	6.9
Impact of non-UK tax	4.7	2.5
Tax decrease arising from non-UK tax suffered	(0.1)	-
Utilisation of tax losses for which no deferred income tax asset was recognised	(0.5)	(0.7)
Remeasurement of deferred income tax - change in tax rates	9.5	(0.2)
Adjustment in respect of prior years	(2.2)	3.1
Unrelieved losses carried forward on which no deferred income tax is recognised	2.0	1.7
Other	0.0	0.2
Total income tax charge	<u>18.4</u>	<u>18.2</u>

(c) Factors affecting current and future income tax charges

In the Spring Budget 2021, the Government announced that from 1 April 2023 the main rate of UK corporation tax rate will increase from 19% to 25%. This new rate was substantively enacted on 24 May 2021 and therefore its impact has been reflected in the measurement of deferred taxes in the financial statements.

For the year ending 31 March 2022 local tax rates have been used to calculate deferred income tax assets and liabilities.

13. Property, plant and equipment

Group	Freehold land & property	Leasehold property & improvements	Furniture, fittings & IT hardware	Motor vehicles	Total
	£'m	£'m	£'m	£'m	£'m
Cost					
Balance at 1 April 2020	225.8	118.8	122.4	1.3	468.3
Additions	-	3.4	10.6	0.2	14.2
Acquisitions	0.2	0.7	1.4	0.2	2.5
Disposals	(0.4)	(4.0)	(6.5)	(0.7)	(11.6)
Adjustment for exchange differences	(0.8)	(2.8)	(3.7)	0.1	(7.2)
Balance at 31 March 2021	224.8	116.1	124.2	1.1	466.2
Additions	4.2	20.4	10.5	0.1	35.2
Acquisitions	-	-	0.1	-	0.1
Disposals	-	(11.5)	(21.9)	(0.2)	(33.6)
Adjustment for exchange differences	(0.2)	2.2	2.0	(0.0)	4.0
Balance at 31 March 2022	228.8	127.2	114.9	1.0	471.9
Accumulated depreciation					
Balance at 1 April 2020	16.3	56.9	84.6	0.7	158.5
Acquisitions	0.1	0.3	0.7	0.2	1.3
Charge for the year	4.4	8.7	15.2	0.1	28.4
Disposals	(0.1)	(4.0)	(6.3)	(0.6)	(11.0)
Adjustment for exchange differences	0.1	(1.3)	(2.1)	0.4	(2.9)
Balance at 31 March 2021	20.8	60.6	92.1	0.8	174.3
Acquisitions	-	-	-	-	-
Charge for the year	4.4	8.8	13.2	0.1	26.5
Disposals	-	(8.6)	(21.3)	(0.2)	(30.1)
Adjustment for exchange differences	(0.0)	0.8	1.4	(0.0)	2.2
Balance at 31 March 2022	25.2	61.6	85.4	0.7	172.9
Net book value at 31 March 2022	203.6	65.6	29.5	0.3	299.0
Net book value at 31 March 2021	204.0	55.5	32.1	0.3	291.9

Included within freehold land & property are investment properties that have a net book value at 31 March 2022 of £2.8m (2021: £2.9m).

Included within disposals is the transfer of leasehold property (cost £3.6m; accumulated depreciation £1.8m) (2021: nil).

Company	Leasehold property	Total
	£'m	£'m
Cost		
Balance at 1 April 2021	3.6	3.6
Transfer to assets held for sale (note 24)	(3.6)	(3.6)
Balance at 31 March 2022	<u>-</u>	<u>-</u>
Accumulated depreciation		
Balance at 1 April 2021	1.7	1.7
Charge for the year	0.1	0.1
Transfer to assets held for sale (note 24)	(1.8)	(1.8)
Balance at 31 March 2022	<u>-</u>	<u>-</u>
Net book value at 31 March 2022	<u>-</u>	<u>-</u>
Net book value at 31 March 2021	1.9	1.9

14. Intangible assets

Group

	Customer contracts	Intellectual property	Development costs	Goodwill	Computer software	Total
Cost	£'m	£'m	£'m	£'m	£'m	£'m
Balance at 1 April 2020	-	-	1.3	1.6	16.5	19.4
Additions	1.2	0.6	0.3	-	0.6	2.7
Disposals	-	-	-	-	(0.7)	(0.7)
Adjustment for exchange differences	-	(0.0)	-	(0.2)	(0.2)	(0.4)
Balance at 31 March 2021	1.2	0.6	1.6	1.4	16.2	21.0
Additions	-	-	-	1.7	0.6	2.3
Disposals	-	-	(1.6)	-	(4.6)	(6.2)
Adjustment for exchange differences	-	0.0	-	0.2	0.2	0.4
Balance at 31 March 2022	1.2	0.6	-	3.3	12.4	17.5
Accumulated amortisation						
Balance at 1 April 2020	-	-	0.4	-	14.3	14.7
Charge for the year	0.8	-	0.3	-	1.2	2.3
Disposals	-	-	-	-	(0.6)	(0.6)
Adjustment for exchange differences	-	-	(0.1)	-	(0.2)	(0.3)
Balance at 31 March 2021	0.8	-	0.6	-	14.7	16.1
Charge for the year	0.3	0.1	-	-	0.8	1.2
Disposals	-	(0.1)	(0.6)	-	(4.4)	(5.1)
Adjustment for exchange differences	-	0.0	-	-	0.1	0.1
Balance at 31 March 2022	1.1	0.0	-	-	11.2	12.3
Net book value at 31 March 2022	0.1	0.6	-	3.3	1.2	5.2
Net book value at 31 March 2021	0.4	0.6	1.0	1.4	1.5	4.9

On 28 September 2018, the Group acquired Consoer Townsend Envirodyne Engineers of New York Inc (subsequently renamed Arup US, Inc.) for £1.5m.

On 1 April 2021, the Group acquired WWC0 Architecture Holdings LLC (subsequently renamed Arup Architecture US, Inc.) for £1.7m (cash was transferred on the 31 March 2021).

On the acquisition of both companies, neither company held assets and after performing an intangible asset review, it was deemed that goodwill had been acquired.

An impairment assessment has been performed on goodwill, considering the separate companies as the cash-generating units. For the year ending 31 March 2022, no impairment was required (2021: no impairment).

Company

The Company has no intangible assets (2021: nil).

Arup Mühendislik ve Müşavirlik Limited Şirketi	Türkiye	Networked Electricity Storage Technology Limited (Dissolved 15/02/2022; 2021: 60%)	England and Wales
Arup New Zealand Limited	New Zealand	Neuron Operations Limited (2022: 95% holding; 2021: 0%)	Hong Kong
Arup North America Limited	England and Wales	Oasys Limited	England and Wales
Arup Peru Limited	England and Wales	OASYS Software Technology (Shanghai) Limited	China
Arup Philippines Limited	England and Wales	Ovarpart Nominee Limited	England and Wales
Arup Polska sp. z o.o.	Poland	Ove Arup India Holdings Limited (previously Arup International Limited)	England and Wales
Arup Projects A Pty Ltd	Australia	Ove Arup & Partners Danmark A/S	Denmark
Arup Pty Limited	Australia	Ove Arup & Partners Hong Kong Limited	England and Wales
Arup Riyadh Metro Limited	England and Wales	Ove Arup & Partners International Limited	England and Wales
Arup Services B.V.	Netherlands	Ove Arup & Partners Ireland Limited	Ireland
Arup Services New York Limited	England and Wales	Ove Arup & Partners Japan Limited	England and Wales
Arup Singapore Private Limited	Singapore	Ove Arup & Partners Korea Limited	Republic of Korea
Arup Taiwan Limited (2022: 100%; 2021: 0%)	Taiwan	Ove Arup & Partners Limited	England and Wales
Arup Technology Solutions US, Inc. (2022: 100%; 2021: 0%)	United States	Ove Arup & Partners, P.C. (0% holding)	United States
Arup Texas, Inc.	United States	Ove Arup & Partners S.A.U.	Spain
Arup Treasury Limited	England and Wales	Ove Arup & Partners Scotland Limited	Scotland
Arup USA, Inc.	United States	Ove Arup (Thailand) Limited	Thailand
Arup US, Inc.	United States	PT Arup Indonesia	Indonesia
Arup Vietnam Limited	Vietnam	PT Rekacipta Kinematika (0% holding)	Indonesia
Babylon Investment Unlimited Company	Ireland	Redcliffe Wharf Limited	England and Wales
Broomco (50886) Guernsey Limited (Dissolved 30/08/2022; 2021: 100%)	Guernsey	Scotstoun Property Limited	England and Wales
eFleet Integrated Service Limited	England and Wales	Shelbourne Plaza (Block C) Management Company Limited (78% holding)	Ireland
Fitzroy Comp, Inc. (2022: 100%; 2021: 0%)	United States	Williamsburg Investment Unlimited Company	Ireland
Fitzroy Insurance Services Limited	Guernsey		
Fitzroy Property Limited	England and Wales		
MailManager Limited (Sold 08/02/2022; 2021: 80% holding)	England and Wales		

