ARUP

Arup Group Limited

Financial Statements and Reports

For the year ended 31 March 2021

Contents

Chair's foreword

A challenging, yet inspiring year

While this year was an extremely challenging one, it was also an inspiring year. We've worked on some fantastic projects, served our clients well in difficult times and continued to win new work. It's been incredible to observe what our members have managed to achieve, despite the COVID-19 pandemic, and with three quarters of our people working from home. I couldn't be prouder of the commitment and dedication that everyone has shown.

Robust performance

Despite the shock to the global economy, we delivered a strong performance for the financial year ended 31 March 2021. Our revenue was £1,717.1m, similar to the year before, and we returned an operating profit of 10% (before application of the global profit-share scheme), which reflects the substantial effort made by everyone in the firm to maintain our operations through the pandemic.

Despite the short-term uncertainty as the pandemic took hold, our continued focus on winning new work and supporting our clients across the business means we are in a strong commercial position for the road ahead. While the world's responses to the pandemic had major impacts on some of our businesses like aviation, other areas, such as science, industry and technology, and healthcare grew during the year.

75th Anniversary

In 2021, we passed a significant milestone: it was 75 years ago that Ove Arup founded the firm. Since then, we have grown and thrived by doing high quality work and staying true to the aims and values he identified as central to who we are.

Ove believed in 'total design' and we still believe in that today. In a rapidly changing and complex world, only the widest cooperation can solve the big issues the world faces around climate change and resilience. Although he wouldn't recognise the digital tools we now use, Ove would be familiar with how we're trying to influence the world, and the underlying spirit and the creativity that we bring to our projects. He observed that our work must be excellent and socially useful and, as we carry it out, we need to be straight and honourable in our dealings.

I think we are all thankful that he gifted us an organisational structure, a mission and an independence that is as relevant today as 75 years ago. You can find out more about Ove's ongoing influence on our structure and culture in the 'Values driven' section of our governance report.

Sustainable futures

Clarity and direction are incredibly valuable in a crisis. So, in July 2020, we launched 'Sustainable futures' – a new three-year strategy with sustainable development at its heart. It positions us to have a more positive impact on the built environment than ever before – to create a greener, cleaner, fairer and more sustainable society. The strategy now guides the choices that we make and the projects we pursue.

The big drivers for change continue to be around urbanisation, population growth, climate change and scarcity of resources. The pandemic has brought a renewed and vital focus on city resilience and the need to act on climate change.

Our clients are increasingly engaging with the urgency of climate action and the scale of change required to achieve net zero emissions globally by 2050. Our advisory role has also grown, from services like sustainable investment consulting, through to helping clients get ready for the EU Taxonomy for sustainable economic activities.

Partnerships are incredibly important to the way we work and the influence we can have. In 2020, we were commissioned by the UK government to carry out the sustainability advisory work for the G7 and COP26 summits. We are working more and more on energy transition, including the use of hydrogen, on the circularity of materials and are helping the World Economic Forum to develop their thinking in these areas. We are promoting circular economy principles throughout our industry working with the Mayors Alliance for the European Green Deal and with the Ellen MacArthur Foundation.

Across Arup Group, we have a growing community of experts with the skills and knowledge to tackle these issues. We remain committed to using our influence to lead the debate and establish more sustainable practices.

A better way

The effects of climate change and the impact of the COVID-19 pandemic has highlighted the increasing importance of resilience – to improve cities' and communities' ability to adapt to rapidly changing circumstances and increasing risk. There is a better way to a sustainable future. Our focus is to use our design and advisory services to produce safer, more inclusive, resilient and sustainable cities and infrastructure (our approach is detailed in the 'Shaping a better world' section of our governance report).

Much of our current work points to the sustainable world we want to see. We're delighted to be working on the design of 1,000 hectares of artificial islands in Hong Kong as part of the Lantau Tomorrow Vision proposed to meet the long-term housing, social and economic development needs of Hong Kong.

We deliver high quality work and build long-term trusted relationships with our clients and collaborators in all our markets. One example of this ongoing collaborative work is with Transport Infrastructure Ireland (TII) where we've helped craft a sustainability strategy for their entire organisation to truly help embed the agenda culturally. We also undertook research into women's travel patterns to inform decisions by the state agency who deal with road and public transport on how sustainable transport modes can become a viable option for all members of society (further details are provided in the 'Building successful relationships' section of our governance report).

Architecture is increasingly important for us, giving us more influence and is very much part of our total design ethos. This can be seen clearly at London's 1 Triton Square where we used circular economy principles to refurbish a major commercial building, significantly reducing embodied carbon across its lifespan.

With 15% of all North American container traffic due to cross over California's first long-span cable-stayed bridge, the Gerald Desmond Bridge is a critical infrastructure link and a vital component of the regional and national economy. The new bridge opened in October 2020 to serve the needs of a growing region and ensure the safe, optimised flow of people and goods, with truck climbing lanes and shoulders on both sides of the highway leading to reduced congestion. Our City Modelling Lab brings together our experts in transport, energy, climate change and economics with data scientists, software engineers and designers to help transport and planning authorities anticipate demand on their travel networks and shape investment. We are working with Transport for London as their agent-based modelling partner at a city scale, and for New Zealand’s Ministry for Transport where we are not only building a national-scale model for the next 50 years but developing the Ministry’s own ability to create, run and model future scenarios.

Flexible working

The last year has demonstrated how we can both work flexibly and continue to deliver excellent work for our clients. Many of us have missed the collaboration and creativity that comes from working side-by-side, while technology has enabled us to work with each other in new ways at greater distances. We want to combine the best of these experiences, so, as the pandemic recedes, we are committed to operating a flexible workplace, one that attracts, develops and keeps the best talent here at Arup Group whilst supporting their wellbeing (as detailed in the ‘Health, safety and wellbeing’ section of our governance report).

I am really proud of our members and the way we’ve performed over the last 12 months. Our strong performance gives us a solid platform to build on for the year ahead.

Alan Belfield.

Alan Belfield

Chair

Arup Group

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 2021 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 2021. The results show a profit for the financial year of £35.8m (2020: £37.0m). The net assets as at 31 March 2021 are £315.7m (2020: £336.1m).

As noted in the Chair's foreword, the development of the Group has been impacted by the COVID-19 pandemic, with reductions in some areas of the business and growth in others; we have however achieved a strong performance for the year and are well positioned going forward.

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 directly 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 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"):

- 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, dividends and the global profit-share scheme. For the year ended 31 March 2021, revenue per person was £112k (2020: £116k) and profit per person was £10k (2020: £9k).
- Staff turnover is a key non-financial measure of the Group's performance. For the year ended 31 March 2021, staff turnover was 13.1% (2020: 10.8%).

The ability to continue to secure new projects, particularly in light of the ongoing impacts of COVID-19 and geo-political tensions, is a key risk going forward. There are uncertainties as to the volume of new work that can be secured as well as in relation to the continuation of existing projects, and new trade barriers may increase the challenges of international trade and mobility of 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 business to remain resilient for the foreseeable future.

The Company undertook a further review of current and emerging risk themes. Risk themes prioritised for close attention and management include climate change, geopolitical influences and service delivery. An Arup Group Risk Management Framework has been developed and will be implemented and cascaded down to the subsidiaries as applicable.

Section 172(1) statement

The Board consider collectively and individually that they have made decisions during the financial year to 31 March 2021 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

M J Ansley-Young

Secretary

1 November 2021

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 2021 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 registered address was changed from 13 Fitzroy Street, London, W1T 4BQ, United Kingdom on 30 April 2021.

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 that are held by Ove Arup Partnership Charitable Trust.

Future developments

The Group will continue to operate in similar markets. 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 highly talented members.

Dividends

The directors do not recommend a dividend for the year ended 31 March 2021 (2020: nil).

Directors

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

A J Belfield
T G A Carfrae
P J Chamley (Resigned 31 March 2021)
P A Coughlan
F M Cousins
I Dedring
J A Frost
E M Hinkers (Appointed 01 April 2021)
A S Howard (Appointed 01 April 2021)
K Y M Kwok
D M Mitchell
T J F Whyte
C Chung (Appointed 01 April 2020, independent non-executive director)
T J Stone (independent non-executive director)

Directors' remuneration

Directors' remuneration has been disclosed in note 6 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 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.

Financial risk management

The Group's financial assets and liabilities comprise cash at bank, 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 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 1 in the notes 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 1 in the notes to the financial statements provides further information.

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 on an ad-hoc basis 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

The maintenance of a diverse and highly skilled workforce is key to the future of the Arup Group. Health, safety and wellbeing matters are regularly reviewed by the directors in accordance with the Arup Group's Health, Safety and Wellbeing policy via a number of associated policies, procedures and roles to enable all parts of the Arup Group to comply with that policy and to fulfil all relevant statutory duties and other legal requirements.

Arup Group policies are in place to ensure that:

- full and fair consideration is given to all applications for employment made by disabled persons, having regard to their capabilities;
- when existing employees become disabled (whether from illness or accident) every reasonable effort is made to continue to provide suitable employment either in the same, or by training, in an alternative job; and
- disabled persons are given equal consideration for training, career development and opportunities for promotion within the Arup Group.

Arup Group's commitments to diversity and inclusion, and health, safety and wellbeing are further detailed in the governance report.

Engagement with employees and other stakeholder relationships is further detailed in the strategic report 'Employee and other stakeholder engagement'.

Carbon emissions

In October 2019 the Arup Group committed to be a net zero carbon organisation by 2030, for which we need to reduce absolute scope 1 and 2 Greenhouse Gas ("GHG") emissions by 30% by 2025 from a 2018 base year. The Arup Group has also committed to reduce absolute scope 3 GHG emissions by 30% by 2025 from a 2018 base year. The Arup Group Net Zero GHG Emissions Statement is publicly available under the policies section on Arup.com.

Our commitment to sustainable development and emissions reduction is reaffirmed in the Arup Group Strategy for 2020-2023 (for further details please refer to the governance report).

The total carbon footprint of Arup Group, measured in tonnes of carbon dioxide equivalent ("tCO2e"), has decreased by 42% during the financial year ended 31 March 2021. Arup Group's 5-year target is to achieve a 30% reduction of tCO2e by 2025, which is approximately 58,000 tCO2e; this has been exceeded in 2021 with a decrease of approximately 69,500 tCO2e from the baseline. The emission sources that have seen greatest change are business travel (-89%); waste (-88%); and employee commuting (-93%). These are the reductions you would expect as a result of an unprecedented change to the way we live and work due to the COVID-19 pandemic, with the majority of Arup Group members working from home for the year.

There is a decrease in emissions across all scopes, including scope 1 (-17%) and scope 2 (-38%) from the baseline. This is the first year detailed data has been requested on renewable electricity purchases for Arup Group's offices, indicatively 36% was purchased from renewable sources. Purchased goods and services (within scope 3) are now the vast majority of emissions at 95% of Arup Group's total, but this has also seen a significant decrease from the baseline (-20%).

Significant effort will be needed to avoid a 'V-shaped' trend in our emissions going forward. Arup Group will continue to look ahead to the 10-year target of Net Zero by 2030.

Scope	2021	2020
Headcount [1]	15,968	16,556
Emissions per capita tCO2e	7.7	12.7
Scope 1 tCO2e	1,172	1,654
Scope 2 tCO2e	4,694	7,765
Scope 3 tCO2e	116,290	200,334
TOTAL tCO2e	122,156	209,753

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

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	2021	2020
UK energy use kWh [1]	12,526,348	17,593,665
Associated GHG emissions [2] tCO2e	2,738	4,150
Intensity ratio tCO2e per m2 net lettable area	0.05	0.08

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 greenhouse gases have been calculated using the GHG Protocol Corporate Accounting and Reporting Standard and UK Government GHG Conversion Factors for Company Reporting 2019.

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

- travel restrictions and increased levels of remote working resulted in a significant decrease in energy consumption related to our offices and business travel;

- a global framework to support more flexible working models is under development and will contribute towards preventing a return to previous consumption and emission levels;
- updates to the travel code of practice were made and will reduce office and business travel related emissions; and
- a review of the UK property portfolio was completed. This identifies priority areas for improvements, targeted and strategic infrastructure upgrades to improve energy efficiency, and opportunities to use space more efficiently. Implementation of the recommendations from this review has now commenced.

Governance

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 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.

Statement of directors' responsibilities

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 international accounting standards in conformity with the requirements of the Companies Act 2006 and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101"), and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 international accounting standards in conformity with the requirements of the Companies Act 2006 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 also 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 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 and the Directors' Remuneration Report comply with the Companies Act 2006.

