Arup Gulf Limited

Financial Statements and Reports

For the year ended 31 March 2021
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Strategic report

The directors present their strategic report for Arup Gulf Limited (the "Company") for the year ended 31 March 2021 which has been approved by the board of directors (the "Board").

The Company is an indirect subsidiary of Arup Group Limited (the "Arup Group").

Review of the business

These are the results for the Company for the financial year ended 31 March 2021. The results show a profit for the financial year of £2,540k (2020: £1,122k loss - restated). The net assets as at 31 March 2021 are £3,943k (2020: £4,883k - restated).

The performance and development of the Company is in line with the expectations of the directors, despite the disruption and uncertainties in the local market during the financial year. Although the size of the operation and business have decreased during the year, the confirmed work for the Company at the end of the year is consistent with the size and the diversity of the Company.

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.

Further details are provided within the 'Opportunities and risks' section within the Arup Group governance report on Arup.com.

The principal area of risk and operating uncertainty for the Company 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 Company. 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 £383k (2020: £422k) and profit per person was £50k (2020: £2k loss per person - restated).
- Staff turnover is a key non-financial measure of the Company’s performance. For the year ended 31 March 2021, staff turnover was 30% (2020: 14.5%). The increase in staff turnover was as a result of market conditions due to the impact of COVID-19 which led to a decrease in workload and therefore a subsequent decrease in staff numbers.

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 has decreased, however the directors expect the Company to remain resilient for the foreseeable future.

The Arup Group 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

Arup Group's strong culture is values driven and these values are derived from the beliefs and convictions of our founder, Ove Arup, which were identified in his Key Speech in 1970. The Key Speech still guides us to this day and is required reading for everyone joining Arup Group. We believe our aims and values identified in the Key Speech align with S.172 of the Companies Act 2006. For more information on the Key Speech please refer to Arup.com.

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).
The Board, via a delegated authority policy, delegates the day-to-day authority to a Management Team who make the operational decisions and engage with their employees and key stakeholders on behalf of the Board. Members of the Board are part of the Management Team. The Board receives operational reports from the Management Team twice a year and compliance updates from business functions. Matters reserved for the Board are in place. No principal decisions were made by the Board in the year.

On behalf of the Board

J A Frost
Director
20 December 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 Gulf Limited (the "Company") for the year ended 31 March 2021 which were approved by the board of directors (the "Board").

The Company is an indirect subsidiary of Arup Group Limited (the "Arup Group").

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 Company practices in the field of design and consulting engineering services, in architecture and in other related professional skills principally in the Middle East.

Branches

The Company has registered branches in Abu Dhabi, Dubai and Oman.

General information

The Company is a private limited company registered in England and Wales under company number 1225561 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 Company’s parent company is Ove Arup Holdings Limited registered in England and Wales under company number 7804146 and the Company’s ultimate parent company is Arup Group Limited registered in England and Wales under company number 1312454.

Future developments

The Company will continue to operate in similar markets. To ensure that the Company 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.

For the year ended 31 March 2021, the Company was impacted by the COVID-19 pandemic. There was a decrease in workload due to the market conditions and travel restrictions for a tourism-based economy. Actions were taken by the Arup Group to preserve cash and reduce operational costs owing to the uncertain impact on the business and to build in future resilience have resulted in a robust financial position at the year end. At the time of signing the financial statements, the pipeline of work is being proactively monitored.

Dividends

The directors do not recommend a dividend for the year ended 31 March 2021 (2020: nil). No dividends were paid in the year ended 31 March 2021 (2020: £5,000k dividend was paid and is reflected in these financial statements).

Directors

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

J A Frost (Appointed 01 April 2021)
G N Hunt
A F Lovell
D M Mitchell (Resigned 31 March 2021)
G J Wood

Directors' remuneration

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

Only directors employed by the Company receive remuneration from the Company.