Movement of investment	Cost	Investment impairment	Net book value
	£'m	£'m	£'m
Balance as at 1 April 2021	304.1	(148.6)	155.5
Additions / recapitalisations	0.0	-	0.0
Balance as at 31 March 2022	<u>304.1</u>	<u>(148.6)</u>	<u>155.5</u>

The directors believe that the carrying values of the investments are supported by their underlying net assets. No reasonable change in key assumptions is expected to result in a material change in the net book value of investments in the 12 months from the balance sheet date.

16. Fulfilment contract assets

	2022	2021
	£'m	£'m
Assets recognised from costs incurred to fulfil a contract as at 31 March	1.2	1.2
Adjustment for exchange differences	0.1	(0.0)
Accumulated amortisation as at 31 March	(0.5)	(0.3)
	<u>0.8</u>	<u>0.9</u>

Fulfilment costs are amortised to charges from sub-consultants and other direct project expenses in the income statement.

17. Investments accounted for using the equity method

Group	2022	2021
	£'m	£'m
Balance at the beginning of the financial year	-	-
Additions	1.8	-
Share of loss	(0.6)	-
Balance at the end of the financial year	<u>1.2</u>	<u>-</u>

During the year ended 31 March 2022 the Group invested in a new joint venture and lost control of an indirect subsidiary resulting in it becoming a joint venture.

18. Financial assets at fair value through profit or loss

Group	2022	2021
	£'m	£'m
Balance at the beginning of the financial year	18.5	-
Additions	4.5	20.2
Disposals	(1.8)	(1.0)
Adjustment for exchange differences	0.6	(0.7)
Balance at the end of the financial year	21.8	18.5

During the year ending 31 March 2021 a non-qualified deferred compensation arrangement was recognised (note 37). At 31 March 2022 it was valued at £15.5m (2021: £14.2m).

An indirect subsidiary of the Company holds an investment in Charge Enterprises Inc, a company whose equity is available on the OTC market. At 31 March 2022 this was valued at £6.3m (2021: £3.9m).

Company

	2022	2021
	£'m	£'m
Balance at the beginning of the financial year	0.0	-
Additions	-	0.0
Balance at the end of the financial year	0.0	0.0

The Company has financial assets at fair value through profit and loss of £3k (2021: £3k).

19. Financial instruments

Financial instruments by category:

Group	2022		Total
	Financial assets at amortised cost	Financial assets at FVPL	
Assets as per balance sheet	£'m	£'m	£'m
Derivative financial instruments	-	0.0	0.0
Financial assets at FVPL	0.1	21.8	21.9
Contract assets, trade and other receivables excluding prepayments and corporation tax	475.8	-	475.8
Cash and cash equivalents	307.1	-	307.1
	783.0	21.8	804.8

Group	2022		Total
	Financial liabilities at FVPL	Other financial liabilities at amortised cost	
	£'m	£'m	£'m
Liabilities as per balance sheet			
Borrowings	-	(51.0)	(51.0)
Derivative financial instruments	(0.1)	-	(0.1)
Lease liabilities	-	(365.1)	(365.1)
Trade and other payables excluding non-financial liabilities	-	(277.3)	(277.3)
	<u>(0.1)</u>	<u>(693.4)</u>	<u>(693.5)</u>

Group	2021		Total
	Financial assets at amortised cost	Financial assets at FVPL	
	£'m	£'m	£'m
Assets as per balance sheet			
Derivative financial instruments	-	0.0	0.0
Financial assets at FVPL	-	18.5	18.5
Contract assets, trade and other receivables excluding prepayments and corporation tax	449.3	-	449.3
Cash and cash equivalents	285.8	-	285.8
	<u>735.1</u>	<u>18.5</u>	<u>753.6</u>

Group	2021		Total
	Financial liabilities at FVLP	Other financial liabilities at amortised cost	
	£'m	£'m	£'m
Liabilities as per balance sheet			
Borrowings	-	(63.2)	(63.2)
Derivative financial instruments	(0.0)	-	(0.0)
Lease liabilities	-	(385.3)	(385.3)
Trade and other payables excluding non-financial liabilities	-	(232.8)	(232.8)
	<u>(0.0)</u>	<u>(681.3)</u>	<u>(681.3)</u>

The directors consider that the carrying value of the financial instruments approximates to their fair value.

20. Derivative financial instruments

Group

The table below shows the fair value of forward currency contracts at the year end, based on their market value:

	2022	2022	2021	2021
	Assets	Liabilities	Assets	Liabilities
	£'m	£'m	£'m	£'m
Forward foreign exchange contracts - held for trading	0.0	(0.1)	0.0	(0.0)
Total	0.0	(0.1)	0.0	(0.0)
Less non-current portion:				
Forward foreign exchange contracts - held for trading	-	-	-	-
Current portion	0.0	(0.1)	0.0	(0.0)

The notional principal amounts of the outstanding foreign exchange contracts at 31 March 2022 and 31 March 2021 are as follows:

	2022	2022	2021	2021
	Sell	Buy	Sell	Buy
	£'m	£'m	£'m	£'m
Forward contracts to purchase AUD, sell GBP	10.8	(10.8)	-	-
Forward contracts to purchase CAD, sell GBP	5.1	(5.1)	-	-
Forward contracts to purchase GBP, sell SGD	5.1	(5.1)	3.7	(3.7)
Forward contracts to purchase NZD, sell GBP	4.9	(4.9)	-	-
Spot contracts to purchase EUR, sell GBP	0.5	(0.5)	-	-
Forward contracts to purchase GBP, sell ZAR	-	-	3.8	(3.8)
Forward contracts to purchase HKD, sell CNY	-	-	2.8	(2.8)

The Group has reviewed all contracts for embedded derivatives and does not have any such instruments that are closed related to the host contract.

21. Contract assets and liabilities

Contract assets	2022	2021
	£'m	£'m
Contract assets	204.2	196.2
Loss allowance	(7.9)	(5.6)
	196.3	190.6

The change in contract asset value depends on invoicing schedules and percentage completion of projects.

The number of ongoing projects at 31 March 2022 has increased to 14,395 (2021: 13,739), there has also been an increase in contract assets. This movement is also due to the progress of projects in comparison to their payment schedules as well as a movement in foreign exchange.

Movement in loss allowance	2022	2021
	£'m	£'m
Balance at the beginning of the financial year	5.6	2.2
Increase in allowance for expected credit losses	7.6	5.1
Decrease in allowance for expected credit losses	(5.5)	(1.6)
Adjustment for exchange differences	0.2	(0.1)
Balance at the end of the financial year	<u>7.9</u>	<u>5.6</u>

Contract liabilities	2022	2021
	£'m	£'m
Contract liabilities	<u>300.3</u>	<u>276.9</u>

The increase in contract liabilities is the result of the phasing of work versus the agreed payment schedule.

22. Trade and other receivables

Group

	2022	2021
	£'m	£'m
Trade receivables - net	256.7	233.4
Non-UK corporation tax receivable	14.5	9.6
UK corporation tax receivable	16.2	8.1
Other receivables	22.8	25.3
Prepayments	28.9	28.2
	<u>339.1</u>	<u>304.6</u>

The directors consider that the carrying value of trade and other receivables approximates to their fair value.