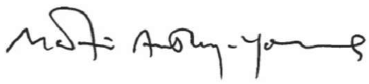
The directors are responsible for the maintenance and integrity of the Arup Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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



M J Ansley-Young

Secretary

1 November 2021

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 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 15,000 people, we need to be more intentional in how we maintain our culture at scale and ensure that 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.

In advance of launching the people strategy, we invited our members to take part in a three-day, externally facilitated online conversation to discuss and share views on every aspect of our culture and suggest improvements. The conversation confirmed our hypothesis that allowing our culture, systems and processes to evolve organically over the years (rather than being designed holistically) is now impacting our members' sense of inclusion and ability to innovate.

The resulting 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 here and encourages everyone, regardless of grade to show 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).

To ensure awareness and understanding of the people strategy, September 2020 was 'People month', during which we brought the people strategy to life through a series of videos, webinars, live events and toolkits to encourage discussion. Engagement was strong with nearly 22,000 visits to our newly created intranet site and over 7,000 downloads of the people strategy.

Progress on the people strategy is monitored and reported monthly to the Management Board (Arup Group's operational board) and our global Head of Culture and Engagement, a newly created role, 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.

Travel restrictions during the year, and the focus of our members in adapting to different working conditions whilst also supporting clients in responding to the challenges of the pandemic, limited the scope for face-to-face interaction by the Board. However, over 7,500 members were able to join the Board online to discuss the new Arup Group Strategy, and regular video updates from the Chair (weekly during the first half of the year and subsequently monthly) were initiated to keep our members fully briefed on our response to the pandemic and progress made delivering our strategy. 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 United Nations Sustainable Development Goals ("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' which is 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.

During the year our implementation plan for 'A better way' was refreshed to emphasise that the greatest difference we can make is by delivering positive outcomes for our clients, society and the planet on all our projects (six of our projects which illustrate this approach are highlighted in the Chair's foreword).

We also published our 'Climate Services Plan' which sets out how we will prioritise action on decarbonisation, and adaptation and resilience through our businesses, services and projects.

In September 2020 our 'Net Zero Carbon Strategy', which has been verified by the Science Based Targets Initiative, was finalised and sets out the objectives, actions and pathways to achieving our commitment to be a net zero carbon organisation by 2030.

To achieve this, we have set an ambitious target to reduce emissions by 30% by 2025 across our full value chain, reducing our carbon emissions by 0.5% month on month. This includes everything ranging from the energy we use within our offices and the flights we take, to the vehicles we own and the goods we purchase (refer to 'Carbon emissions' in our directors' report for details of our progress this year).

Helping our clients set and deliver carbon emissions targets, aligned with global net zero by 2050, is equally important. Hundreds of our projects already have clear net zero targets for operational energy. We have pioneered new approaches to radically reduce embodied energy in construction and are working in partnership with Ellen McArthur Foundation and C40 Cities to create industry change.

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 April 2020, they agreed to continue the programme throughout the pandemic, enabling us to support those organisations working with the most vulnerable, marginalised and disadvantaged at a time when many were faced with significant disruption to services.

Drawing on our experiences of supporting disaster-relief efforts through our Community Engagement programme, the Board established a COVID-19 crisis response team focused on understanding the impact on our partners and supporting them with their response to the pandemic and helping communities affected by the crisis.

Given the limited ability to travel, we responded by adapting and developing solutions to enable our partners to better provide remote assistance as well as respond to the additional challenges brought about by the pandemic. For example, we designed a data-driven approach to enable New Story (an American NGO) to prioritise their outreach efforts to prevent pandemic related homelessness. We also produced design guidelines to install temporary medical care facilities in existing buildings in low resource contexts such as Cox's Bazaar Rohingya refugee camp in Bangladesh.

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 will continue to focus on how we can apply our digital capabilities and innovate for community benefit. 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 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 2020, Terry Hill completed his term as a former Board director Trustee and stepped down. Peter Bailey was appointed from 1 April 2020. Peter has worked in all five regions, served as the Australasia region chair and was a member of the Board from 2012-2019. In March 2021, Asim Gaba came to the end of his term as a Trustee nominated from senior management and stepped down. Catherine Wenger was appointed from 1 April 2021. Catherine has more than 25 years' experience leading civil engineering projects across multiple countries and has held a number of high-level external positions. She has a particular interest in equality, diversity and inclusion.

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.

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.

Cordelia Chung was appointed as an NED from 1 April 2020, becoming a member of the Risk committee from that date, and she has subsequently joined the Board Nominations committee. Tim Stone was appointed as chair of the Audit committee from 1 April 2021.

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.

Board directors serve 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.

In March 2021, Peter Chamley came to the end of his term and stepped down. Eva Hinkers and Andy Howard were appointed from 1 April 2021. They have both been with the firm for over 25 years. Eva is a structural engineer and current chair of the Europe region; Andy is a mechanical engineer and current chair of the Americas region; both bring significant experience of leading projects across the world.

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.

With the launch of the 2020-2023 Arup Group Strategy (see 'Strategy development' for further details), the Board decided to strengthen its leadership at the global level to support its implementation. To facilitate this, current Board member Dervilla Mitchell was appointed as Deputy Chair, from 1 April 2021, alongside Tristram Carfrae who continues in that role.

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 members 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).

The Trustees discussed their report on the 2020 review with the Board at the Joint Boards' meeting in July 2020, and the recommendations were shared with senior management at the annual meeting in October 2020. The Board has initiated a series of activities that respond both directly and indirectly to the recommendations, that were discussed and supported by the Trustees at the February 2021 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, and with all Board directors expected 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. They are expected to attend all Board meetings, and office and site visits are encouraged to increase their understanding of the firm. 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; short interim meetings are also held as required 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 June 2020 (Jerome Frost), December 2020 (Tim Stone) and March 2021 (Dervilla Mitchell).

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 global profit-sharing scheme 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.

In response to the pandemic, a COVID-19 steering group was formed in January 2020 from the key operational and business support leaders, which met initially weekly and latterly monthly over the year to ensure a coherent but agile response to the evolving crisis. We moved almost entirely to a working from home mode of operation in mid-March 2020, enabled with exceptional support from our Digital Technology team.

Actions during the early stages of the pandemic included pay freezes in many parts of the organisation, and the decision not to make profit-share payments in June 2020. A temporary voluntary hours reduction programme was also put in place, and a review of resourcing and workload was undertaken. This resulted in a reduction in staffing levels in parts of the business most adversely affected by the pandemic and other factors impacting our markets, and staffing increases in growth areas. Some parts of the business have since returned to office-based working arrangements and a global framework is being developed to enable and support more flexible working models going forward (refer to 'Health, safety and wellbeing' for further details of our response).

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. The current control systems in place for managing risk were introduced in 2019, as such they are under continual review by the Board who receive regular reports from the Risk committee on the efficacy of the systems in practice. See 'Audit, risk and internal control' for further details.

Twelve key Arup Group risk areas have been identified for oversight at Board level, each with a defined risk owner supported by relevant subject matter specialists to support 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. At each Board meeting the directors provide their views of the current and future marketplace, highlighting new 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

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 'pillars' that are essential for us to deliver safe, inclusive and resilient communities, infrastructure and cities: People, Excellence, Influence and Digital.

From October 2020 to January 2021 our members took part in a series of events with a monthly focus on each strategic pillar. This has helped to inform the development of implementation plans that take into consideration the unique challenges and opportunities presented by the different demographics, geographies and markets we span.

Implementation and performance

The Board delegates responsibilities in various areas to executive bodies. There are three advisory bodies in key strategic areas: Arup University council, Digital executive and People council. These report to the Board quarterly and their performance is subject to ongoing assessment against agreed plans.

Day to day operational management is carried out by the Management Board who have 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 is chaired by the COO and formed of the chairs of the five operating regions, the Chief Information Officer ("CIO"), the Chief Financial Officer ("CFO"), the People Leader and the Head of Corporate Services. It coordinates the activities of the region Boards, including changes to their organisational and management structure in order to achieve consistent operation. Targets are set within a 3-year plan both at region and global level. The Management Board is collectively responsible for delivery of the global targets.

A new internal performance report format was launched in January 2021 which provides an overview of Arup Group's performance across seven headings: health and safety, financial/business performance, and progress against the five elements of the Group strategy: sustainable development, people, excellence, influence, and digital. The plan is to publish the report on a regular basis; the second edition was published in June 2021.

Region reviews are undertaken annually by a panel of the Board, typically the Chair, Deputy Chair, 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

We are continuing to develop and embed a new approach to succession planning that is inclusive, fair, transparent and consistent and focused on ensuring great appointment decisions. Regular succession planning conversations are becoming part of the culture and operation of the business, supported by accurate and valuable data, so that we are able to plan pipelines, address any gaps and address individuals' development needs. The new people strategy provides clarity on what good leadership looks like, and the first of our nine commitments to inclusion focuses on leadership expectations (refer to 'Diversity and inclusion' for further details).

In October 2020, we completed the second annual review of senior management succession plans at Management Board. This was based upon planned region Board appointments, succession plans for all regions detailing the current incumbent in each termed role with three-to-five year pipeline of potential successors, and analysis of the completeness of each plan together with the urgency with which positions need to be filled.

The approach taken enabled the Management Board to identify critical roles requiring greater focus, actions required to support leaders transitioning in March 2021, development opportunities for future leaders and increased collaboration required across regions to facilitate appointments.

The appointment process for Board directors is detailed under 'Appointments' above where diversity within leadership bodies is considered.

External evaluation

The Board engaged Odgers Berndtson to undertake a review of the Board's effectiveness. This involved individual assessment of individual aptitudes and engagement styles for all the Board directors and officers, one on one interviews with each of them, and attendance by an observer at the whole of the February 2020 Board meeting. The Board received the results of the review in April 2020, and a working group, including an external consultant from Odgers Berndtson, is taking forward workstreams in three key areas: succession planning and development of future candidates; governance architecture and terms of reference; and decision-making. It was decided to focus on the second and third of these workstreams in 2021 so that the new Board members could be fully engaged.

In addition, the review considered the Board's composition; its collective skills, knowledge and experience, agility, ability to deal with complexity and capability to deliver the strategy. The results, both for individuals and for the Board as a whole, inform development plans for individual Board members and the Trustees consideration of future appointments (refer to 'Appointments' for further details).

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 direct implications of each, for the areas of good governance examined by the Code, and the way it shapes our work are outlined below:

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: updated the policy to prioritise decarbonisation and adaptation to the impact of climate change in our projects; approved the 'Climate Services Plan' and 'Net Zero Carbon Strategy' (which is verified by the Science Based Targets Initiative); maintained a management system certificated to international standard ISO 14001 (refer to 'Shaping a better world' for further details).

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: approved nine global commitments to inclusion; approved specific commitments in relation to disability inclusion as part of our membership of the Valuable 500, a global movement putting disability on business leadership agendas (refer to 'Diversity and inclusion' for further details).

Ethical conduct

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

Key Board decisions: approved implementation of an online personal interests register; approved a refreshed conflicts of interest e-learning module for all members (refer to 'Business integrity' for further details).

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: established a COVID-19 steering group with the safety and wellbeing of our members as an agreed priority in our response to the pandemic; approved the Health and Safety plan for 2021 - 2024 'A healthy and safe culture for everyone'; transitioned our management system to be certificated to ISO 45001 (refer to 'Health, safety and wellbeing' for further details).

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: appointed the chair of Arup University as an officer to the Board; set excellence as the theme for the annual senior management event; maintained the commitment to the Arup Fellows programme; maintained a management system certificated to international standard ISO 9001; maintained oversight of the Client relationship programme (refer to 'Building successful relationships' for further details).

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.

Key Board decisions: positioned sustainable development at the heart of the 2020 - 2023 Arup Group Strategy; formed the Sustainable Development executive and associated governance to strengthen the delivery of 'A better way'; signed the UN Global Compact; assigned Board sponsors to each of our external partnerships e.g. Ellen MacArthur Foundation (refer to 'Shaping a better world' for further details).

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 which, in response to increasingly complex sanctions regimes, now include summaries of new or altered sanctions programmes implemented by various jurisdictions together with information relating to counter-measures jurisdictions have taken. Senior management also receive information regarding our clients and collaborators that may be the subject of a formal sanction.

This year, we have focused on refreshing the support we provide to our members to manage conflicts of interest. A new version of our conflicts of interest on-line learning module has been developed and approved by the Board for roll-out to all our members from April 2021.