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 Company’s financial assets and liabilities comprise cash at bank and in hand, trade and other receivables and trade and other payables, the main purpose of which is to maintain adequate finance for the Company’s operations. The Company 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 Company 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 Company 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-/P2; and
- Liquidity risk: cash flow forecasts are prepared to ensure that sufficient funds are available to meet the Company’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.

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 detailed in the Arup Group governance report on Arup.com.

The Arup Group communicates actively with its employees who are encouraged to express their views on major policy issues. ‘Working at Arup’ surveys are conducted to obtain feedback from employees. This survey is confidential and is used alongside consultation with employees where appropriate.

Twice a year, employees are provided with an internal Arup Group performance report containing financial information. Employees are informed of significant business issues via the use of email, discussions with senior management, the Arup Group's intranet and in-house publications.

Employee involvement in the Arup Group's performance is encouraged and maintained via participation in the global profit-share scheme.

Arup Group's engagement with employees and other stakeholder relationships is further detailed in the Arup Group governance report on Arup.com.

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.
Governance

Arup Group applies their 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. For further details, please refer to the Arup Group's governance report on Arup.com. As a subsidiary operating within the Arup Group, the Company adopts and applies the Arup Group’s corporate governance framework 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 Company’s 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 the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company’s 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 Company will continue in business.

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

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

Directors' confirmations

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

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

On behalf of the Board

J A Frost

20 December 2021

Registered office: 8 Fitzroy Street, London, W1T 4BJ, United Kingdom
Independent auditors’ report to the members of Arup Gulf Limited

Report on the audit of the financial statements

Opinion
In our opinion, Arup Gulf Limited’s financial statements:

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

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

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

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

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

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

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

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

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

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

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

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 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 company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK Companies Act 2006, tax legislations and employment legislations, and we considered the
extent to which non-compliance might have a material effect on the financial statements. 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 judgements. Audit procedures performed by the engagement team included:

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

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

We have no exceptions to report arising from this responsibility.

[Signature]

Jonathan Olliges (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
20 December 2021
Income statement
For the year ended 31 March 2021

<table>
<thead>
<tr>
<th>Note</th>
<th>2021</th>
<th>2020</th>
<th>Restated*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£'000</td>
<td>£'000</td>
<td></td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>26,052</td>
<td>35,015</td>
<td></td>
</tr>
<tr>
<td><strong>Employee benefit expense</strong></td>
<td>4</td>
<td>(7,798)</td>
<td>(10,952)</td>
</tr>
<tr>
<td><strong>Charges from sub-consultants and other direct project expenses</strong></td>
<td></td>
<td>(15,006)</td>
<td>(18,289)</td>
</tr>
<tr>
<td><strong>Depreciation and amortisation expense</strong></td>
<td>9, 10 &amp; 14</td>
<td>(338)</td>
<td>(474)</td>
</tr>
<tr>
<td><strong>Accommodation</strong></td>
<td></td>
<td>(59)</td>
<td>(94)</td>
</tr>
<tr>
<td><strong>Communications and other overheads</strong></td>
<td></td>
<td>(201)</td>
<td>(6,307)</td>
</tr>
<tr>
<td><strong>Total expense</strong></td>
<td></td>
<td>(23,402)</td>
<td>(36,116)</td>
</tr>
<tr>
<td><strong>Operating profit / (loss)</strong></td>
<td>6</td>
<td>2,650</td>
<td>(1,101)</td>
</tr>
<tr>
<td><strong>Finance income</strong></td>
<td>7</td>
<td>195</td>
<td>387</td>
</tr>
<tr>
<td><strong>Finance costs</strong></td>
<td>7</td>
<td>(77)</td>
<td>(68)</td>
</tr>
<tr>
<td><strong>Profit / (loss) before income tax</strong></td>
<td></td>
<td>2,768</td>
<td>(782)</td>
</tr>
<tr>
<td><strong>Income tax charge</strong></td>
<td>8</td>
<td>(228)</td>
<td>(340)</td>
</tr>
<tr>
<td><strong>Profit / (loss) for the financial year</strong></td>
<td></td>
<td>2,540</td>
<td>(1,122)</td>
</tr>
</tbody>
</table>

*The prior year financial statements were restated. The impact is explained in Note 21.