Trade receivables	2022	2021
Group	£'m	£'m
Trade receivables	277.4	251.2
Loss allowance	(20.7)	(17.8)
	<u>256.7</u>	<u>233.4</u>

Ageing of trade receivables	2022	2021
Group	£'m	£'m
Current	158.6	140.8
Past due less than 3 months	84.3	76.5
3 months to 6 months	10.7	10.5
Greater than 6 months	23.8	23.4
	<u>277.4</u>	<u>251.2</u>

Movements on the Group's loss allowance of trade receivables are as follows:

	2022	2021
	£'m	£'m
Balance at the beginning of the financial year	17.8	16.3
Increase in loss allowance	6.5	6.3
Unused amounts reversed	(0.5)	(1.5)
Receivables written off as uncollectible	(3.0)	(2.3)
Adjustment for exchange differences	(0.1)	(1.0)
Balance at the end of the financial year	<u>20.7</u>	<u>17.8</u>

The carrying amounts of trade and other receivables (including contract assets) are denominated in the following currencies:

	2022	2021
	£'m	£'m
British pound sterling	142.3	133.4
US dollar	89.0	78.9
Euro	66.1	60.8
Hong Kong dollar	62.3	58.3
Australian dollar	51.0	43.1
Chinese renminbi	25.1	25.3
Canadian dollar	23.6	23.1
Singaporean dollar	15.6	21.3
Philippine peso	9.3	9.4
Malaysian ringgit	7.1	7.1
Indian rupee	4.9	2.1
Omani rial	3.7	-
Thailand baht	3.7	1.5
Japanese yen	3.3	3.1
Taiwanese dollar	3.3	1.7
Danish kroner	3.2	0.7
Polish zloty	3.1	2.3
Other	18.8	23.1
	<u>535.4</u>	<u>495.2</u>

Company

	2022	2021
	£'m	£'m
Amounts due from Arup Group undertakings	164.7	168.4
UK corporation tax receivable	0.2	-
Other receivables	0.5	0.6
	<u>165.4</u>	<u>169.0</u>

The directors consider that the carrying value of trade and other receivables approximates to their fair value.

Amounts due from Group undertakings

Amounts due from Group undertakings are unsecured, have no date of repayment and are repayable on demand. Interest is accrued on inter-group loans with a rate in the range of 1-8% (2021: 1-8%). The Company has assessed the ability of Group companies to meet their inter-group liabilities. Based on this review we deem the expected credit losses of amounts due from Group undertakings to be nil.

23. Cash and cash equivalents

Group

	2022	2021
	£'m	£'m
Cash at bank and in hand	49.1	47.1
Demand deposits	258.0	238.7
	<u>307.1</u>	<u>285.8</u>

Company

	2022	2021
	£'m	£'m
Cash at bank and in hand	1.2	1.1
	<u>1.2</u>	<u>1.1</u>

24. Assets classified as held for sale

Group and Company

The Company owns leasehold land with a net book value of £1.8m (2021: £1.8m). At 31 March 2022, the Company expected to dispose of this asset within 12 months and it therefore was transferred from property, plant and equipment to assets classified as held for sale. On 27 August 2022, this asset was sold to a third party (note 35).

25. Borrowings

Group

	2022	2021
	£'m	£'m
Current		
Loan with related party	1.0	3.2
	<u>1.0</u>	<u>3.2</u>
Non-Current		
Bank loan	50.0	60.0
	<u>50.0</u>	<u>60.0</u>

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant.

On 24 June 2020 the Group extended its £100m Revolving Credit Facility for a further five years. The facility reduces by £25m in two instalments, £12.5m in June 2022 and £12.5m in June 2023. The facility has an option to extend, subject to the bank's approval, for a further two years. At the balance sheet date it bears a market floating rate of interest based on LIBOR up to 31 December 2021 and SONIA from 1 January 2022. This is in line with the LIBOR changes as at 31 December 2021.

The Group has borrowed £1.0m (2021: £3.2m) in one loan (2021: two separate loans) from Bidgreat Limited, a company owned by a controlling party (note 33). The loans bear a market rate of interest based on the UK Base Rate. The loan is repayable on demand.

Company

	2022	2021
Non-Current	£'m	£'m
Bank loan	50.0	60.0
	<u>50.0</u>	<u>60.0</u>

26. Trade and other payables**Group**

	2022	2021
	£'m	£'m
Trade payables	38.8	20.8
Accrued expenses	202.4	176.6
Other payables	36.1	35.4
Tax & social security costs	20.9	30.0
	<u>298.2</u>	<u>262.8</u>

The directors consider that the carrying value of trade and other payables approximates to their fair value.

The carrying amounts of trade and other payables (including contract liabilities) are denominated in the following currencies:

	2022	2021
	£'m	£'m
British pound sterling	231.9	220.9
US dollar	93.3	73.2
Hong Kong dollar	62.3	65.7
Euro	58.0	61.6
Australian dollar	49.7	33.1
Chinese renminbi	23.2	21.7
Singaporean dollar	17.4	13.5
Canadian dollar	14.0	10.8
Malaysian ringgit	5.7	5.0
Macau pataca	5.2	1.2
Emirati dirham	5.0	4.7
Polish zloty	3.8	2.5
Japanese yen	3.5	3.9
Danish kroner	3.4	1.3
South African rand	3.1	2.8
Other	19.0	17.8
	<u>598.5</u>	<u>539.7</u>

Company

	2022	2021
	£'m	£'m
Amounts owed to Arup Group undertakings	216.7	210.1
Accrued expenses	0.5	0.3
	<u>217.2</u>	<u>210.4</u>

The directors consider that the carrying value of trade and other payables approximates to their fair value.

Amounts owed to Arup Group undertakings

Amounts owed to Group undertakings are unsecured, have no date of repayment and are repayable on demand. Interest is accrued on inter-group loans with a rate in the range of 1-8% (2021: 1-8%).

27. Provisions for other liabilities and charges**Group**

	Property	Long term employee benefit	Legal claims	Other	Total
	2022	2022	2022	2022	2022
	£'m	£'m	£'m	£'m	£'m
Current	<u>0.3</u>	<u>8.0</u>	<u>7.3</u>	<u>-</u>	<u>15.6</u>
Later than one year and no later than two years	4.9	0.5	-	-	5.4
Later than two years and no later than five years	3.3	1.7	7.4	-	12.4
Later than five years	5.7	0.4	-	-	6.1
Non-current	<u>13.9</u>	<u>2.6</u>	<u>7.4</u>	<u>-</u>	<u>23.9</u>
Reconciliation of movement:					
Balance at the beginning of the financial year	15.1	18.7	-	-	33.8
Reclassification (to) / from trade and other payables	-	(9.1)	5.6	-	(3.5)
Provisions charged to the income statement	0.2	1.8	20.3	-	22.3
Provisions released to the income statement	(1.0)	-	(11.2)	-	(12.2)
Provisions utilised	(0.7)	(1.0)	-	-	(1.7)
Capitalised in the year	0.2	-	-	-	0.2
Adjustment for exchange differences	0.4	0.2	-	-	0.6
Balance at the end of the financial year	<u>14.2</u>	<u>10.6</u>	<u>14.7</u>	<u>-</u>	<u>39.5</u>

	Property	Long term employee benefit	Legal claims	Other	Total
	2021	2021	2021	2021	2021
	£'m	£'m	£'m	£'m	£'m
Current	0.2	16.3	-	-	16.5
Later than one year and no later than two years	3.3	1.1	-	-	4.4
Later than two years and no later than five years	3.3	0.8	-	-	4.1
Later than five years	8.3	0.5	-	-	8.8
Non-current	<u>14.9</u>	<u>2.4</u>	<u>-</u>	<u>-</u>	<u>17.3</u>
Reconciliation of movement:					
Balance at the beginning of the financial year	14.8	13.7	-	2.0	30.5
Reclassification to trade and other payable	-	-	-	-	-
Provisions charged to the income statement	1.7	12.3	-	-	14.0
Provisions released to the income statement	(0.1)	(0.3)	-	(2.0)	(2.4)
Provisions utilised	(0.7)	(8.6)	-	-	(9.3)
Capitalised in the year	-	-	-	-	-
Adjustment for exchange differences	(0.6)	1.6	-	-	1.0
Balance at the end of the financial year	<u>15.1</u>	<u>18.7</u>	<u>-</u>	<u>-</u>	<u>33.8</u>

Legal claims

As a part of the ordinary business activities of the Group, claims may arise in relation to work undertaken by an entity within the Group. Professional indemnity insurance and / or project insurance policies are ordinarily taken out to substantially cover any claim that may arise from time to time.