Alongside this, an online personal interests register has been developed and implemented to support statutory board directors in the regular consideration of the relationship between their personal interests and their Arup Group roles and responsibilities such that any of these personal interests, which could influence or could be perceived to influence, their actions and decisions can be identified and addressed.

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. A 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 how the Board engages with them. The resulting principal decisions the Board has made are outlined in 'Policies in practice'. Face-to-face interaction due to the pandemic has been limited, however, our members rapidly 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.	• 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	Our members are the primary beneficiaries of the Trusts. Alignment with aims: *humane organisation* and *reasonable prosperity*.	• Triennial 'Working at Arup' survey • Annual meeting for senior management • Board visits to offices and sites • Regular internal performance report • Initiative specific consultation and co-creation • Regular events, online meetings and news • *Refer to 'Our members'*
Clients	Everyone who contracts Arup Group's services, public and private sector	They provide the opportunities to use our skills to deliver solutions they will value. Alignment with aims: *quality of work* and *social usefulness*.	• Attendance at industry events • Membership of the World Economic Forum • Professional engagement on projects • Oversight of the Client relationship programme • *Refer to 'Business integrity' and 'Long-term collaboration'*
Collaborators and Suppliers	Everyone we have a direct working relationship with including joint-venture partners, suppliers and industry organisations	To deliver excellence, we recognise that we may need to supplement capacity or introduce niche expertise. Alignment with aims: *total architecture* and *straight and honourable dealings*.	• Senior positions in industry organisations e.g. Royal Academy of Engineering • Where Arup Group engages sub-consultants, and suppliers of services and equipment to our offices, we seek to agree contractual terms which require compliance with Modern Slavery and Human Trafficking legislation • We aim to treat our suppliers fairly and with respect, and to pay for services promptly in line with reasonable contractual terms • *Refer to 'Business integrity' and 'Long-term collaboration'*
Society	Those who are impacted or influenced by our work including end-users, communities local to our projects, charities, and future members	Our vision to shape a better world is all encompassing; social usefulness and sustainable development are key outcomes. Alignment with aims: *social usefulness* and *humane organisation*.	• 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 • 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.

Transport Infrastructure Ireland (TII) is the state agency in Ireland which deals with road and public transport and a long-standing client that we continue to develop a strong working relationship with. Over the years we have acted as technical advisors on numerous planning and design projects. Our work includes engineering design on large scale infrastructure projects; such as the Rose Fitzgerald Kennedy bridge which opened during the year where we worked for the New Ross JV delivering Ireland’s longest bridge.

Our in-depth understanding of TII’s needs has meant we have been able to draw upon our wide skill set to deliver digital and sustainability services including; acting as digital advisor to the agency on road tolling strategy, governance and procurement management; technical management of their tolling schemes; crafting a sustainability strategy for TII’s entire organisation to help embed the agenda culturally; and research into women’s travel patterns to inform decisions by the state agency on how sustainable transport modes can become a viable option for all members of 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

During the pandemic, we sought to engage with our members more than ever. We recognised that regular and open communication was essential in keeping our members informed and reassured during a time of crisis.

The regular video updates from the Chair frequently had over 6,000 views. A number of live events giving members a chance to hear directly from the Board were also held. These events offered our members the opportunity to submit questions directly to the Board, on any topic they wished. Questions were submitted completely anonymously, with typically around 200 questions submitted during an event. All questions were either answered live during the session or in a written follow-up made available soon after the calls. No question went unanswered unless it was duplicative or inappropriate.

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 March 2019. The ‘membership engagement’ score was 84% (6% above the benchmark on the industry leading platform Culture Amp) with 90% of respondents ‘proud to work for Arup’.

The next survey is scheduled to take place in 2022. Though many of the questions will remain the same to allow us to track trends, the survey will also be used to probe further into some of the findings of our ‘Future of Work’ survey that consulted members about their views on post pandemic working and how their expectations have shifted (refer to ‘Health, safety and wellbeing’ for further details).

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 Group 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 share their ideas openly and freely. Areas of innovation, differences of opinion and potential controversy are often raised in local forums or on our member online discussion forums. However, we recognise the difference between speaking and being heard.

We are currently in the process of electing a shadow board; 14 members selected from our mid-career grades who will work alongside the People council to influence and shape aspects of our people strategy.

During the global online conversation about our culture in March 2020, members said they would appreciate greater transparency, requesting more open and honest communication of top-down strategy. This feedback was taken into consideration when launching the Arup Group Strategy, with one month dedicated to exploring, explaining and engaging the membership on each of the four ‘pillars’ in turn between September and December. We applied the same approach when developing our nine global commitments to inclusion (refer to ‘Diversity and inclusion’ for further details).

Delivering excellence

Arup University was formally established in 2009. It is home to Arup Group's research activity and thinking about the future, brings together all our learning opportunities into one place, enables collaboration and knowledge sharing through our skills networks and provides information resources for our members.

During the year the Board conducted a review of the purpose and activities of Arup University and some clear themes emerged:

- the role of a corporate university remaining central to our ambitious agenda, and being the vehicle to deliver skills, learning and knowledge to our membership;
- a detailed review and change programme being needed to elevate the performance of each faculty within Arup University; and
- a need to re-engage with our senior management on the relevance of the University to the success of our business.

Our members remain enthusiastic users of the tools and techniques the University has to offer.

Substantial changes in 2020 have included: the appointment of a new full time director to run the University; the creation of a new approach to the diagnosis of our learning needs; and the formulation of a refreshed funding and implementation strategy for blue sky and applied research.

A major review of future skills was completed, and a transformation programme has been designed which will be implemented over the coming year; new skills networks are being created to serve the Arup Group Strategy, and the leadership of our fundamental skills networks will be refreshed.

Critical pieces of foresight work carried out during the year include examining future systems, products and supply chains that deliver positive outcomes for people and planet, the relationships between the built environment and racism, and systemic barriers that need to be overcome to make progress towards becoming a net zero world.

Work has also commenced on a knowledge strategy, including deliverables such as a knowledge handbook for all our members, to ensure that our culture of curiosity, engagement and natural inclination to support each other, is looked after and maintained.

All faculties and their services were moved into the virtual environment early in the pandemic and offered welcome respite and inspiration to our membership; many of the new ways of working will continue once office working resumes, as they were proven to be more effective and inclusive. Two particularly positive outcomes were the expansion of our capacity to deliver more learning programmes to a wider cohort; and the impact of the virtual environment in enabling the University to reach out and spend more time inducting new graduates into the services available to them from the University.

Arup University has successfully enabled our members to continue to develop personally and professionally and build upon corporate knowledge to work collaboratively delivering excellence to our clients. Excellence was chosen as the theme for the annual meeting of senior management. Held online in September 2020, it brought together over 450 of our directors and principals. In opening the event, the Chair emphasised that striving for excellence is critical to our long-term success and that we need to exceed our clients' expectations every time. It stems from our trust, openness, curiosity, leadership and the relationships that bind us together.

Health, safety and wellbeing

Arup Group is committed to caring for the health and safety of our members and those who may be impacted by our work and to supporting the wellbeing of our members. That means caring about our members in our offices, when travelling to and from work and for business, on construction sites and other offices, ensuring that safety is addressed in our design processes.

The COVID-19 pandemic has brought health and safety firmly into the forefront of our personal lives and has been the major focus for our health and safety activities; it demanded a rethink of our approach to the health, safety and wellbeing of our members, wherever they are working. At times up to 90% of our members have been working from home, and whilst offices in Australasia and East Asia essentially returned to more normal operations in the latter part of the year, many of our members have continued to work remotely.

Our COVID-19 steering group sought expert advice and shared best practice to ensure that we provided practical support and guidance to our members. Our approach was deliberately cautious and ensured that we addressed the wellbeing challenges faced by our members as well as the practical ones related to extended remote working. In particular we implemented a restrictive travel protocol requiring only business-critical travel, which was to be undertaken only after detailed risk assessment and region COO approval. The video updates from the Chair provided regular updates on the actions being taken as well as raising awareness of the support programmes in place. Many of the lessons learned will be embraced as we move into new models of working flexibly in the future.

Our record for safety in the workplace continues to compare well with industry benchmarks (with eight reportable accidents across the Group in the last three years). We have seen few incidents this year, with the significant reduction in office working, travel and site visits. We continue to learn from the previous unprecedented incident that resulted in the fatality of a contractor undertaking installation works in one of our offices. We are continuing a review of our premises in response to the incident. Our global Health, Safety and Wellbeing committee continually look for ways to improve our performance, share best practice, and actively learn from all incidents.

In February 2021 the Board approved our Health and Safety plan for 2021 to 2024, 'A healthy and safe culture for everyone', which sets out our objectives explicitly under the 'pillars' of the Arup Group Strategy. This plan will inform the health and safety priorities and activities of our operating regions. In March 2021, the Board approved the framework by which it would be assured on health and safety matters in our operating regions, and this will provide the basis for formal annual reviews.

Our wellbeing vision and priorities are now 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.

We launched our 'Be Well' hub in May 2020, an online space where our members could access tools and resources to support their wellbeing. The hub was created to carefully curate the best content from around Arup Group and outside. Our temporary voluntary hours reduction programme offered some flexibility in juggling work and other commitments to those that needed it over this period.

While the pandemic placed a strain on all our members, it was recognised that our senior management would need support to navigate the additional leadership challenges. We offered high impact coaching and ran bespoke webinars for our senior management in June 2020 and March 2021 focused on resilience and good leadership choices, respectively.

We are encouraging responsibility on the part of our members in relation to managing their own wellbeing. We believe that giving our members the trust and autonomy to continue to work flexibly, post COVID-19, will also promote a culture of wellbeing. A new programme we are calling 'Work Unbound' is being shaped to harness the lessons learnt from our response to the pandemic, and the results of our 'Future of Work' survey, to move forwards into a new way of working that supports a hybrid (office and home) working model. This will give all members the maximum possible flexibility to manage their time as best suits them, Arup Group and their clients.

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 (refer to the Board Remuneration committee report for further details).

Our global profit-share scheme 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, with reference to their grade and length of service.

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.

The weeks following the murder of George Floyd led to a period of deep, pronounced self-reflection and open, honest conversations among our members about how we could create a more inclusive Arup Group.

In June 2020, we asked our members to join in shaping our anti-racism response. Around 170 members volunteered and formed three working groups, working together with the global Equality, Diversity and Inclusion ("EDI") committee, looking at our culture, behaviour and environment; systems, processes and procedures; and work, clients and communities. This work led to the creation of nine global commitments to inclusion, not just in relation to racial equity but inclusive of all strands of diversity. The commitments were approved by the Board and launched to our members during an online event in September 2020.

These commitments were developed in a way which was profoundly inclusive; entirely aligned with our people strategy, the Arup Group strategy, and our purpose. The commitments stretch beyond how we behave ourselves, they look to make sure the projects we do, the clients we work with and the communities we influence all create a more inclusive world too. That's why we felt it was important to publish the commitments on Arup.com.

To ensure progress in fulfilling these commitments we have established a global working group, engaged with an external EDI consultant and set deadlines against a number of the 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 there is a commitment to publish, initially in the UK, our ethnicity pay gap report by December 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 on track to be implemented in September 2022.

We have made further progress this year to improve our gender balance, with an increase from 37.7% to 39.0% female members across the firm overall. The proportion of women in senior management has increased from 23.5% to 25.0%. There is 37% female membership of our five region Boards and 33% of our Board are female. In April 2021 we appointed our first ever female co-chairs in our Australasia region and female Deputy Chair of the Board.

Audit, risk and internal control

Oversight of our financial reporting and related internal controls, risk, and ethics and compliance is principally carried out by three committees of the Board; the Statutory Accounts committee, the Ethics committee and the Risk committee. Support is also provided by our Business Integrity function and our project delivery environment. Committee meetings were attended during the year by all of the appointed Board directors except that Tim Stone was unable to attend the Risk committee meetings held in September 2020 and January 2021.

Each of the committees reports directly to the Board on the matters within its scope, either quarterly (for the Ethics and Risk committees) or at the October meeting (Statutory Accounts committee).

Statutory Accounts committee

Given the strength of our internal controls, assessed as part of the external audit process, an internal audit function is not considered appropriate. The Statutory Accounts 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. There were no significant issues raised this year for the committee to consider.

The committee is chaired by Alan Belfield (Chair), and its membership includes Paul Coughlan (COO) and Tim Stone (NED). The 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. Tim Stone has extensive financial expertise from his previous roles.

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

In the absence of potential pressures either in response to market and shareholder expectations or as a result of personal incentive schemes, independence is achieved by the separation of the committee from those responsible for the preparation of the financial statements i.e. the CFO and the global and regional teams within the finance function.