All activities of the Company 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.
Statement of comprehensive income

For the year ended 31 March 2021

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit / (loss) for the financial year</td>
<td>2,540</td>
<td>(1,122)</td>
</tr>
</tbody>
</table>

Other comprehensive (expense) / income

Items that will not be reclassified to profit or loss

<table>
<thead>
<tr>
<th>Description</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remeasurements of post-employment benefit obligations</td>
<td>91</td>
<td>63</td>
</tr>
<tr>
<td></td>
<td>91</td>
<td>63</td>
</tr>
</tbody>
</table>

Items that may be reclassified subsequently to profit or loss

<table>
<thead>
<tr>
<th>Description</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currency translation (losses) / gains</td>
<td>(3,571)</td>
<td>1,982</td>
</tr>
</tbody>
</table>

Other comprehensive (expense) / income for the year, net of tax

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(3,480)</td>
<td>2,045</td>
</tr>
</tbody>
</table>

Total comprehensive (expense) / income for the year

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(940)</td>
<td>923</td>
</tr>
</tbody>
</table>

*The prior year financial statements were restated. The impact is explained in Note 21.

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

As at 31 March 2021

<table>
<thead>
<tr>
<th>Note</th>
<th>31 March 2021</th>
<th>31 March 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
</tr>
</tbody>
</table>

**Assets**

**Non-current assets**

Property, plant and equipment  
9  
54  
101

Right-of-use assets  
14  
358  
809

Intangible assets  
10  
-  
15

Deferred income tax assets  
15  
313  
405

<table>
<thead>
<tr>
<th>Total assets</th>
<th>14,929</th>
<th>22,549</th>
</tr>
</thead>
</table>

**Current assets**

Trade and other receivables  
11  
10,837  
17,222

Cash and cash equivalents  
12  
3,367  
3,997

<table>
<thead>
<tr>
<th>Total liabilities</th>
<th>10,986</th>
<th>17,666</th>
</tr>
</thead>
</table>

**Liabilities**

**Current liabilities**

Trade and other payables  
13  
9,724  
15,616

Current income tax liabilities  
368  
417

<table>
<thead>
<tr>
<th>Total liabilities</th>
<th>10,986</th>
<th>17,666</th>
</tr>
</thead>
</table>

**Non-current liabilities**

Lease liabilities  
14  
44  
454

Deferred income tax liabilities  
15  
45  
58

Post-employment benefit liabilities  
21  
805  
1,121

<table>
<thead>
<tr>
<th>Net assets</th>
<th>3,943</th>
<th>4,883</th>
</tr>
</thead>
</table>
## Equity

<table>
<thead>
<tr>
<th>Note</th>
<th>31 March 2021</th>
<th>31 March 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£'000</td>
<td>£'000</td>
</tr>
<tr>
<td>Share capital</td>
<td>16</td>
<td>3,500</td>
</tr>
<tr>
<td>Retained earnings</td>
<td></td>
<td>443</td>
</tr>
</tbody>
</table>

**Total equity**

<table>
<thead>
<tr>
<th></th>
<th>Restated*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3,943</td>
</tr>
</tbody>
</table>

*The prior year financial statements were restated. The impact is explained in Note 21.

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

The financial statements on pages 9 to 34 were approved and authorised for issue by the board of directors and signed on its behalf by:

J A Frost

Director

20 December 2021
# Statement of changes in equity

For the year ended 31 March 2021

<table>
<thead>
<tr>
<th></th>
<th>Share capital £'000</th>
<th>Retained earnings £'000</th>
<th>Total equity £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as at 1 April 2019 (restated*)</td>
<td>3,500</td>
<td>5,460</td>
<td>8,960</td>
</tr>
<tr>
<td>Loss for the financial year (restated*)</td>
<td>-</td>
<td>(1,122)</td>
<td>(1,122)</td>
</tr>
<tr>
<td>Remeasurement of post-employment obligations (restated*)</td>
<td>-</td>
<td>77</td>
<td>77</td>
</tr>
<tr>
<td>Remeasurement of post-employment obligations – tax (restated*)</td>
<td>-</td>
<td>(14)</td>
<td>(14)</td>
</tr>
<tr>
<td>Currency translation gains</td>
<td>-</td>
<td>1,982</td>
<td>1,982</td>
</tr>
<tr>
<td>Other comprehensive income for the year (restated*)</td>
<td>-</td>
<td>2,045</td>
<td>2,045</td>
</tr>
<tr>
<td>Total comprehensive income for the year (restated*)</td>
<td>-</td>
<td>923</td>
<td>923</td>
</tr>
<tr>
<td>Dividends</td>
<td>-</td>
<td>(5,000)</td>
<td>(5,000)</td>
</tr>
<tr>
<td>Total transactions with owners, recognised directly in equity</td>
<td>-</td>
<td>(5,000)</td>
<td>(5,000)</td>
</tr>
<tr>
<td>Balance as at 31 March 2020 (restated*)</td>
<td>3,500</td>
<td>1,383</td>
<td>4,883</td>
</tr>
<tr>
<td>Profit for the financial year</td>
<td>-</td>
<td>2,540</td>
<td>2,540</td>
</tr>
<tr>
<td>Remeasurement of post-employment obligations</td>
<td>-</td>
<td>112</td>
<td>112</td>
</tr>
<tr>
<td>Remeasurement of post-employment obligations - tax</td>
<td>-</td>
<td>(21)</td>
<td>(21)</td>
</tr>
<tr>
<td>Currency translation losses</td>
<td>-</td>
<td>(3,571)</td>
<td>(3,571)</td>
</tr>
<tr>
<td>Other comprehensive expense for the year</td>
<td>-</td>
<td>(3,480)</td>
<td>(3,480)</td>
</tr>
<tr>
<td>Total comprehensive expense for the year</td>
<td>-</td>
<td>(940)</td>
<td>(940)</td>
</tr>
<tr>
<td>Dividends</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total transactions with owners, recognised directly in equity</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Balance as at 31 March 2021</strong></td>
<td>3,500</td>
<td>443</td>
<td>3,943</td>
</tr>
</tbody>
</table>

*The prior year financial statements were restated. The impact is explained in Note 21.
Notes to the financial statements

For the year ended 31 March 2021

1 Basis of preparation

Arup Gulf Limited is a private limited company which is incorporated in England and Wales. The address of the registered office is 8 Fitzroy Street, London, WIT 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.

These financial statements have been prepared in accordance with FRS 101 and the Companies Act 2006. The 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 below.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the 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 financial statements are disclosed in note 2.

The following exemptions from the requirements of International Financial Reporting Standards ("IFRS or IFRSs") 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 International Accounting Standard ("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 Company has adequate resources to continue in operational existence for the foreseeable future. The directors have obtained assurance of financial support from Ove Arup Holdings Limited and other relevant entities within the Arup Group, for a period of at least 12 months from the date of approving the financial statements. Management of Arup Group have performed analysis on future projections of financial performance and cashflow and are satisfied that Arup Group has sufficient financial resources to provide assurances of financial support for the Company. As such, the Company’s 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 IFRIC interpretations that are effective for the year ended 31 March 2021 that have a material impact on the Company.

New standards, amendments and interpretations not yet adopted by the Company

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 Company. These standards are not expected to have a material impact on the entity in the current or future reporting periods or on foreseeable future transactions.

Foreign currency translation

Functional and presentation currency

The Company’s functional currency is United Arab Emirates dirham. The financial statements are presented in pound sterling (£), which is the Company’s 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.

Impairment of non-financial assets

At each balance sheet date, the Company 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 Company 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 Company 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 Company 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 Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company 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 Company 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 Company 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 Critical accounting estimates and judgements

The Company makes 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.