For the year ended 31 March 2021, the liability for legal claims of £5.6m was disclosed within accruals. For the year ended 31 March 2022 this balance was transferred to legal claims provision. The liability for all legal claims is now presented as a provision in the balance sheet to account for costs associated with ongoing claims in connection with projects across the Group.

Some of the increase in provision at 31 March 2022 is in recognition of estimated costs that may be incurred and the potential probable outflow on claims and whilst the insurances specified in critical estimates will cover the probable outflow on claims, they do not meet the virtually certain criteria that is required for them to be recognised at this time and are as such considered a contingent asset.

Company

The Company has no provisions for other liabilities and charges (2021: nil)

28. Leases

Group

(i) Amounts recognised in the balance sheet

	2022	2021
	£'m	£'m
Right-of-use assets		
Buildings	322.7	351.7
Equipment	0.9	0.9
Vehicles	0.5	0.8
Other	0.0	-
	<u>324.1</u>	<u>353.4</u>
Lease liabilities		
Current	43.8	45.0
Non-current	321.3	340.3
	<u>365.1</u>	<u>385.3</u>

Additions to the right-of-use assets during the financial year to 31 March 2022 were £25.1m (2021: £162.5m).

During the year ended 31 March 2022, there were £24.0m new lease liabilities (2021: £162.5m), £10.5m of interest paid (2021: £11.0m), £44.4m of principal repayments (2021: £50.0m), £6.0m of lease disposals (2021: nil) and £6.2m of foreign exchange movement (2021: £1.5m).

(ii) Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

	2022	2021
	£'m	£'m
Depreciation charge of right-of-use assets		
Buildings	52.2	57.5
Equipment	0.8	2.0
Vehicles	0.4	0.4
Other	0.0	-
	<u>53.4</u>	<u>59.9</u>
Interest expense (included in finance costs)	10.5	11.0
Expense relating to short-term leases (included in communications and other overheads)	1.6	1.3
Expense relating to leases of low-value assets (included in communications and other overheads)	0.3	-
	<u>12.4</u>	<u>12.3</u>

The total cash outflow for leases in the year ended 31 March 2022 was £54.9m (2021: £61.0m). As at 31 March 2022, future cash outflows (undiscounted) for leases not yet commenced but which the Group was committed to were £5.3m (2021: £10.7m).

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

	2022	2021
	£'m	£'m
Not later than one year	53.8	53.6
Later than one year and not later than five years	149.2	152.7
Later than five years	228.1	253.3
Total gross payments	<u>431.1</u>	<u>459.6</u>
Impact of finance expenses	(66.0)	(74.3)
Carrying amount of liability	<u>365.1</u>	<u>385.3</u>

Company

The Company has no leases (2021: nil).

29. Deferred income tax

Group

	2022	2021
	£'m	£'m
Deferred income tax assets		
– deferred income tax assets to be recovered after more than 12 months	52.3	61.0
– deferred income tax assets to be recovered within 12 months	7.6	1.1
	<u>59.9</u>	<u>62.1</u>
Deferred income tax liabilities		
– deferred income tax liabilities to be recovered after more than 12 months	(22.0)	(18.2)
– deferred income tax liabilities to be recovered within 12 months	(0.1)	(0.0)
	<u>(22.1)</u>	<u>(18.2)</u>
Deferred income tax assets - net	<u>37.8</u>	<u>43.9</u>

The gross movement on the deferred income tax account is as follows:

	2022	2021
	£'m	£'m
Balance at the beginning of the financial year	43.9	32.3
Over / (under) provision of deferred income tax in respect of prior years	0.4	(2.2)
Deferred income tax (charged) / credited to the income statement	(10.9)	3.0
Deferred income tax on acquisitions	0.1	(0.3)
Deferred income tax credit relating to components of other comprehensive income	3.5	11.8
Adjustment for exchange differences	0.8	(0.7)
Balance at the end of the financial year	<u>37.8</u>	<u>43.9</u>

Deferred income tax liabilities	Impact of change in accounting standards	Rollover relief	Accelerated tax depreciation	Temporary differences on leases	Other	Total
	£'m	£'m	£'m	£'m	£'m	£'m
At 1 April 2020	0.3	5.8	7.0	-	5.6	18.7
(Credited) / charged to the income statement	(0.1)	-	1.2	0.0	(1.3)	(0.2)
Charged to other comprehensive income	-	-	-	-	0.3	0.3
Adjustment for exchange differences	(0.0)	-	(0.4)	0.0	(0.2)	(0.6)
At 31 March 2021	<u>0.2</u>	<u>5.8</u>	<u>7.8</u>	<u>0.0</u>	<u>4.4</u>	<u>18.2</u>
Charged / (credited) to the income statement	0.0	1.8	0.0	2.7	(1.0)	3.5
Credited to other comprehensive income	-	-	(0.0)	-	(0.1)	(0.1)
Adjustment for exchange differences	0.0	-	0.3	0.1	0.1	0.5
At 31 March 2022	<u>0.2</u>	<u>7.6</u>	<u>8.1</u>	<u>2.8</u>	<u>3.4</u>	<u>22.1</u>

Deferred income tax assets	Unutilised tax depreciation	Retirement benefit obligations	Provisions	Tax losses	Temporary differences on leases	Other	Total
	£'m	£'m	£'m	£'m	£'m	£'m	£'m
At 1 April 2020	4.7	16.3	14.2	2.6	5.9	7.3	51.0
Credited / (charged) to the income statement	1.0	(4.5)	2.0	1.6	0.1	0.4	0.6
Credited to other comprehensive income	-	11.8	-	-	-	-	11.8
Adjustment for exchange differences	0.1	(0.4)	0.3	(0.3)	(0.4)	(0.6)	(1.3)
At 31 March 2021	5.8	23.2	16.5	3.9	5.6	7.1	62.1
Credited / (charged) to the income statement	0.6	(12.9)	1.9	(0.1)	4.5	(1.0)	(7.0)
Credited to other comprehensive income	-	2.9	-	0.5	-	-	3.4
Adjustment for exchange differences	0.0	0.1	0.6	0.0	0.4	0.3	1.4
At 31 March 2022	6.4	13.3	19.0	4.3	10.5	6.4	59.9

30. Share capital

Group and Company

	2022	2021
	£'m	£'m
Issued, called up and fully paid:		
65 (2021: 65) voting shares of £1 each	0.0	0.0
120,000 (2021: 120,000) equity shares of £1 each	0.1	0.1
	<u>0.1</u>	<u>0.1</u>

31. Contingent liabilities

The Group has recorded a liability in its balance sheet for the best estimate of certain claims that have been brought against it. A professional indemnity insurance policy and / or project insurance policies have been taken out to substantially cover the costs associated with any such claims that may arise from time to time. At this time it is not possible to reliably measure the potential liability from any other issues that may have occurred but where a claim has yet to be raised. The Group monitors all claims and takes out appropriate insurance to mitigate its risk. No material change is expected to occur in the next 12 months in relation to the liability on known claims at the balance sheet date.

The Company has bank bond facilities for the issuance of performance and contractual related bonds for subsidiary undertakings. The facilities are supported by a corporate guarantee.

32.Related parties

Group

The following transactions and year-end balances were carried out with other entities in the Group:

The Group had loans from Bidgreat Limited, a related party associated with a Trust company (see note 33), of £1.0m (2021: £3.2m). During the year ended 31 March 2022 there was a repayment of £2.2m (2021: nil).

The Group has a loan to a joint venture, Artus Air Limited, of £0.4m (2021: £0.3m). There were no repayments received during the year ended 31 March 2022 (2021: nil).