PricewaterhouseCoopers LLP was appointed in 2010 as the Company's auditors following a tender process. 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.

It has been agreed to retender for the role of group auditor; that process will commence in 2021, with a view to making an appointment for the 2022-23 financial year.

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.

Proposals to establish an Audit committee to supersede the current Statutory Accounts committee, having a strengthened remit in relation to statutory reporting and with the intent that the scope expands to cover internal controls in due course, were agreed by the Board in February 2021.

Ethics committee

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

The committee is chaired by Paul Coughlan (COO), 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 regularly 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. We do not operate a separate Arup Group wide external mechanism for whistleblowing, however schemes have been implemented in some locations in response to local requirements.

Refer to 'Business integrity' for further details of our approach to 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 Clare B Marshall (until 31 December 2020 as Group Legal director, and subsequently as an independent consultant), and its membership includes our two NEDs Cordelia Chung and Tim Stone.

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 global profit-share scheme.

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.

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 2021. 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 challenging year our employees (the "members"), including the Board, have faced as we have all worked to navigate the social impacts and economic uncertainty arising from the COVID-19 pandemic. Throughout this unprecedented year, it has remained a priority of the Committee to ensure that the remuneration of the executive directors follows the same general principles as for members.

During the early stage of the pandemic, Arup Group took measures to protect the financial position of the firm, including pay freezes. Consequently, the annual pay review for the executive directors that would ordinarily have taken effect in April 2020 was deferred. Whilst this freeze was lifted in late 2020 for members, the Trustees exercised their discretion, and no salary increases were awarded to the executive directors this year.

Furthermore, the Trustees awarded no payments under the profit-share scheme in June 2020 to the executive directors, in line with no payments being made to members. Most executive directors also opted to participate in the temporary voluntary hours reduction programme, further reducing their salary by 20% for a period of three-months of this year.

The Committee continues to seek opportunities to ensure the remuneration policy for executive directors is clear and easily understood; this year the operation of the global profit-share scheme for executive directors was included within a single set of scheme rules available to all members, ensuring full transparency.

As we continue to expand the content of this report and provide further transparency regarding remuneration, I am pleased to present our first voluntary CEO equivalent pay ratio disclosure.

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:

- David Whittleton, Chair of the Trustees, appointed January 2018, Committee Chair since April 2018;
- Tim Stone, non-executive director of the Board, appointed April 2016;
- Asim Gaba, Trustee, appointed April 2018;
- Jenni Emery, People leader, appointed January 2019; and
- Peter Bailey, Trustee, appointed April 2020.

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 2021

The Committee met three times in the year ended 31 March 2021, with all members present at each meeting. Activities included:

- recommending action to be taken regarding executive director remuneration as a result of the impact of the pandemic;
- in preparation for the next financial year, reviewing internal pay relativities and gathering external market data for benchmarking executive director pay levels;
- 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 as this review continues; 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 as a whole is simple, coherent and consistent; and aligned with our aims, in particular *straight and honourable dealings* and *reasonable prosperity* of members.

This will be my final remuneration report as Chair of the Committee. I look forward to handing over to Peter Bailey who succeeds me in the role of Chair from 1 April 2021.

David Whittleton

Chair, Board remuneration committee

CEO equivalent pay ratio

Regulations for listed companies require them to publish the ratio of the pay of the CEO to that of UK employees. Arup Group is not obliged to comply with these regulations; however, the Committee has 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 lower quartile, median and upper quartile pay of our UK members.

The Committee noted that remuneration varies across roles in order to deliver an appropriate mix of fixed and variable pay. Junior members have a greater portion of their pay delivered as a fixed base salary component, 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
2021	B [1]	Total pay and benefits [2]	20:1	15:1	11:1
		Total salary [3]	13:1	10:1	7:1

1. The regulations allow for three potential approaches in calculating the pay ratios. The Committee has considered method B, in order to utilise our 2020 Gender Pay Gap report to identify Arup Group members at the three quartiles. To ensure that the data is representative of pay and benefits at those quartiles, the median value of the pay and benefits for the 10 members spanning above, below and at each quartile has been calculated for the relevant financial year, with any leavers removed from the analysis.
2. Total pay and benefits for our UK members has been calculated based on full-time equivalent annualised total salary (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 2021. The single total figure of remuneration for the financial year ended 31 March 2021 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.
3. Annualised total salary (includes base salary and guaranteed cash allowances and is the full-time equivalent for members, and includes actual payments for the Arup Group Chair).

Total pay and benefits used to calculate the ratios

UK employees (members)	25th percentile	50th percentile	75th percentile
Total pay and benefits	£39,477	£52,097	£73,334
Total salary	£31,750	£41,652	£58,550

The Committee is satisfied that the median pay ratio reflects the total pay and benefit values for the Chair and the median UK member respectively. Also, that it is consistent with the pay, reward and progression policies for our UK 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 scheme 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 2021 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: 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 new executive directors of the Board receive employer pension contributions in line with the rest of the members in the country of their employment. A small number of current executive directors are on different legacy arrangements and will transition to their local country standard in the coming year.	Not applicable.
Global profit-share scheme			
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.	This is a scheme for eligible members in all Arup Group locations globally. Any payments made to executive directors of the Board are determined based on base pay, allocated global '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 business performance.	As for all other participants in the scheme, individual executive directors of the Board are allocated global 'profit shares'. The level of the allocation is subject to periodic review, both in the context of the operation of the global profit-share scheme 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 global profit-share pay-out for distribution to eligible members. The Trustees review the pay-out to be applied for the Board and have full discretion to vary this or award no pay-out depending upon performance of the Board as assessed by the Trustees in the prior performance period. In the event of an overpayment the scheme 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 global profit-share scheme 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 profit-share 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 award 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**	**Global profit-share scheme**
We conduct an annual review of base salary for all members. 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. 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.	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.	All permanent members of Arup Group are eligible to participate in the global profit-share scheme. The scheme reflects the importance of our highly collaborative culture to our ongoing success and enables all members to share in the success of Arup Group.

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 2021 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 international accounting standards in conformity with the requirements of the Companies Act 2006;
- 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 2021; the Consolidated income statement, Consolidated statement of comprehensive income, Consolidated statement of cash flows, Consolidated statement of changes in equity and Company statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

We remained independent of the 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 or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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

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

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

Strategic report and Directors' Report

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

In light of the knowledge and understanding of the 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' responsibilities, 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 pensions legislation, employment legislation, tax legislation and local laws and regulations applicable in the territories that the Group operates in, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to 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 regulations 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 critical accounting estimates in regards to the percentage completion and forecast outcomes of projects and the valuation of trade receivables and contract assets; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulation.

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 2021

Consolidated income statement

For the year ended 31 March 2021

	Note	2021 £m	2020 £m
Revenue	4	1,717.1	1,809.3
Other income	4	33.9	-
Employee benefit expense	5	(1,090.1)	(1,042.6)
Charges from sub-consultants and other direct project expenses		(338.2)	(427.6)
Depreciation and amortisation expense	11, 12, 14 & 23	(90.8)	(88.3)
Accommodation		(29.2)	(26.5)
Communications and other overheads		(134.6)	(160.7)
		(1,682.9)	(1,745.7)
Operating profit	7	68.1	63.6
Comprising:			
– Operating profit before exceptional items		77.9	63.6
– Exceptional items	8	(9.8)	-
		68.1	63.6
Finance income	9	1.4	4.7
Finance costs	9	(15.5)	(14.8)
Profit before income tax		54.0	53.5
Income tax charge	10	(18.2)	(16.5)
Profit for the financial year		35.8	37.0
Profit is attributable to:			
Owners of Arup Group Limited		37.5	37.0
Non-controlling interests		(1.7)	-
		35.8	37.0

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

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

Consolidated statement of comprehensive income

For the year ended 31 March 2021

	2021	2020
	£m	£m
Profit for the financial year	35.8	37.0
Other comprehensive (expense) / income		
Items that will not be reclassified to profit or loss		
Remeasurements of post-employment benefit obligations (net of tax)	(50.5)	8.1
	(50.5)	8.1
Items that may be reclassified subsequently to profit or loss		
Currency translation differences - (losses) / gains	(9.4)	12.1
Other comprehensive (expense) / income for the year, net of tax	(59.9)	20.2
Total comprehensive (expense) / income for the year	(24.1)	57.2
Total comprehensive (expense) / income for the year is attributable to:		
Owners of Arup Group Limited	(22.5)	57.2
Non-controlling interests	(1.6)	-
	(24.1)	57.2

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

Registration number 1312454

Consolidated balance sheet

As at 31 March 2021

	Note	31 March 2021 £m	31 March 2020 £m
Assets			
Non-current assets			
Property, plant and equipment	11	291.9	309.8
Right-of-use assets	23	353.4	250.4
Intangible assets	12	4.9	4.7
Deferred income tax assets	24	62.1	51.0
Financial assets at fair value through profit or loss	15	18.5	-
Net investments in subleases		0.1	0.3
Fulfilment contract assets	14	0.9	1.1
		731.8	617.3
Current assets			
Trade and other receivables	17	495.2	565.0
Derivative financial instruments	22	0.0	1.6
Cash and cash equivalents	18	285.8	134.9
		781.0	701.5
Total assets		1,512.8	1,318.8
Liabilities			
Current liabilities			
Borrowings	19	3.2	3.2
Trade and other payables	20	584.7	542.1
Current income tax liabilities		17.7	11.6
Derivative financial instruments	22	0.0	-
Provisions for other liabilities and charges	21	16.5	13.2
		622.1	570.1

	Note	31 March 2021 £m	31 March 2020 £m
Non-current liabilities			
Borrowings	19	60.0	70.0
Lease liabilities	23	340.3	225.0
Deferred income tax liabilities	24	18.2	18.7
Post-employment benefit liabilities	30	135.0	81.6
Provisions for other liabilities and charges	21	17.3	17.3
Other non-current liabilities		4.2	-
		575.0	412.6
Total liabilities		1,197.1	982.7
Net assets		315.7	336.1
Equity			
Share capital	25	0.1	0.1
Retained earnings		313.5	336.0
Capital and reserves attributable to owners of Arup Group Limited		313.6	336.1
Non-controlling interests		2.1	-
Total equity		315.7	336.1

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

The financial statements on pages 30 to 89 were approved and authorised for issue by the board of directors and signed on its behalf by:

A J Belfield

Chair

1 November 2021

Registration number 1312454

Company balance sheet

As at 31 March 2021

	Note	31 March 2021 £m	31 March 2020 £m
Assets			
Non-current assets			
Property, plant and equipment	11	1.9	1.9
Investments in subsidiaries	13	155.5	154.4
Financial assets at fair value through profit or loss	15	0.0	-
		157.4	156.3
Current assets			
Trade and other receivables	17	169.0	175.5
Cash and cash equivalents	18	1.1	0.4
		170.1	175.9
Total assets		327.5	332.2
Liabilities			
Current liabilities			
Borrowings	19	-	9.0
Trade and other payables	20	210.4	193.1
Current income tax liabilities		0.9	0.7
		211.3	202.8

	Note	31 March 2021 £m	31 March 2020 £m
Non-current liabilities			
Borrowings	19	60.0	70.0
		60.0	70.0
Total liabilities		271.3	272.8
Net assets		56.2	59.4
Equity			
Share capital	25	0.1	0.1
Retained earnings		56.1	59.3
Total equity		56.2	59.4

The Company reported a loss and total comprehensive expense for the year of £3.2m (2020: loss and total comprehensive expense of £6.6m).

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

The financial statements on pages 30 to 89 were approved and authorised for issue by the board of directors and signed on its behalf by:

A J Belfield

Chair

1 November 2021

Consolidated statement of changes in equity

For the year ended 31 March 2021

	Attributable to owners of Arup Group Limited				
	Share capital	Retained earnings	Total	Non-controlling interests	Total equity
	£m	£m	£m	£m	£m
Balance as at 31 March 2019	0.1	278.4	278.5	-	278.5
Effect of adoption of IFRS 16	-	0.4	0.4	-	0.4
Balance as at 1 April 2019	0.1	278.8	278.9	-	278.9
Profit for the financial year	-	37.0	37.0	-	37.0
Remeasurement of post-employment obligations	-	7.5	7.5	-	7.5
Remeasurement of post-employment obligations - tax	-	0.6	0.6	-	0.6
Currency translation differences - gains	-	12.1	12.1	-	12.1
Other comprehensive income for the year	-	20.2	20.2	-	20.2
Total comprehensive income for the year	-	57.2	57.2	-	57.2
Dividends	-	-	-	-	-
Total transactions with owners, recognised directly in equity	-	-	-	-	-
Balance as at 31 March 2020	0.1	336.0	336.1	-	336.1
Profit / (loss) for the financial year	-	37.5	37.5	(1.7)	35.8
Remeasurement of post-employment obligations	-	(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

Company statement of changes in equity

For the year ended 31 March 2021

	Share capital	Retained earnings	Total equity
	£m	£m	£m
Balance as at 1 April 2019	0.1	65.9	66.0
Loss for the financial year	-	(6.6)	(6.6)
Total comprehensive expense for the year	-	(6.6)	(6.6)
Balance as at 31 March 2020	0.1	59.3	59.4
Loss for the financial year	-	(3.2)	(3.2)
Total comprehensive expense for the year	-	(3.2)	(3.2)
Balance as at 31 March 2021	0.1	56.1	56.2

Consolidated statement of cash flows

For the year ended 31 March 2021

	Note	2021	2020
		£m	£m
Cash flows from operating activities			
Cash generated from operations	29	246.4	142.5
Interest paid (excluding lease liabilities)		(1.4)	(3.1)
Income tax paid		(11.5)	(10.7)
Net cash generated from operating activities		233.5	128.7
Cash flows from investing activities			
Acquisitions of subsidiaries:			
– cash acquired		2.6	-
Purchases of property, plant and equipment		(14.2)	(27.9)
Proceeds from sale of property, plant and equipment		0.3	0.2
Purchases of intangible assets		(0.6)	(1.1)
Interest received		1.2	2.8
Net cash used in investing activities		(10.7)	(26.0)
Cash flows from financing activities			
Interest paid on lease liabilities		(11.0)	(9.3)
Principal elements of lease payments		(50.0)	(55.2)
Dividends paid to non-controlling interests		(0.5)	-
Proceeds from borrowings		60.0	70.0
Repayments of borrowings		(70.0)	(82.1)
Net cash used in financing activities		(71.5)	(76.6)
Net increase in cash and cash equivalents		151.3	26.1
Cash and cash equivalents at the beginning of the year		134.9	113.1
Exchange losses on cash and cash equivalents		(0.4)	(4.3)
Cash and cash equivalents at the end of the year	18	285.8	134.9

Notes to the financial statements

For the year ended 31 March 2021

1. Basis of preparation

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.

Accounting policies that relate to the financial statements as a whole are set out below, while those that relate to specific areas of the financial statements are shown in the corresponding note. All accounting policies have been consistently applied to all the years presented, unless otherwise stated.

Group

The Group's consolidated financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of 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 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 Arup 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 3.

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 and total comprehensive expense for the year was £3.2m (2020: loss and total comprehensive expense £6.6m).

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).

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. The Group has performed detailed analysis on future projections, including both a base case and downside scenarios that may result from the negative impact of COVID-19 and/or other factors on future trading. These severe but plausible downside scenarios demonstrate that there would be sufficient headroom within the banking covenants and liquidity even if EBITDA (adjusted for the global profit-share scheme) reduced significantly. The scenario allows for actions that are at the discretion of the business and the Group also has the ability to access its existing undrawn banking facilities. The Group are therefore satisfied it has sufficient financial resources and, as such, these financial statements have been prepared on the going concern basis.

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 2021 that have a material impact on the Group.

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 2021 and have not been early adopted by the Group. 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.

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

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows, which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

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.

2. Financial risk management

2.1. 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") and US dollar ("USD").

	Profit after tax (decrease) / increase	Profit after tax (decrease) / increase	Total equity (decrease) / increase	Total equity (decrease) / increase
	2021	2020	2021	2020
	£m	£m	£m	£m
GBP/CAD exchange rate - increase 10%	(1.8)	(1.2)	(1.7)	(2.1)
GBP/CAD exchange rate - decrease 10%	2.2	1.5	2.0	2.5
GBP/EUR exchange rate - increase 10%	(1.2)	(1.2)	(2.7)	(4.1)
GBP/EUR exchange rate - decrease 10%	1.5	1.5	3.3	5.1
GBP/USD exchange rate - increase 10%	1.5	(0.5)	(1.7)	(4.5)
GBP/USD exchange rate - decrease 10%	(1.8)	0.6	2.1	5.5

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 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.

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 into 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
As at 31 March 2021	£m	£m	£m	£m
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	-	-	-

	On demand or within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
As at 31 March 2020	£m	£m	£m	£m
Loan from related party	3.2	-	-	-
Bank loan	-	10.0	60.0	-
Derivative financial instruments	-	-	-	-
Trade and other payables excluding non-financial liabilities	193.6	-	-	-

2.2. Capital risk management

The Arup 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 (see notes 19 and 25 for further information).

2.3. 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.

	2021	2020	2021	2020
	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	1.6
US listed securities (note 15)	18.1	-	-	-
Total assets	18.1	-	0.0	1.6

	2021	2020	2021	2020
	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	-	-	(0.0)	-
US listed securities	-	-	-	-
Total liabilities	-	-	(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.

2.4. Offsetting financial assets and financial liabilities

	Gross amounts of 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	-
Bank loan	-	-	-
	285.8	-	285.8

	Gross amounts of 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 2020	£m	£m	£m
Cash and cash equivalents	261.6	(126.7)	134.9
Credit balance	(117.7)	117.7	-
Bank loan	(9.0)	9.0	-
	134.9	-	134.9

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.

During the year ended 31 March 2019, Arup International Consultants (Shanghai) Co. Limited placed term deposits with HSBC China who, in return, issued Standby Letters of Credit. On the back of these letters of credit, HSBC UK loaned the Company £9.0m. The Group offset this arrangement within cash and cash equivalents. These letters of credit were settled during the year ended 31 March 2021.

3. 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 4) 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 is 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 / gain and include this in their cost to complete forecasts.

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 2021 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 2021, contingencies totalling £17.2m have been forecast. These contingencies reflect management's best estimate of outflows or the cost of remediation of work done to 31 March 2021. 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 £41.5m relating to the recorded position at the balance sheet date. Based on the information available as at 31 March 2021, 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% 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 30.

Professional indemnity insurance (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 in place for such situations. Significant judgement is required to determine whether a provision 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.

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 Arup 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.

4. Revenue and other income

Group

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 within trade and other receivables. For contracts on which fees rendered exceed revenue, the excess is included as contract liabilities within trade and other payables. 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.

The total revenue recognised in the year that was included in contract liabilities at the beginning of the year was £265.2m (2020: £244.2m). The total revenue recognised in the year from performance obligations satisfied (or partially satisfied) in previous years was £1,291.9m (2020: £1,401.0m).

The aggregate amount of the transaction price allocated to long-term contracts that are partially or fully unsatisfied at the balance sheet date is £1,554.2m (2020: £1,587.0m). 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:

	2021	2020
	£m	£m
Revenue by destination		
United Kingdom	605.0	662.4
Americas	351.1	384.1
Australasia	290.9	326.8
Asia	266.4	223.2
Europe	167.1	162.4
Middle East & Africa	36.6	50.4
	1,717.1	1,809.3

Other income

During the year ended 31 March 2021 the Group received the following other income

	2021	2020
	£m	£m
Government grants (note 8)	17.5	-
Gain on closure of defined benefit pension scheme (note 8)	12.0	-
Fair value gain on financial assets at fair value through profit and loss	4.4	-
	33.9	-

5. Employee benefit expense

Group	2021	2020
	£m	£m
Wages and salaries	761.3	769.9
Global profit-share scheme	97.7	80.7
Social security costs	76.5	74.2
Pension contributions	79.3	62.0
Headcount reduction costs (2021: exceptional items – see note 8)	27.9	4.3
Other staff costs	47.4	51.5
	1,090.1	1,042.6

Average monthly number of people employed	2021	2020
	Number	Number
Engineering and technical staff	12,542	12,651
Administrative staff	2,380	2,496
	14,922	15,147

In addition, the average monthly number of government site staff employed by an indirect subsidiary of the Company was 466 (2020: 461). 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 (2020: nil).

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 using various methods. See note 30 for methods used.

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. In countries where there is no deep market in such bonds, the market rates on government bonds is used.

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 administrated 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.

6. Directors' remuneration

Group

The directors' remuneration was as follows:

	2021	2020
	£m	£m
Aggregate remuneration	6.7	6.8
Aggregate contributions paid to defined contribution schemes	0.1	0.2

Number of directors accruing pension benefits under:	Number	Number
Defined benefit schemes	3	5

Highest paid director:	£m	£m
Remuneration excluding contributions paid to pension schemes	0.8	0.8
Contributions paid to defined contribution schemes	0.0	0.0
	0.8	0.8

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

7. Operating profit

Group

	2021 £m	2020 £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	0.3	0.3
Fees payable for other services:		
– Audit of the Company's subsidiaries, pursuant to legislation	1.2	0.9
– Other audit related assurance services	-	0.3
– Tax compliance services	0.3	0.9
– Tax advisory services	0.5	0.1
– Other advisory services	0.2	0.4
Loss on disposal of property, plant and equipment	0.3	-
Loss on disposal of intangible assets	0.1	0.9
(Gain) / loss on exchange from trading activities	(9.2)	3.5
Research and development costs	30.8	30.2
Loss allowance on trade receivables	1.5	2.9
Loss allowance on contract assets	3.4	1.7
Impairment of trade receivables	3.1	0.3
Amortisation of intangible assets (including fulfilment contract assets)	2.5	2.0
Depreciation of property, plant and equipment	28.4	32.4
Depreciation of right-of-use assets	59.9	53.9

8. 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.

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 (2020: nil) 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 (2020: nil) 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 (2020: nil) 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 grant

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 (2020: nil) 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 (2020: nil) 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 (2020: nil) 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 (2020: £4.3m) 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 (2020: nil). This is presented in ‘communications and other overheads’ in the income statement.

9. Net finance costs

Group

	2021	2020
	£m	£m
Interest expense on borrowings	1.2	2.9
Lease liabilities	11.0	9.3
Fair value losses on financial instruments	1.6	-
Net finance costs on net post-employment benefit liabilities	1.5	2.4
Other finance costs	0.2	0.2
Total finance costs	15.5	14.8
Interest receivable on short term bank deposits	(1.1)	(2.4)
Fair value gains on financial instruments	-	(1.9)
Net finance income on net post-employment benefit liabilities	(0.2)	-
Other interest receivables	(0.1)	(0.4)
Total finance income	(1.4)	(4.7)
Net finance costs	14.1	10.1

10. Income tax charge

Group

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.

(a) Analysis of total income tax charge	2021	2020
	£m	£m
Current income tax		
– current income tax on profits for the year	18.1	11.3
– adjustment in respect of prior years	0.9	1.1
Total current income tax	19.0	12.4
Deferred income tax (note 24)		
– Origination and reversal of temporary differences	(2.8)	2.9
– Effect of changes in tax rates	(0.2)	0.2
– Under provision of deferred income tax in respect of prior years	2.2	1.0
Total deferred income tax	(0.8)	4.1
Total income tax charge	18.2	16.5

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

The tax assessed for the year is higher (2020: higher) than the amount computed at the standard rate of corporation tax in the UK 19% (2020: 19%).

The differences are explained below:

	2021 £m	2020 £m
Profit before income tax	54.0	53.5
Profit before income tax multiplied by the standard rate of corporation tax in the UK	10.3	10.2
Effects of:		
Impact of change in accounting standards	(0.0)	(0.0)
Income not subject to tax	(5.6)	(0.7)
Expenses not deductible for tax purposes	6.9	3.9
Research and development tax credits	-	(6.3)
Impact of non-UK tax	2.5	4.4
Tax decrease arising from non-UK tax suffered	-	(0.1)
Utilisation of tax losses for which no deferred income tax asset was recognised	(0.7)	(0.0)
Remeasurement of deferred income tax - change in tax rates	(0.2)	0.2
Adjustment in respect of prior years	3.1	2.1
Unrelieved losses carried forward on which no deferred income tax is recognised	1.7	2.3
Other	0.2	0.5
Total tax charge	18.2	16.5

(c) Factors affecting current and future income tax charges

The rate of UK corporation tax reflected in these financial statements is 19% (2020: 19%). In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted in September 2016). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had been substantively enacted at the balance sheet date, its effects are included in these financial statements for deferred tax purposes.

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. At the balance sheet date, the proposal to increase the rate to 25% had not been substantively enacted, substantive enactment occurring on 24 May 2021, therefore, its effects are not included in these financial statements. However, had it been substantially enacted by the balance sheet, the overall effect would have been to increase the net deferred tax asset by £6.6m.