The Group has non-current liabilities to Oaserv Pty Limited, a related party associated with a Trust company (see note 33), of £2.2m (2021: £2.1m). There were no repayments during the year ended 31 March 2022 (2021: nil), the movement came as a result of foreign exchange.

Key management compensation

Key management includes the directors, the Company Secretary and the officers of the board. The compensation paid or payable to key management for employee services is shown below:

	2022	2021
	£'m	£'m
Aggregate remuneration	12.4	8.9
Aggregate contributions paid to defined contribution schemes	0.3	0.2
	12.7	9.1

Company

The Company had no transactions with related parties (2021: nil).

33.Controlling party

The Company is owned by Ove Arup Partnership Employee Trust, Ove Arup Partnership Charitable Trust and The Arup Service Trust. The controlling party is Ove Arup Partnership Charitable Trust.

34.Dividends

As at the date of the financial statements the directors do not recommend a dividend for the year ended 31 March 2022 (2021: nil). No dividend was paid in the year ended 31 March 2022 (2021: nil).

35.Post balance sheet events

Group and Company

On 27 August 2022, the asset classified as held for sale at 31 March 2022 (note 24) was sold to a third party for £3.1m.

36. Cash generated from operations

Group	2022	2021
	£'m	£'m
Profit before income tax	36.7	54.0
Adjustments for:		
Depreciation of property, plant and equipment	26.5	28.4
Depreciation of right-of-use assets	53.4	59.9
Amortisation of intangible assets	1.2	2.3
Amortisation of fulfilment costs (within charges from sub-consultants and other direct project expenses)	0.2	0.2
Loss on disposal of property, plant and equipment	3.4	0.3
Loss on disposal of intangible assets	1.1	0.1
Fair value gains on financial assets at fair value through profit or loss	(2.3)	(4.4)
Gains on sale of investments in subsidiaries	(18.1)	-
Net finance costs	13.6	14.1
Share of loss from joint ventures and associates	0.6	-
Other non-cash items	(7.0)	(12.0)
Unrealised currency translation losses / (gains)	5.4	(5.7)
Changes in working capital:		
– Contract assets and trade and other receivables	(27.2)	80.0
– Contract liabilities and trade and other payables	55.6	41.9
– Provisions	8.7	2.3
– Non-current payables	-	4.2
– Pension deficit funding	(17.8)	(19.2)
	<u>134.0</u>	<u>246.4</u>

37. Post-employment benefit liabilities

The table below outlines where the Group post-employment amounts and activity are included in the financial statements.

	2022	2021
	£'m	£'m
Balance sheet obligations for:		
– Defined pension benefits	(53.4)	(120.8)
– Deferred compensation	(15.5)	(14.2)
Liability in the balance sheet	<u>(68.9)</u>	<u>(135.0)</u>

	2022	2021
	£'m	£'m
Income statement (charge) / credit for:		
– Defined pension benefits	(4.0)	0.9
Remeasurement gains / (losses) for:		
– Defined pension benefits	52.8	(62.3)

The income statement charge included within operating profit includes interest cost, administration expenses and past service costs.

Deferred compensation

During the year ending 31 March 2021 a non-qualified deferred compensation arrangement (“Arrangement”) was recognised in an indirect US subsidiary of the Company. This Arrangement is a ‘Rabbi Trust’ which is a non-qualified defined contribution pension scheme. This Arrangement is principally for the highest compensated employees within Group subsidiaries in the US and enables them to obtain tax advantages by deferring a percentage of their compensation.

Unlike most common defined contribution pension schemes where settlement happens almost simultaneously with the services rendered, contributions are held in trust by the company until the elected distribution event. While held in trust, contributions represent a financial asset to the company and are measured at fair value through profit and loss (note 18). The matching liability is included in ‘post-employment benefit liabilities’.

37.1 Defined benefit pension plan

	2022	2021
	£'m	£'m
Balance sheet obligations for:		
Present value of funded obligations	(1,011.2)	(1031.8)
Fair value of plan assets	963.8	916.3
Deficit of funded plans	<u>(47.4)</u>	<u>(115.5)</u>
Present value of unfunded obligations	(6.0)	(5.3)
Total deficit of defined benefit pension plans	<u>(53.4)</u>	<u>(120.8)</u>

The Group includes one material defined benefit retirement scheme that is registered in the UK (the “Scheme”) and managed by the trustees – see below for further details. The valuation position of the Scheme was assessed at 31 March 2022 by qualified independent actuaries for the purposes of IAS 19R, ‘Employee Benefits’.

The Group also has unfunded schemes in Japan, Philippines, Mauritius, India, Ireland, Dubai and Indonesia. As the unfunded schemes are not material to the Group apart from the summaries below no additional disclosures are included within these consolidated financial statements apart from the summaries below.

Defined benefit retirement schemes

UK registered scheme

Ove Arup & Partners International Limited (“OAPIL”) operated a UK registered contributory pension scheme for employees, which had a defined benefit and a defined contribution section. On 31 March 2010 the scheme was closed to new members and with effect from 30 June 2010 the future accrual of benefits for existing members ceased. The Company replaced this scheme with a personal pension plan for employees with effect from 1 July 2010. All contributions for the new plan are held and managed by Scottish Equitable plc (a subsidiary of Aegon). The Company has no ongoing liability to the funds held by Aegon in respect of the employees.

For the pension scheme which closed on 30 June 2010, contributions were made in accordance with the rules of the scheme and the advice of independent qualified actuaries on the basis of triennial valuations. The most recent valuation was at 31 March 2019 using the projected unit credit method. The actuarial valuation at 31 March 2019 showed a funding level of 78.2% on an ongoing basis based on a market value of assets of £830m at that date. The most significant assumptions made by the actuary in carrying out this valuation were the assumptions of 2.9% and 0.6% above the gilt curve for the pre retirement and post retirement discount rates respectively. A special employer's contribution of £19.5m was made during the year to 31 March 2022 (2021: £16.2m). The Company is expected to make a

contribution of £16.0m by 31 March 2023. The weighted average duration of the defined benefit obligation is 17 years. The next actuarial valuation is being carried out as at 31 March 2022 but the results will not be available at the date of signing these financial statements.

The scheme holds no assets that are issued or owned by OAPIL.

Management assessed the expected return on scheme assets based on a review of past returns and professional advice on the level of future returns.

Hong Kong registered scheme

Ove Arup & Partners Hong Kong Limited ("OAPHKL") operated a Hong Kong registered retirement scheme that had a defined benefit section. The defined benefit section was closed to new entrants with effect from 1 January 2011 and was frozen for service accruals for existing members with effect from 1 January 2012.

On 1 May 2020 the defined benefit section was terminated. For all affected members, the accrued benefits under the defined benefit section were transferred to the defined contribution section. As at 1 May 2020, a curtailment gain of £17.5m was recognised in the income statement, and a net remeasurement expense of £2.6m was recognised in the other comprehensive income. OAPHKL made a contribution of £4.4m to the defined benefit section to terminate the defined benefit section, and the surplus remaining in the defined benefit section was refunded back to OAPHKL. On 8 May 2020 a special contribution of £5.5m was made by OAPHKL into the defined contribution section to match the difference between the total aggregate vested liability and the total transfer value.

Unfunded schemes

Japan unfunded scheme

Ove Arup & Partners Japan Limited provides a retirement allowance to employees. Provision is made in accordance with the advice of independent qualified actuaries. The most recent valuation was at 31 March 2022 using the projected unit credit method. The most significant assumptions made by the actuary in carrying out this valuation were that the discount rate would be 0.7% (2021: 0.6%) per annum and that salary inflation would be 4.0% (2021: 4.0%) per annum. There was a benefit payment for the year to 31 March 2022 of £0.03m (2021: £0.1m). The pension liability recognised in the financial statements was £3.7m (2021: £3.7m).

Philippines unfunded scheme

Ove Arup & Partners Hong Kong Limited - Philippines branch operates a retirement benefit scheme in the Philippines which requires an actuarial valuation yearly. As at 31 March 2022 the scheme was valued at £0.01m (2021: £0.07m) which is held within post-employment benefit liabilities. The actuarial loss for the year on this scheme was £0.1m (2021: £0.1m) which has been recorded in the statement of comprehensive income.