For the year ending 31 March 2021 local tax rates have been used to calculate deferred income tax assets and liabilities.

11. 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.

Group	Freehold land & property	Leasehold improvements	Furniture, fittings & IT hardware	Motor vehicles	Total
Cost	£m	£m	£m	£m	£m
Balance at 1 April 2019	225.2	117.8	121.9	1.3	466.2
Effect of adoption of IFRS 16	-	(7.6)	-	-	(7.6)
Restated balance at 1 April 2019	225.2	110.2	121.9	1.3	458.6
Additions	-	13.2	14.6	0.1	27.9
Acquisitions	-	-	-	-	-
Disposals	-	(6.0)	(14.4)	(0.1)	(20.5)
Adjustment for exchange differences	0.6	1.4	0.3	(0.0)	2.3
Balance at 31 March 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

The UK property review performed during the year that was noted in the directors' report, did not identify any assets at the balance sheet date that require impairing.

	Freehold land & property	Leasehold improvements	Furniture, fittings & IT hardware	Motor vehicles	Total
Accumulated depreciation	£m	£m	£m	£m	£m
Balance at 1 April 2019	11.9	55.3	81.7	0.3	149.2
Effect of adoption of IFRS 16	-	(3.1)	-	-	(3.1)
Restated balance at 1 April 2019	11.9	52.2	81.7	0.3	146.1
Acquisitions	-	-	-	-	-
Charge for the year	4.4	10.4	17.1	0.5	32.4
Disposals	-	(5.8)	(14.4)	(0.1)	(20.3)
Adjustment for exchange differences	0.0	0.1	0.2	0.0	0.3
Balance at 31 March 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
Net book value at 31 March 2021	204.0	55.5	32.1	0.3	291.9
Net book value at 31 March 2020	209.5	61.9	37.8	0.6	309.8

Included within freehold land & property are investment properties that have a net book value at 31 March 2021 of £2.9m (2020: £3.0m).

Company

	Leasehold improvements	Total
Cost	£m	£m
Balance at 1 April 2020	3.6	3.6
Balance at 31 March 2021	3.6	3.6
Accumulated depreciation		
Balance at 1 April 2020	1.7	1.7
Charge for the year	0.0	0.0
Balance at 31 March 2021	1.7	1.7
Net book value at 31 March 2021	1.9	1.9
Net book value at 31 March 2020	1.9	1.9

12. Intangible assets

Group

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 Arup Jururunding Sdn. Bhd. (note 13). 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. At 31 March 2021 the indefinite life of the assets have been reviewed and there are no changes to the assumption of indefinite life.

Development costs are held at amortised costs and amortised over ten years on a straight-line basis.

	Customer contracts	Intellectual property	Development costs	Goodwill	Computer software	Total
Cost	£m	£m	£m	£m	£m	£m
Balance at 1 April 2019	-	-	-	1.5	17.3	18.8
Additions	-	-	1.3	-	1.1	2.4
Disposals	-	-	-	-	(1.7)	(1.7)
Adjustment for exchange differences	-	-	-	0.1	(0.2)	(0.1)
Balance at 31 March 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
Accumulated amortisation						
Balance at 1 April 2019	-	-	-	-	13.6	13.6
Charge for the year	-	-	0.4	-	1.6	2.0
Disposals	-	-	-	-	(0.8)	(0.8)
Adjustment for exchange differences	-	-	-	-	(0.1)	(0.1)
Balance at 31 March 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
Net book value at 31 March 2021	0.4	0.6	1.0	1.4	1.5	4.9
Net book value at 31 March 2020	-	-	0.9	1.6	2.2	4.7

On 28 September 2018, the Group acquired Consoer Townsend Envirodyne Engineers of New York Inc (subsequently renamed Arup US, Inc.) for £1.5m. On acquisition, the company held no assets and after performing an intangible asset review, it was deemed that goodwill had been acquired.

Arup US, Inc. provides design and consulting engineering services. An impairment assessment has been performed on goodwill, considering Arup US, Inc. as the cash-generating unit. For the year ending 31 March 2021, no impairment was required (2020: no impairment).

Company

The Company has no intangible assets (2020: nil).

13. Investments in subsidiaries

The Company owns ordinary and preference shares in the companies noted below. These companies were all wholly owned subsidiary undertakings of the Company at 31 March 2021 and 2020 (unless otherwise stated), and their results are consolidated into the Group financial statements. A listing of registered addresses and principal activities can be found in note 31.

Direct holdings	Country / countries of incorporation
Arup Americas Inc.	United States
Arup Partner Pty Limited	Australia
Arup (Pty) Ltd (70% holding)	South Africa
Broomco (141) GmbH	Germany
Broomco (92854) Limited	Ireland
Ove Arup Holdings B.V.	Netherlands
Ove Arup Holdings IP Limited	England and Wales
Ove Arup Holdings Limited	England and Wales
Ove Arup Holdings Private Limited	Singapore
Ove Arup International (Holdings) Limited	Hong Kong
Ove Arup Limited	England and Wales
Ove Arup Ventures Limited	England and Wales

Indirect holdings	Country / countries of incorporation
AAC, Inc. (49% holding)	Canada
Acorn Technology Systems Inc.	United States
Artus Air Limited	England and Wales
Arup Advisory HK Limited	Hong Kong
Arup Advisory, Inc.	United States
Arup Advisory Sdn. Bhd. (30% holding)	Malaysia
Arup Associates Limited	England and Wales
Arup Australia Advisory & Digital Pty Ltd	Australia
Arup Australia IP Pty Ltd	Australia
Arup Australia Projects Pty Ltd	Australia
Arup Australia Pty Ltd	Australia
Arup Australia Services Pty Ltd	Australia
Arup Brasil Consultoria Ltda.	Brazil
Arup Business Services HK Limited	Hong Kong
Arup B.V.	Netherlands
Arup (Cambodia) Limited	Cambodia
Arup Canada Inc.	Canada
Arup China Limited	Hong Kong
Arup Colombia S.A.S.	Colombia
Arup Consultores Internacionales México S. de R.L. de C.V.	Mexico
Arup Corporate Finance Limited	England and Wales
Arup Deutschland GmbH	Germany
Arup d.o.o. Beograd (Vracar)	Serbia
Arup East Africa Limited	Kenya
Arup Gulf Limited	England and Wales
Arup Hong Kong Limited	Hong Kong
Arup India Private Limited	India
Arup Ingeniería y Consultoría México, S. de R.L. de C.V.	Mexico
Arup International Consultants (Shanghai) Co. Limited	China

Arup International Limited	England and Wales
Arup International Projects Limited	England and Wales
Arup IP Limited	England and Wales
Arup IP Management Limited	England and Wales
Arup Ireland Partner Limited	Ireland
Arup Ireland Properties Limited	Ireland
Arup Jururunding Sdn. Bhd. (30% holding)	Malaysia
Arup Limited	England and Wales
Arup (Luxembourg) S.à r.l.	Luxembourg
Arup Macau Limited	Macao
Arup (Mauritius) Ltd (30% holding)	Mauritius
Arup Mühendislik ve Müşavirlik Limited Şirketi	Turkey
Arup New Zealand Limited	New Zealand
Arup North America Limited	England and Wales
Arup Peru Limited	England and Wales
Arup Philippines Limited	England and Wales
Arup Polska sp. z o.o.	Poland
Arup Projects A Pty Ltd	Australia
Arup Pty Limited	Australia
Arup Riyadh Metro Limited	England and Wales
Arup Services B.V.	Netherlands
Arup Services New York Limited	England and Wales
Arup Singapore Private Limited	Singapore
Arup Texas, Inc.	United States
Arup Treasury Limited	England and Wales
Arup USA, Inc.	United States
Arup US, Inc.	United States
Arup Vietnam Limited	Vietnam
Babylon Investment Unlimited Company	Ireland
Broomco (50886) Guernsey Limited	Guernsey
eFleet Integrated Service Limited	England and Wales
Fitzroy Insurance Services Limited	Guernsey
Fitzroy Property Limited	England and Wales
MailManager Limited (80% holding)	England and Wales
Networked Electricity Storage Technology Limited (60% holding)	England and Wales
Oasys Limited	England and Wales
OASYS Software Technology (Shanghai) Limited	China
Ovarpart Nominee Limited	England and Wales
Ove Arup & Partners Danmark A/S	Denmark
Ove Arup & Partners Hong Kong Limited	England and Wales
Ove Arup & Partners International Limited	England and Wales
Ove Arup & Partners Ireland Limited	Ireland
Ove Arup & Partners Korea Limited	Republic of Korea
Ove Arup & Partners Limited	England and Wales
Ove Arup & Partners Scotland Limited	Scotland
PT Arup Indonesia	Indonesia
Redcliffe Wharf Limited	England and Wales
Scotstoun Property Limited	England and Wales
Shelbourne Plaza (Block C) Management Company Limited (78% holding)	Ireland
Williamsburg Investment Unlimited Company	Ireland

Movement of investment	Cost	Investment impairment	Net book value
	£m	£m	£m
Balance as at 1 April 2020	297.9	(143.5)	154.4
Additions / recapitalisations	6.2	(5.1)	1.1
Balance as at 31 March 2021	304.1	(148.6)	155.5

Investments in subsidiaries are held at cost less accumulated impairment losses. The directors believe that the carrying values of the investments are supported by their underlying net assets.

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 (2020: nil). As the acquisition was immaterial no further business combination disclosure is included in these financial statements.

14. 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.

	2021	2020
	£m	£m
Assets recognised from costs incurred to fulfil a contract as at 31 March	1.2	1.2
Adjustment for exchange differences	(0.0)	-
Accumulated amortisation as at 31 March	(0.3)	(0.1)
	0.9	1.1

15. Financial assets at fair value through profit or loss

Group

	2021	2020
	£m	£m
Balance at the beginning of the financial year	-	-
Additions	20.2	-
Disposals	(1.0)	-
Adjustment for exchange differences	(0.7)	-
Balance at the end of the financial year	18.5	-

During the year ending 31 March 2021 a non-qualified deferred compensation arrangement was recognised (note 30) resulting in financial assets at fair value through profit and loss of £16.0m being recognised. At 31 March 2021 this asset had reduced to £14.2m (2020: nil).

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 2021 this was valued at £3.9m (2020: nil).

Company

	2021	2020
	£m	£m
Balance at the beginning of the financial year	-	-
Additions	0.0	-
Balance at the end of the financial year	0.0	-

The Company has financial assets at fair value through profit and loss of £3k (2020: nil).

16. Financial instruments

Financial instruments by category:

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

Group	2021		
	Financial liabilities at amortised cost	Financial liabilities at FVPL	Total
Liabilities as per balance sheet	£m	£m	£m
Borrowing (excluding finance lease liabilities)	(63.2)	-	(63.2)
Derivative financial instruments	-	(0.0)	(0.0)
Trade and other payables excluding non-financial liabilities	(232.8)	-	(232.8)
	(296.0)	(0.0)	(296.0)

Group	2020 Financial assets at amortised cost	2020 Financial assets at FVPL	2020 Total
Assets as per balance sheet	£m	£m	£m
Derivative financial instruments	-	1.6	1.6
Financial assets at FVPL	-	-	-
Trade and other receivables excluding prepayments and corporation tax	517.2	-	517.2
Cash and cash equivalents	134.9	-	134.9
	652.1	1.6	653.7

Group	2020 Financial liabilities at amortised cost	2020 Financial liabilities at FVPL	2020 Total
Liabilities as per balance sheet	£m	£m	£m
Borrowing (excluding finance lease liabilities)	(73.2)	-	(73.2)
Derivative financial instruments	-	-	-
Trade and other payables excluding non-financial liabilities	(193.6)	-	(193.6)
	(266.8)	-	(266.8)

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

17. Trade and other receivables

Group

	2021	2020
	£m	£m
Trade receivables (net)	233.4	274.3
Contract assets (net)	190.6	213.1
Non-UK corporation tax receivable	9.6	4.1
UK corporation tax receivable	8.1	9.9
Other receivables	25.3	29.8
Prepayments	28.2	33.8
	495.2	565.0

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

Trade receivables	2021	2020
Group	£m	£m
Trade receivables	251.2	290.6
Loss allowance	(17.8)	(16.3)
	233.4	274.3

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 recognised at fair value.

Contract assets	2021	2020
Group	£m	£m
Contract assets	196.2	215.3
Loss allowance	(5.6)	(2.2)
	190.6	213.1

Contract assets represent unbilled revenue on contracts. Generally, the unbilled revenue at the balance sheet date 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.