Ireland unfunded scheme

Ove Arup & Partners Ireland Limited ("OAPI") operated an Ireland registered defined benefit pension scheme and a defined contribution scheme. OAPI issued notice in writing on 23 December 2020 terminating its liability to contribute to its defined benefit pension scheme. The trustees resolved to wind up the scheme with effect from 28 February 2021. The impact of this windup has been accounted for in the 31 March 2021 financial statements. A net loss of £12.9m for the termination of this company's scheme was recognised in the income statement during the year ended 31 March 2021.

Separate to the closed scheme, OAPI is providing a retirement allowance to 20 retired employees for their lifetime. The pension liability recognised in the financial statements was £0.9m (2021: £1.0m).

Mauritius unfunded scheme

Arup (Mauritius) Ltd provides a retirement allowance to its employees. Provision is made in accordance with the advice of independent qualified actuaries. The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligations were carried out at 31 March 2022. The pension liability recognised in the financial statements was £0.1m (2021: £0.2m).

India unfunded scheme

Arup India Private Limited ("AIPL") provides a retirement allowance 'gratuity' to its employees. Gratuity is payable to all eligible employees of AIPL in terms of provisions of the payment of Gratuity Act. Valuations in respect of gratuity have been carried out by an independent actuary, as at the balance sheet date, under the projected unit credit method. The pension liability recognised in the financial statements was £0.3m (2021: £0.2m).

Dubai unfunded scheme

Arup Gulf Limited operates an end of service benefit plan. Provision is made in accordance with the advice of independent qualified actuaries. The most recent valuation was at 31 March 2022 using the projected unit credit method. The most significant assumptions made by the actuary in carrying out this valuation were that the discount rate would be 3.5% (2021: 2.4%) per annum and that salary inflation would be 2.1% (2021: 2.1%) per annum. There was a benefit payment for the year to 31 March 2022 of £0.2m (2021: £0.3m). The pension liability recognised in the financial statements was £0.9m (2021: £1.2m). For the year ended 31 March 2021, this liability was presented within accruals.

Indonesia unfunded scheme

PT Arup Indonesia provides a retirement allowance to its employees. Provision is made in accordance with the advice of independent qualified actuaries. The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligations were carried out at 31 March 2022. The pension liability recognised in the financial statements was £0.01m (2021: £0.01m).

Further disclosure on the Scheme (UK)

The amounts recognised in the balance sheet are determined as follows:

	2022	2021
	£'m	£'m
Present value of funded obligations	(1,011.2)	(1,031.8)
Fair value of plan assets	963.8	916.3
Deficit of funded plans	<u>(47.4)</u>	<u>(115.5)</u>

The movement in the defined benefit liability over the year is as follows:

	Present value of obligation	Fair value of plan assets	Total
	£'m	£'m	£'m
At 1 April 2020	(909.6)	841.1	(68.5)
Administration expenses	-	(1.9)	(1.9)
Past service cost (incl. curtailments)	(0.5)	-	(0.5)
Interest (expense) / income	(22.3)	20.8	(1.5)
	<u>(932.4)</u>	<u>860.0</u>	<u>(72.4)</u>
Remeasurements:			
– Return on plan assets, excluding amounts included in interest income	-	74.2	74.2
– Gain from change in demographic assumptions	1.1	-	1.1
– Loss from change in financial assumptions	(143.5)	-	(143.5)
– Experience gains	8.9	-	8.9
	<u>(133.5)</u>	<u>74.2</u>	<u>(59.3)</u>
Contributions:			
– Employers	-	16.2	16.2
Payments from plans:			
– Benefit payments	34.1	(34.1)	-
At 31 March 2021	<u>(1,031.8)</u>	<u>916.3</u>	<u>(115.5)</u>

	Present value of obligation	Fair value of plan assets	Total
	£'m	£'m	£'m
At 31 March 2021	(1,031.8)	916.3	(115.5)
Administration expenses	-	(1.7)	(1.7)
Interest (expense) / income	(21.8)	19.5	(2.3)
	<u>(1,053.6)</u>	<u>934.1</u>	<u>(119.5)</u>
Remeasurements:			
- Return on plan assets, excluding amounts included in interest income	-	45.7	45.7
- Loss from change in demographic assumptions	(35.4)	-	(35.4)
- Gain from change in financial assumptions	50.3	-	50.3
- Experience losses	(8.0)	-	(8.0)
	<u>6.9</u>	<u>45.7</u>	<u>52.6</u>
Contributions:			
- Employers	-	19.5	19.5
Payments from plans:			
- Benefit payments	35.5	(35.5)	-
At 31 March 2022	<u>(1,011.2)</u>	<u>963.8</u>	<u>(47.4)</u>

The significant actuarial assumptions were as follows:

	2022	2021
	%	%
Discount rate	2.8	2.2
Salary growth rate	N/A	N/A
Retail Price Index inflation	3.7	3.2
Consumer Price Index inflation	3.1	2.6
Pension growth rate:		
Pre 88 Guaranteed Minimum Pension	0.0	0.0
Post 88 Guaranteed Minimum Pension	2.3	2.1
NGMP accrued before 1 October 2006 (5%LPI)	3.4	3.0
Pension accrued after 30 September 2006 (2.5%LPI)	2.2	2.0

Mortality %

107% (males) and 102% (females) S3 "Light" table using core CMI 2021 projections with S=7.0 and A=0.0 allowing for LTR of 1% per annum (2021: 105% S3 tables using Core CMI 2020 projections with S=7.0 and A=0.0 allowing for LTR of 1% per annum).

Cash commutation

25% (2021: 25%) of members' pensions assumed to be taken as cash on current terms.

Assumed life expectations on retirement

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

	2022	2021
	Years	Years
Retiring at the end of the financial year:		
Male	22.5	21.4
Female	24.4	23.7
Retiring 20 years after the end of the financial year:		
Male	23.5	22.3
Female	25.5	24.9

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions are:

2022	Increase in assumption	Decrease in assumption
Impact on defined benefit obligation of a 50 basis point change:	%	%
Discount rate	(8.3)	9.5
Inflation rate	6.5	(6.2)
2021	Increase in assumption	Decrease in assumption
Impact on defined benefit obligation of a 50 basis point change:	%	%
Discount rate	(8.3)	9.6
Inflation rate	6.7	(5.8)
	2022	2021
	%	%
Mortality assumption with a LTR of 1.25% per annum	0.8	0.9

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

The assets in the scheme at 31 March were:

	2022	2021
	£'m	£'m
Global equities	174.8	199.3
DGF / hedge funds	191.8	190.8
Gilts and corporate bonds	96.8	106.1
Alternate credit	46.9	73.1
Liability driven investment	400.7	301.3
Property investments	45.8	39.8
Cash and net current assets	7.0	5.9
	<u>963.8</u>	<u>916.3</u>

The Scheme invests in pooled funds which are not quoted on an active market and are rated as level 2 in the fair value hierarchy.

Defined benefit membership data	2022	2021
	Number	Number
Deferred pensioners	3,346	3,433
Pensioners / dependents	1,577	1,532
	<u>4,923</u>	<u>4,965</u>

IFRIC 14 is not applicable to the Scheme and there are no minimum funding levels.

37.2 Post-employment benefit liabilities – risks

Through its UK registered defined benefit pension scheme the Group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The retirement benefit liabilities of the scheme are calculated using a discount rate set with reference to corporate bond yields. If the scheme's assets underperform this yield, this will create a deficit. The scheme hold a significant proportion of equities, which are expected to outperform corporate bonds in the long term while exposing the Group to greater volatility and valuation risk in the short term.

Changes in bond yields

A decrease in corporate bond yields will increase the scheme's liabilities. This would be partially offset by an increase in the value of the scheme's bond holdings.

Inflation risk

Some of the Group pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the scheme against extreme inflation). Whilst some of the scheme's assets are real in nature and so loosely correlated with inflation (e.g. equities, index-linked gilts), some of the scheme's assets are not expected to move in line with inflation (e.g. corporate bonds) and therefore an increase in inflation is likely to also increase the deficit.

Life expectancy

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

Credit risk

The scheme invests in pooled investment vehicles and are therefore exposed to direct credit risk in relation to the solvency of the investment manager and custodian of those funds.

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled funds being ring-fenced from the investment managers, the regulatory environments in which the pooled fund managers operate and diversification of the scheme's investments across a number of pooled funds. The scheme's trustees, with the help of their advisers, carry out due diligence checks prior to the appointment of any new investment manager or fund, and monitor for changes to the operating environment of the existing investments either through reports from the investment consultants or questioning in meetings with the managers. Due to their nature pooled funds are unrated.

Currency risk

The scheme is also subject to currency risk indirectly because they invest in overseas investments. This is particularly the case in the global equity funds which has approximately 50% of the currency risk hedged. If the hedged / unhedged allocation lies more than 5% away from the 50% / 50% split, on a weekly basis the investment manager will be required to rebalance the split for that region. The managers of the bonds funds, diversified growth funds and hedge funds will vary the degree to which they hedge currency risk. Currency risk is accepted where this facilitates overseas investments, taking into account the risks and expected reward.

Counterparty risk

The scheme is exposed to collateral management and counterparty risk in relation to the derivative instruments used within its investment arrangements. The collateral requirement and counterparty exposure will be managed by the scheme's investment manager and regularly monitored by the trustees.

38. Registered addresses of investments in subsidiaries

AAC, Inc.	121 Bloor Street East, Suite 900, Toronto ON M4W 3M5, Canada	Architecture services
Acorn Technology Systems Inc.	Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware, 19801, USA	Transportation industry technology solutions
Arup Architecture US, Inc.	28 Liberty Street, New York, NY 10005, United States	Design and consulting engineering services, in architecture and other related professional skills
Artus Air Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Heating and cooling technology solutions
Arup Advisory HK Limited	Level 5, Festival Walk, 80 Tat Chee Avenue, Kowloon Tong, Kowloon, Hong Kong	Design and consulting engineering services, in architecture and other related professional skills
Arup Advisory, Inc.	Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware, 19801, USA	Design and consulting engineering services, in architecture and other related professional skills and advisory work
Arup Advisory Sdn. Bhd.	Level 26, 1Powerhouse, No. 1, Persiaran Bandar Utama, Bandar Utama, 47800 Petaling Jaya, Selangor, Malaysia	Design and consulting engineering services, in architecture and other related professional skills
Arup Americas Inc.	77 Water Street, New York, NY10005, USA	Intermediate holding company
Arup Associates Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Agent
Arup Australia Advisory & Digital Pty Ltd	C/- Boroughs, Level 6, 77 Castlereagh Street, Sydney NSW 2000, Australia	Design and consulting engineering services, in architecture and other related professional skills
Arup Australia IP Pty Ltd (De-registered 24/02/2022)	C/- Boroughs, Level 6, 77 Castlereagh Street, Sydney NSW 2000, Australia	Intellectual property

Arup Australia Projects Pty Ltd	C/- Boroughs, Level 6, 77 Castlereagh Street, Sydney NSW 2000, Australia	Design and consulting engineering services, in architecture and other related professional skills
Arup Australia Pty Ltd	C/- Boroughs, Level 6, 77 Castlereagh Street, Sydney NSW 2000, Australia	Design and consulting engineering services, in architecture and other related professional skills
Arup Australia Services Pty Ltd	C/- Boroughs, Level 6, 77 Castlereagh Street, Sydney NSW 2000, Australia	Design and consulting engineering services, in architecture and other related professional skills
Arup Brasil Consultoria Ltda.	Alameda Vicente Pinzon, No. 173, 7th floor, Vila Olímpia, São Paulo, Estado de São Paulo, 04547-130, Brazil	Design and consulting engineering services, in architecture and other related professional skills
Arup Business Services HK Limited	Level 5, Festival Walk, 80 Tat Chee Avenue, Kowloon Tong, Kowloon, Hong Kong	Provision of support services
Arup B.V.	Naritaweg 118, Beta Building, 1043 CA, Amsterdam, Netherlands	Design and consulting engineering services, in architecture and other related professional skills
Arup (Cambodia) Limited	Office No. 301, Level 3, Tower 1, Vattanac Capital, No. 66, Preah Monivong Boulevard, Sangkat Wat Phnom, Khan Daun Penh, Phnom Penh, Cambodia	Design and consulting engineering services, in architecture and other related professional skills
Arup Canada Inc.	121 Bloor Street East, Suite 900, Toronto ON M4W 3M5, Canada	Design and consulting engineering services, in architecture and other related professional skills
Arup China Limited	Level 5, Festival Walk, 80 Tat Chee Avenue, Kowloon Tong, Kowloon, Hong Kong	Design and consulting engineering services, in architecture and other related professional skills
Arup Colombia S.A.S.	Calle 72 No 10-07 Oficina 1106, Bogota, 11-01-11, Colombia	Design and consulting engineering services, in architecture and other related professional skills
Arup Consultores Internacionales México S. de R.L. de C.V.	Calle Presidente Masarik 111, Piso 1, Col. Polanco V Sección Miguel Hidalgo, Distrito Federal, C.P.11560, Mexico	Design and consulting engineering services, in architecture and other related professional skills
Arup Corporate Finance Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Transaction advice services and consulting engineering services
Arup Deutschland GmbH	Joachimstaler Straße 41, 10623, Berlin, Germany	Design and consulting engineering services, in architecture and other related professional skills
Arup d.o.o. Beograd (Vracar)	Kneginje Zorke 77/4, Belgrade, 11000, Serbia	Design and consulting engineering services, in architecture and other related professional skills
Arup East Africa Limited	9th Floor, Williamson House, 4th Ngong Avenue, PO Box 40111 - 00100, Nairobi, Kenya	Design and consulting engineering services, in architecture and other related professional skills
Arup Gulf Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Design and consulting engineering services, in architecture and other related professional skills
Arup Hong Kong Limited	Level 5, Festival Walk, 80 Tat Chee Avenue, Kowloon Tong, Kowloon, Hong Kong	Design and consulting engineering services, in architecture and other related professional skills

Arup India Private Limited	Jet Prime, 5th Floor, Suren Road, Off Western Express Highway, Andheri (East), Mumbai, 400093, India	Design and consulting engineering services, in architecture and other related professional skills
Arup Ingeniería y Consultoría México, S. de R.L. de C.V.	Calle Presidente Masarik 111, Piso 1, Col. Polanco V Sección Miguel Hidalgo, Distrito Federal, C.P.11560, Mexico	Design and consulting engineering services, in architecture and other related professional skills
Arup International Consultants (Shanghai) Co. Limited	37F and 39F, No. 1045 Huai Hai Road (M), Xuhui District, Shanghai, 200031, China	Design and consulting engineering services, in architecture and other related professional skills
Arup International Projects Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Design and consulting engineering services, in architecture and other related professional skills
Arup IP Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Intellectual property
Arup IP Management Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Intellectual property
Arup Ireland Partner Limited	50 Ringsend Road, Dublin 4, D04 T6X0, Ireland	Dormant company
Arup Ireland Properties Limited	50 Ringsend Road, Dublin 4, D04 T6X0, Ireland	Property holdings
Arup Italia S.r.l.	Corso Italia 1, 20122, Milano, Italy	Design and consulting engineering services, in architecture and other related professional skills
Arup Jururunding Sdn. Bhd.	Level 26, 1Powerhouse, No. 1, Persiaran Bandar Utama, Bandar Utama, 47800 Petaling Jaya, Selangor, Malaysia	Design and consulting engineering services, in architecture and other related professional skills
Arup Latin America, S.A.	Calle Alfonso XI, 12, 28014, Madrid, Spain	Design and consulting engineering services, in architecture and other related professional skills
Arup Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Design and consulting engineering services, in architecture and other related professional skills
Arup (Luxembourg) S.à r.l.	7, Avenue Gaston Diderich, Luxembourg, L - 1420, Luxembourg	Property holdings
Arup Macau Limited	Avenida Dr. Mario Soares, Finance and IT Center of Macau, 10-C & D, em Macau, China	Design and consulting engineering services, in architecture and other related professional skills
Arup Maldives Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Design and consulting engineering services, in architecture and other related professional skills
Arup (Mauritius) Ltd	Bagatelle Office Park, Bagatelle, Moka, Mauritius	Design and consulting engineering services, in architecture and other related professional skills
Arup Mühendislik ve Müşavirlik Limited Şirketi	Nispetiye Mah. Baslık Sok. , MM Plaza Apt. No. 3/4, Besiktas, Istanbul, Türkiye	Design and consulting engineering services, in architecture and other related professional skills
Arup New Zealand Limited	PricewaterhouseCoopers, Level 8, Pwc Tower, 188 Quay Street, Auckland, 1010, New Zealand	Design and consulting engineering services, in architecture and other related professional skills