The number of ongoing projects at 31 March 2021 has decreased to 13,739 (2020: 14,093), there has also been a decrease in contract assets. This movement is also due to the progress of projects in comparison to their payment schedules as well as a result in a movement in foreign exchange.

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.

Group

The carrying amounts of trade and other receivables are denominated in the following currencies:

	2021	2020
	£m	£m
British pound sterling	133.4	171.8
US dollar	78.9	96.9
Euro	60.8	72.3
Hong Kong dollar	58.3	63.0
Australian dollar	43.1	35.8
Chinese renminbi	25.3	25.8
Canadian dollar	23.1	17.8
Singapore dollar	21.3	26.2
Philippine peso	9.4	8.9
Malaysian ringgit	7.1	1.9
Emirati dirham	4.4	6.5
Turkish new lira	3.9	3.6
Japanese yen	3.1	4.7
South African rand	3.0	3.5
Other	20.1	26.3
	495.2	565.0

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

	2021	2020
	£m	£m
Balance at the beginning of the financial year	16.3	13.4
Increase in loss allowance	6.3	5.0
Unused amounts reversed	(1.5)	(2.3)
Receivables written off as uncollectible	(2.3)	(0.0)
Adjustment for exchange differences	(1.0)	0.2
Balance at the end of the financial year	17.8	16.3

Movements on the Group's loss allowance of contract assets are as follows:

	2021	2020
	£m	£m
Balance at the beginning of the financial year	2.2	0.5
Increase in loss allowance	5.1	1.8
Unused amounts reversed	(1.6)	(0.1)
Contract assets written off as uncollectible	(0.0)	-
Adjustment for exchange differences	(0.1)	0.0
Balance at the end of the financial year	5.6	2.2

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

Company

	2021	2020
	£m	£m
Amounts due from Group undertakings	168.4	175.5
Other receivables	0.6	-
	169.0	175.5

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% (2020: 1-10.25%). 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.

18. Cash and cash equivalents

Group

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.

	2021	2020
	£m	£m
Cash at bank and in hand	47.1	26.0
Short-term bank deposits	238.7	108.9
	285.8	134.9

Company

Cash and cash equivalents include cash at bank and in hand.

	2021	2020
	£m	£m
Cash at bank and in hand	1.1	0.4
	1.1	0.4

19. Borrowings

Group

	2021	2020
Current	£m	£m
Loan with related party	3.2	3.2
	3.2	3.2

	2021	2020
Non-Current	£m	£m
Bank loan	60.0	70.0
	60.0	70.0

Company

	2021	2020
Current	£m	£m
Bank loan	-	9.0
	-	9.0

	2021	2020
Non-Current	£m	£m
Bank loan	60.0	70.0
	60.0	70.0

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 will reduce 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. The interest base will be reviewed during the year ended 31 March 2022 in line with the changes to LIBOR.

The Group has borrowed £3.2m (2020: £3.2m) in two separate loans from Bidgreat Limited, a company owned by a controlling party (note 28). The loans bear a market rate of interest based on the UK Base Rate. One loan is repayable on demand, with the other due in May 2021.

20. Trade and other payables

Group

	2021	2020
	£m	£m
Trade payables	20.8	20.7
Contract liabilities	276.9	271.7
Accrued expenses	176.6	142.4
Other payables	35.4	30.5
Tax & social security costs	30.0	27.5
Lease liabilities	45.0	49.3
	584.7	542.1

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

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.

Contract liabilities

Contract liabilities represents revenue on contracts billed in advance of performing the related services. The increase in contract liabilities is the result of the phasing of work versus the agreed payment schedule.

Group

The carrying amounts of trade and other payables are denominated in the following currencies:

	2021	2020
	£m	£m
British pound sterling	227.6	199.4
US dollar	84.7	86.2
Hong Kong dollar	71.9	73.0
Euro	65.4	63.0
Australian dollar	40.4	25.7
Chinese renminbi	24.5	21.8
Singapore dollar	15.0	13.2
Canadian dollar	12.1	14.2
Malaysian ringgit	5.4	0.1
Emirati dirham	5.0	6.8
Japanese yen	4.4	7.0
Turkish new lira	4.2	4.2
Philippine peso	4.0	5.2
Kuwaiti dinar	3.8	2.9
Polish zloty	3.0	3.4
South African rand	3.0	3.7
Other	10.3	12.3
	584.7	542.1

Company

	2021	2020
	£m	£m
Amounts owed to Group undertakings	210.1	192.9
Accrued expenses	0.3	0.2
	210.4	193.1

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

Amounts owed to 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% (2020: 1-10.25%).

21. Provisions for other liabilities and charges

Group

	2021	2020
Property provision	£m	£m
Current	0.2	1.7
Later than one year and no later than two years	3.3	3.8
Later than two years and no later than five years	3.3	4.6
Later than five years	8.3	4.7
Non-current	14.9	13.1
Reconciliation of movement:		
Balance at the beginning of the financial year	14.8	7.7
Provisions charged to the income statement	1.7	7.1
Provisions released to the income statement	(0.1)	(0.1)
Provisions utilised	(0.7)	-
Adjustment for exchange differences	(0.6)	0.1
Balance at the end of the financial year	15.1	14.8

	2021	2020
Long-term employee benefit	£m	£m
Current	16.3	11.5
Later than one year and no later than two years	1.1	1.0
Later than two years and no later than five years	0.8	0.2
Later than five years	0.5	1.0
Non-current	2.4	2.2
Reconciliation of movement:		
Balance at the beginning of the financial year	13.7	13.6
Provisions charged to the income statement	12.3	11.6
Provisions released to the income statement	(0.3)	(10.4)
Provisions utilised	(8.6)	-
Adjustment for exchange differences	1.6	(1.1)
Balance at the end of the financial year	18.7	13.7

Other	2021 £m	2020 £m
Current	-	-
Later than one year and no later than two years	-	-
Later than two years and no later than five years	-	-
Later than five years	-	2.0
Non-current	-	2.0
Reconciliation of movement:		
Balance at the beginning of the financial year	2.0	-
Provisions charged to the income statement	-	2.0
Provisions released to the income statement	(2.0)	-
Provisions utilised	-	-
Adjustment for exchange differences	-	-
Balance at the end of the financial year	-	2.0

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

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. Those amounts have been classified as non-current.

The Company has no provisions for other liabilities and charges (2020: nil)

22. Derivative financial instruments

Group

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.

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

	2021 Assets £m	2021 Liabilities £m	2020 Assets £m	2020 Liabilities £m
Forward foreign exchange contracts - held for trading	0.0	(0.0)	1.6	-
Total	0.0	(0.0)	1.6	-
Less non-current portion:				
Forward foreign exchange contracts - held for trading	-	-	-	-
Current portion	0.0	(0.0)	1.6	-

The notional principal amounts of the outstanding foreign exchange contracts at 31 March 2021 and 31 March 2020 are as follows:

	2021 Sell £m	2021 Buy £m	2020 Sell £m	2020 Buy £m
Forward contracts to purchase GBP, sell ZAR	3.8	(3.8)	2.6	(2.5)
Forward contracts to purchase GBP, sell SGD	3.7	(3.7)	9.9	(9.6)
Forward contracts to purchase HKD, sell CNY	2.8	(2.8)	-	-
Forward contracts to purchase GBP, sell HKD	-	-	19.4	(18.8)
Forward contracts to purchase GBP, sell AUD	-	-	15.1	(14.9)
Forward contracts to purchase USD, sell PLN	-	-	1.5	(1.5)
Forward contracts to purchase GBP, sell DKK	-	-	0.5	(0.5)

Derivatives are classified as assets or liabilities. The full fair value of a hedging 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.

The Group uses derivative instruments to hedge foreign currency receipts and payments on current contracts, as described in note 2.

All of the Group's derivative financial instruments are classified as Level 2 under amendments to IFRS 7, 'Financial instruments: disclosures'. A definition of Level 2 financial instruments is included in note 2.3. The fair value of derivative financial instruments is calculated based on quoted forward currency rates at the balance sheet date.

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

23. Leases

This note provides information for leases where the Group is a lessee. The Company has not entered into any leases (2020: nil).

(i) Amounts recognised in the balance sheet

Group

	2021	2020
	£m	£m
Right-of-use assets		
Buildings	351.7	246.8
Equipment	0.9	2.6
Vehicles	0.8	1.0
	353.4	250.4
Lease liabilities		
Current	45.0	49.3
Non-current	340.3	225.0
	385.3	274.3

Additions to the right-of-use assets during the financial year to 31 March 2021 were £162.5m (2020: £21.3m).

(ii) Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

	2021	2020
	£m	£m
Depreciation charge of right-of-use assets		
Buildings	57.5	51.4
Equipment	2.0	1.9
Vehicles	0.4	0.6
	59.9	53.9
Interest expense (included in finance costs)	11.0	9.3
Expense relating to short-term leases (included in comms and other overheads)	1.3	1.5
Expense relating to leases of low-value assets (included in comms and other overheads)	-	0.2

The total cash outflow for leases in the year ended 31 March 2021 was £61.0m (2020: £55.2m). As at 31 March 2021, future cash outflows (undiscounted) for leases not yet commenced but for which the Group was committed to was £10.7m (2020: £204.8m).

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

	2021	2020
	£m	£m
Not later than one year	53.6	61.0
Later than one year and not later than five years	152.7	151.8
Later than five years	253.3	97.8
Total gross payments	459.6	310.6
Impact of finance expenses	(74.3)	(36.3)
Carrying amount of liability	385.3	274.3

(iii) 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 one year to five years, but may have extension options as described in (iv) 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.

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.

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. Short-term leases are leases with a lease term of 12 months or less.

(iv) 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.

(v) Variable lease payments

The Group has a number of leases with variable payments based on open market rates or based on future rent reviews. 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. The Group has not entered into leases with variable payments tied to the performance of the business.

24. 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.

The offset amounts are as follows:

Group

	2021	2020
	£m	£m
Deferred income tax assets		
– deferred income tax assets to be recovered after more than 12 months	61.0	46.4
– deferred income tax assets to be recovered within 12 months	1.1	4.6
	62.1	51.0
Deferred income tax liabilities		
– deferred income tax liabilities to be recovered after more than 12 months	(18.2)	(18.7)
– deferred income tax liabilities to be recovered within 12 months	(0.0)	(0.0)
	(18.2)	(18.7)
Deferred income tax assets (net)	43.9	32.3

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

	2021	2020
	£m	£m
Balance at the beginning of the financial year	32.3	35.2
Under provision of deferred income tax in respect of prior years	(2.2)	(1.0)
Deferred income tax credited / (charged) to the income statement	3.0	(3.1)
Acquisitions (note 13)	(0.3)	-
Deferred income tax credit relating to components of other comprehensive income	11.8	0.6
Adjustment for exchange differences	(0.7)	0.6
Balance at the end of the financial year	43.9	32.3

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 2019	0.4	5.2	1.8	-	4.7	12.1
(Credited) / charged to the income statement	(0.1)	0.6	5.0	-	1.9	7.4
Credited to other comprehensive income	-	-	-	-	(1.1)	(1.1)
Adjustment for exchange differences	0.0	-	0.2	-	0.1	0.3
At 31 March 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	-	-	-	-	-	-
Acquisitions (note 13)	-	-	-	-	0.3	0.3
Adjustment for exchange differences	(0.0)	-	(0.4)	0.0	(0.2)	(0.6)
At 31 March 2021	0.2	5.8	7.8	0.0	4.4	18.2

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 2019	4.0	19.7	12.9	2.3	-	8.4	47.3
Credited / (charged) to the income statement	0.6	(3.2)	1.4	0.2	5.7	(1.4)	3.3
Charged to other comprehensive income	-	(0.5)	-	-	-	-	(0.5)
Adjustment for exchange differences	0.1	0.3	(0.1)	0.1	0.2	0.3	0.9
At 31 March 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

The Company has not recognised any deferred income tax assets or liabilities (2020: nil).

25. Share capital

Group and Company

	2021	2020
Issued, called up and fully paid:	£m	£m
65 (2020: 65) voting shares of £1 each	0.0	0.0
120,000 (2020: 120,000) equity shares of £1 each	0.1	0.1
	0.1	0.1

26. 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 has been taken out to substantially cover any such claims that many arise from time to time. At this time, it is not possible to reliably measure the potential liability from any other issue that may have occurred but where a claim has yet to be raised. The Group monitors all claims and takes 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.