Arup North America Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Design and consulting engineering services, in architecture and other related professional skills
Arup Partner Pty Limited	C/- Boroughs, Level 6, 77 Castlereagh Street, Sydney NSW 2000, Australia	Dormant company
Arup Peru Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Design and consulting engineering services, in architecture and other related professional skills
Arup Philippines Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Design and consulting engineering services, in architecture and other related professional skills
Arup Polska sp. z o.o.	ul. Inflancka 4, 00-189, Warszawa, Poland	Design and consulting engineering services, in architecture and other related professional skills
Arup Projects A Pty Ltd	Level 6, 77 Castlereagh Street, Sydney NSW 2000, Australia	Dormant company
Arup Pty Limited	C/- Boroughs, Level 6, 77 Castlereagh Street, Sydney NSW 2000, Australia	Design and consulting engineering services, in architecture and other related professional skills
Arup (Pty) Ltd	2nd Flr 6 Parks Blvd, Oxford Parks, Cnr Oxford and Eastwood Roads, Dunkeld, Johannesburg, Gauteng, 2191, South Africa	Design and consulting engineering services, in architecture and other related professional skills
Arup Riyadh Metro Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Design and consulting engineering services, in architecture and other related professional skills
Arup Services B.V.	Naritaweg 118, Beta Building, 1043 CA, Amsterdam, Netherlands	Design and consulting engineering services, in architecture and other related professional skills
Arup Services New York Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Design and consulting engineering services, in architecture and other related professional skills
Arup Singapore Private Limited	182 Cecil Street, #06-01 Frasers Tower, Singapore, 069547, Singapore	Design and consulting engineering services, in architecture and other related professional skills
Arup Taiwan Limited	3F, No. 65, Section 2, Tun-Hua South Rd., Da-An District, Taipei City, 106, Taiwan	Design and consulting engineering services, in architecture and other related professional skills
Arup Technology Solutions US, Inc.	Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware, 19801, USA	Technology host
Arup Texas, Inc.	1999 Bryan Street, Suite 900, Dallas TX 75201, United States	Design and consulting engineering services, in architecture and other related professional skills
Arup Treasury Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Group treasury
Arup USA, Inc.	155 Federal Street, Suite 700 Boston MA 02109, United States	Design and consulting engineering services, in architecture and other related professional skills
Arup US, Inc.	77 Water Street, New York, NY 10005, USA	Design and consulting engineering services, in architecture and other related professional skills

Arup Vietnam Limited	17F E-town Central, 11 Doan Van Bo District 4, Ho Chi Minh City, Vietnam	Design and consulting engineering services, in architecture and other related professional skills
Babylon Investment Unlimited Company	50 Ringsend Road, Dublin 4, D04 T6X0, Ireland	Dormant company
Broomco (141) GmbH	Joachimstaler Straße 41, 10623, Berlin, Germany	Design and consulting engineering services, in architecture and other related professional skills
Broomco (50886) Guernsey Limited (Dissolved 30/08/2022)	PO Box 286, Floor 2, Trafalgar Court, St Peter Port, GY1 4LY, Guernsey	Property holdings
Broomco (92854) Limited	50 Ringsend Road, Dublin 4, D04 T6X0, Ireland	Dormant company
eFleet Integrated Service Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Lessor of electric busses
Fitzroy Comp, Inc.	Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware, 19801, USA	Holding company
Fitzroy Insurance Services Limited	Heritage Hall, Le Marchant Street, St Peter Port, Guernsey, GY1 4HY, Channel Islands	Insurance services
Fitzroy Property Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Property holdings
MailManager Limited (Sold 08/02/2022)	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Provider of computer software
Networked Electricity Storage Technology Limited (Dissolved 15/02/2022)	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Electric storage technology
Neuron Operations Limited	Rm 512, 5/F, New Mandarin Plaza Tower B, 14 Science Museum Rd, Tsim Sha Tsui East, Hong Kong	Provider of digital software
Oasys Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Agent
OASYS Software Technology (Shanghai) Limited	3rd Floor Southwest Section, No. 2123 Pudong Avenue, China (Shanghai) Pilot Free Trade Zone, 200135, China	Provider of computer software
Ovarpart Nominee Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Investment holding company
Ove Arup Holdings B.V.	Naritaweg 118, Beta Building, 1043 CA, Amsterdam, Netherlands	Intermediate holding company
Ove Arup Holdings IP Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Intermediate holding company
Ove Arup Holdings Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Intermediate holding company
Ove Arup Holdings Private Limited	80 Robinson Road, #02-00, Singapore, 068898, Singapore	Intermediate holding company
Ove Arup India Holdings Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Design and consulting engineering services, in architecture and other related professional skills
Ove Arup International (Holdings) Limited	Level 5, Festival Walk, 80 Tat Chee Avenue, Kowloon Tong, Kowloon, Hong Kong	Intermediate holding company
Ove Arup Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Intermediate holding company

Ove Arup & Partners Danmark A/S	Axeltorv 2 K, 1609 , København V, Denmark	Design and consulting engineering services, in architecture and other related professional skills
Ove Arup & Partners Hong Kong Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Design and consulting engineering services, in architecture and other related professional skills
Ove Arup & Partners International Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Design and consulting engineering services, in architecture and other related professional skills
Ove Arup & Partners Ireland Limited	50 Ringsend Road, Dublin 4, D04 T6X0, Ireland	Design and consulting engineering services, in architecture and other related professional skills
Ove Arup & Partners Japan Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Design and consulting engineering services, in architecture and other related professional skills
Ove Arup & Partners Korea Limited	Room 602, Rodeo Plaza Building, 772, Samsong-ro, Gangnam-gu, Seoul, 06070, South Korea	Design and consulting engineering services, in architecture and other related professional skills
Ove Arup & Partners Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Design and consulting engineering services, in architecture and other related professional skills
Ove Arup & Partners P.C.	77 Water Street, New York, NY10005, USA	Engineering and consultancy services
Ove Arup & Partners S.A.	Calle Alfonso XI, 12 , 28014, Madrid, Spain	Design and consulting engineering services, in architecture and other related professional skills
Ove Arup & Partners Scotland Limited	10 George Street, Edinburgh, Scotland, EH2 2PF, United Kingdom	Design and consulting engineering services, in architecture and other related professional skills
Ove Arup (Thailand) Limited	No.88 The PARQ Building, 7th Floor, Unit 7W14-15, Ratchaphisek Road, Khlong Toei Sub-district, Khlong Toei District, Bangkok 10110, Thailand	Design and consulting engineering services, in architecture and other related professional skills
Ove Arup Ventures Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Investment holding company
PT Arup Indonesia	19th Floor, #03-05 Talavera Office Park, Jl. Letjen TB Simatupang Kav. 22-26, South Jakarta, DKI Jakarta, 12430, Indonesia	Design and consulting engineering services, in architecture and other related professional skills
PT Rekacipta Kinematika	19th Floor, #03-05 Talavera Office Park, Jl. TB Simatupang Kav. 22 - 26, Cilandak, Jakarta Selatan, 12430, Indonesia	Design and consulting engineering services, in architecture and other related professional skills
Redcliffe Wharf Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Property holdings
Scotstoun Property Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Property holdings
Shelbourne Plaza (Block C) Management Company Limited	50 Ringsend Road, Dublin 4, D04 T6X0, Ireland	Dormant company
Williamsburg Investment Unlimited Company	50 Ringsend Road, Dublin 4, D04 T6X0, Ireland	Dormant company