27. Related parties

The following transactions were carried out with related parties that are not 100% owned by the Group:

Group

The Group has loans from Bidgreat Limited, a related party associated with a Trust company (see note 28), of £3.2m (2020: £3.2m). During the year ended 31 March 2021 there was no repayment (2020: £2.1m repaid).

Key management compensation	2021	2020
	£m	£m
Aggregate remuneration	8.9	9.3
Aggregate contributions paid to defined contribution schemes	0.2	0.2
	9.1	9.5

The aggregate remuneration shown above includes the compensation paid, or payable, to key management for employee services. Key management includes the Company directors, the Company Secretary and the officers to the board.

The Company had no transactions with related parties (2020: nil).

28. 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.

29. Cash generated from operations

Group	2021 £m	2020 £m
Profit before income tax	54.0	53.5
Adjustments for:		
Depreciation of property, plant and equipment	28.4	32.4
Depreciation of right-of-use assets	59.9	53.9
Amortisation of intangible assets	2.3	2.0
Amortisation of fulfilment assets	0.2	-
Loss on disposal of property, plant and equipment	0.3	-
Loss on disposal of intangible assets	0.1	0.9
Gains on financial assets at fair value through profit or loss	(4.4)	-
Finance costs (net)	14.1	10.1
Other non-cash items	(12.0)	(0.3)
Unrealised currency translation (gains)	(5.7)	-
Changes in working capital:		
– Trade and other receivables	80.0	(41.3)
– Trade and other payables	41.9	40.3
– Provisions	2.3	10.2
– Non-current payables	4.2	-
– Pension deficit funding	(19.2)	(19.2)
	246.4	142.5

30. Post-employment benefit liabilities

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

	2021	2020
Balance sheet obligations for:	£m	£m
– Defined pension benefits	(120.8)	(81.6)
– Deferred compensation	(14.2)	-
Liability in the balance sheet	(135.0)	(81.6)
Income statement credit / (charge) for:		
– Defined pension benefits	0.9	(3.2)
Remeasurement (losses) / gains for:		
– Defined pension benefits	(62.3)	7.5

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

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 15). The matching liability is included in ‘post-employment benefit liabilities’.

This Arrangement existed in prior years but was not recognised in the Group’s financial statements. The assets and liabilities recognised are not material and as such the Group has not restated the prior year.

30.1. Defined benefit pension plans

The Group operates a number of defined benefit retirement schemes that are managed by trustees. These are registered in the UK, Hong Kong and Ireland (the "Schemes"). The valuation position of the Schemes was assessed at 31 March 2021 by qualified independent actuaries for the purposes of IAS 19r, 'Employee Benefits'.

The Group also has unfunded schemes in Japan, Philippines, Mauritius, India 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.

Defined benefit retirement schemes

UK registered scheme

Ove Arup & Partners International Limited ("OAPIL") operated a UK registered contributory pension scheme, which had a defined benefit and a defined contribution section, for employees. On 31 March 2010, the scheme was closed to new members. With effect from 30 June 2010 the future accrual of benefits for existing members ceased. OAPIL 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). OAPIL 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 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. A special employer's contribution of £16.2m was made during the year to 31 March 2021 (2020: £19.6m). OAPIL is expected to make a contribution of £19.1m by 31 March 2022. The weighted average duration of the defined benefit obligation is 17 years. The next actuarial valuation is being carried out no later than 31 March 2022.

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 any surplus remaining in the defined benefit section was refunded back to OAPHKL. On 8 May 2020, 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.

Ireland registered 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 (2020: nil) was recognised in the income statement for the termination of this company's scheme.

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 2021 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 0.6% (2020: 0.5%) per annum and that salary inflation would be 4.0% (2020: 4.0%) per annum. There was a benefit payment for the year to 31 March 2021 of £0.1m (2020: £0.1m). The pension liability recognised in the financial statements was £3.7m (2020: £4.1m).

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 2021 the scheme was valued at £0.07m (2020: £0.08m) which is held within post-employment benefit liabilities. The actuarial loss for the year on this scheme was £0.1m (2020: £0.07m) which has been recorded in the statement of comprehensive income.

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 2021. The pension liability recognised in the financial statements was £0.2m (2020: £0.1m).

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 £0.2m (2020: £0.2m).

PT Arup 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 2021. The pension liability recognised in the financial statements was £0.01m (2020: £0.01m).

Further disclosure on the Schemes (UK, Hong Kong and Ireland)

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

	2021	2020
	£m	£m
Present value of funded obligations	(1,031.8)	(1,010.1)
Fair value of plan assets	916.3	932.8
Deficit of funded plans	(115.5)	(77.3)
Present value of unfunded plans	(1.0)	-
Liability in the balance sheet	(116.5)	(77.3)

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 2019	(1,023.5)	922.4	(101.1)
Administration expenses	-	(1.0)	(1.0)
Interest (expense) / income	(23.3)	21.2	(2.1)
	(1,046.8)	942.6	(104.2)
Remeasurements:			
– Return on plan assets, excluding amounts included in interest income	-	5.1	5.1
– Loss from change in demographic assumptions	(38.0)	-	(38.0)
– Gain from change in financial assumptions	65.3	-	65.3
– Experience losses	(24.6)	-	(24.6)
	2.7	5.1	7.8
Contributions:			
– Employers	-	20.2	20.2
Payments from plans:			
– Benefit payments	39.5	(39.5)	-
Adjustment for exchange differences	(5.5)	4.4	(1.1)
At 31 March 2020	(1,010.1)	932.8	(77.3)

	Present value of obligation	Fair value of plan assets	Total
	£m	£m	£m
At 1 April 2020	(1,010.1)	932.8	(77.3)
Administration expenses	-	(1.9)	(1.9)
Past service cost (including curtailment gains)	17.0	-	17.0
Settlement cost	91.0	(103.9)	(12.9)
Interest (expense) / income	(23.2)	21.9	(1.3)
	(925.3)	848.9	(76.4)
Remeasurements:			
– Return on plan assets, excluding amounts included in interest income	-	83.3	83.3
– Loss from change in demographic assumptions	1.1	-	1.1
– Loss from change in financial assumptions	(155.9)	-	(155.9)
– Experience gains	9.1	-	9.1
	(145.7)	83.3	(62.4)
Contributions:			
– Employers	-	21.1	21.1
– Surplus	-	(0.0)	(0.0)
Payments from plans:			
– Benefit payments	35.1	(35.1)	-
Adjustment for exchange differences	3.1	(1.9)	1.2
At 31 March 2021	(1,032.8)	916.3	(116.5)

The defined benefit obligation and plan assets are composed by country as follows:

	2021			2020		
	UK	HK	Ireland	UK	HK	Ireland
	£m	£m	£m	£m	£m	£m
Present value of obligation	(1,031.8)	-	(1.0)	(909.6)	(50.8)	(49.7)
Fair value of plan assets	916.3	-	-	841.1	30.3	61.4
	(115.5)	-	(1.0)	(68.5)	(20.5)	11.7

The significant actuarial assumptions were as follows:

	2021			2020		
	UK	HK	Ireland	UK	HK	Ireland
Discount rate	2.2%	0.6%	1.0%	2.5%	1.1%	1.8%
Salary growth rate	N/A	3.5%	N/A	N/A	3.5%	N/A
Retail Price Index inflation	3.2%	2.5%	1.6%	2.5%	2.5%	0.6%
Consumer Price Index inflation	2.6%	N/A	N/A	1.6%	N/A	N/A
Pension growth rate:						
Pre 88 Guaranteed Minimum Pension	0.0%	N/A	N/A	0.0%	N/A	N/A
Post 88 Guaranteed Minimum Pension	2.1%	N/A	N/A	1.6%	N/A	N/A
NGMP accrued before 1 October 2006 (5%LPI)	3.0%	N/A	N/A	2.5%	N/A	N/A
Pension accrued after 30 September 2006 (2.5%LPI)	2.0%	N/A	N/A	1.7%	N/A	N/A

Mortality %

UK

105% S3 tables using Core CMI 2020 projections with S=7.0 and A=0.0 allowing for LTR of 1% per annum (2020: 105% S3 tables using the CMI 2019 with S=7.0 and A=0.0 projections, allowing for LTR of 1% per annum).

Hong Kong

	2021		2020	
	Hong Kong Life Table 2018 (p.a.)		Hong Kong Life Table 2018 (p.a.)	
Attained age	Male	Female	Male	Female
25	N/A	N/A	0.041	0.016
30	N/A	N/A	0.048	0.022
35	N/A	N/A	0.059	0.029
40	N/A	N/A	0.112	0.053
45	N/A	N/A	0.166	0.089
50	N/A	N/A	0.253	0.146
55	N/A	N/A	0.389	0.223
60	N/A	N/A	0.628	0.317
65	N/A	N/A	1.003	0.455

Ireland

88% of ILT15 tables (males) and 91% of ILT15 tables (females) with CSO improvements from 2011 onwards (2020: 88% of ILT15 tables (males) and 91% of ILT15 tables (females) with CSO improvements from 2011 onwards).

Cash commutation for 2021 and 2020

For the UK, 25% of members' pensions are assumed to be taken as cash on current terms, for Hong Kong a 100% lump sum is taken on retirement and for Ireland no cash commutations are assumed to be taken.

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 for the UK and age 62 for Ireland. Assumed life expectation is not shown for Hong Kong as 100% of their pension scheme benefit is paid on retirement.

	2021 UK Years	2021 Ireland Years	2020 UK Years	2020 Ireland Years
Retiring at the end of the financial year:				
Male	21.4	24.6	21.4	24.5
Female	23.7	27.1	23.7	27.0
Retiring 20 years after the end of the financial year:				
Male	22.3	26.7	22.4	26.5
Female	24.9	28.9	24.8	28.8

Considering the key assumption of each scheme, the sensitivity of the defined benefit obligation to changes in the weighted principal assumptions:

	UK		Hong Kong		Ireland	
2021	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Impact on defined benefit obligation of a 50 basis point change:						
Discount rate	(8.3%)	9.6%	N/A	N/A	(6.1%)	6.8%
Salary growth rate	N/A	N/A	N/A	N/A	N/A	N/A
Inflation rate	6.7%	(5.8%)	N/A	N/A	N/A	N/A

	UK		Hong Kong		Ireland	
2020	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Impact on defined benefit obligation of a 50 basis point change:						
Discount rate	(7.4%)	8.8%	(5.2%)	5.7%	(4.3%)	4.9%
Salary growth rate	N/A	N/A	5.2%	(4.9%)	N/A	N/A
Inflation rate	5.8%	(5.3%)	N/A	N/A	2.3%	1.1%

	2021	2020
UK: Mortality assumption with a LTR of 1.25% per annum	0.9%	0.8%

The 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:		2021			2020	
	UK	HK	Ireland	UK	HK	Ireland
	£m	£m	£m	£m	£m	£m
Equities	199.3	-	-	162.9	1.8	28.4
DGF / hedge funds	190.8	-	-	154.7	-	-
Gilts and corporate bonds	106.1	-	-	99.4	-	27.7
Alternate credit	73.1	-	-	65.7	-	-
Liability driven investment	301.3	-	-	311.6	-	-
Property investments	39.8	-	-	39.9	-	4.7
Cash and net current assets	5.9	-	-	6.9	4.6	0.6
Debt instruments	-	-	-	-	23.9	-
	916.3	-	-	841.1	30.3	61.4

Defined benefit membership data		2021			2020	
	UK	Hong Kong	Ireland	UK	HK	Ireland
	Number	Number	Number	Number	Number	Number
Deferred pensioners	3,433	-	165	3,500	299	85
Pensioners	1,532	-	46	1,496	-	40
	4,965	-	211	4,996	299	125

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

The disruption from COVID-19 and resulting financial distress has affected the real estate market through lower levels of transactional activity and liquidity. The UK scheme is invested in two property funds, the Schroder UK Real Estate Fund and Patrizia Hanover Property Unit Trust. The relevant suspensions and redemption postponements applied to these funds in 2020 have been removed.

30.2. Post-employment benefit liabilities – risks

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 holds 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 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 relevant trustees.

31. Registered addresses of investments in subsidiaries

Name of investment	Registered address	Principal activities
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
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
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	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 Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	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 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 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 (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, Turkey	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 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, NY10005, 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	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 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	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Provider of computer software
Networked Electricity Storage Technology Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Electric storage technology
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 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 Korea Limited	Room 602, Rodeo Plaza Building, 772, Samseong-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 Scotland Limited	Scotstoun House, South Queensferry, West Lothian, EH30 9SE, United Kingdom	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
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