Contract accounting (estimates and judgements)

The Company’s revenue accounting policy (note 3) is central to how the Company 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 Company’s financial statements are:

- Percentage completion: usually calculated by taking actual salary expense incurred as a percentage of forecasted salary expense. Estimation required in determining the forecasted salary expense;
- Profitability of a project: project teams use their judgement to estimate the costs to complete a project. These include an assessment of the need for additional contingencies to cover potential unknown expenses;
- Modifications: where a modification to a contract occurs, judgement is made on whether the modification is distinct, or intrinsically connected to the original contract. Where it is not distinct, the original project is reforecasted for the additional income and costs to complete; and
- Pain / gain share: where the Company engages with another joint operator to provide a service to a client, there are additional risks regarding work outside of the Company’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. 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.

Forecasted income represents income that has been agreed with the client. Fee from modifications are only recognised once it has been agreed with the client.
Measuring the outcome of the performance obligations can take time due to the multi-year lifespan of the Company’s contracts. Assuming the project is forecasted to make a profit, the Company 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 Arup 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.

**Impairment of trade receivables and contract assets (estimates and judgements)**

Due to the nature of the Company, it has significant receivables due from Arup 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.

**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.

**Defined post-employment benefit schemes (estimates and judgements)**

The present value of the post-employment benefit 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 post-employment benefit 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 21.

### 3 Revenue

The Company practices in the field of design and consulting engineering services, in architecture and in other related professional skills principally in the Middle East.

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.

The total revenue recognised in the year that was included in contract liabilities at the beginning of the year was £8,312k (2020: £4,301k). The total revenue recognised in the year from performance obligations satisfied (or partially satisfied) in previous years was £22,779k (2020: £23,328k).

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

<table>
<thead>
<tr>
<th>Region</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Middle East &amp; Africa</td>
<td>23,736</td>
<td>30,617</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>1,512</td>
<td>3,206</td>
</tr>
<tr>
<td>Asia</td>
<td>521</td>
<td>849</td>
</tr>
<tr>
<td>Americas</td>
<td>139</td>
<td>153</td>
</tr>
<tr>
<td>Europe</td>
<td>138</td>
<td>29</td>
</tr>
<tr>
<td>Australasia</td>
<td>6</td>
<td>161</td>
</tr>
</tbody>
</table>

| Total               | 26,052| 35,015|

---

Arup Gulf Limited | Financial Statements and Reports for the year ended 31 March 2021 | 17
4 Employee benefit expense

<table>
<thead>
<tr>
<th></th>
<th>Restated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021 £000</td>
</tr>
<tr>
<td>Wages and salaries</td>
<td>6,073</td>
</tr>
<tr>
<td>Global profit-share scheme</td>
<td>611</td>
</tr>
<tr>
<td>Social security costs</td>
<td>20</td>
</tr>
<tr>
<td>Pension contributions</td>
<td>87</td>
</tr>
<tr>
<td>Headcount reduction costs</td>
<td>96</td>
</tr>
<tr>
<td>Post-employment benefit costs</td>
<td>561</td>
</tr>
<tr>
<td>Other staff costs</td>
<td>350</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>7,798</td>
</tr>
</tbody>
</table>

Average monthly number of people employed

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Number</td>
</tr>
<tr>
<td>Engineering and technical staff</td>
<td>53</td>
<td>63</td>
</tr>
<tr>
<td>Administrative staff</td>
<td>15</td>
<td>20</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>68</td>
<td>83</td>
</tr>
</tbody>
</table>

During the year ended 31 March 2021, an error was discovered in relation to the 2020 financial statements within the employee benefit expense disclosure note. The error resulted in an overstatement of ‘headcount reduction costs’ (previously labelled ‘redundancy costs’) by £474k and an understatement of ‘other staff costs’ by the same amount.

Following the specific presentation of post-employment benefit liability on the balance sheet, a disclosure line for ‘post-employment benefit costs’ has been inserted. These expenses have been reclassified from the ‘wages and salaries’ line.

Global profit-share scheme

The Company 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 Company pays fixed contributions into a separate entity. The Company 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.

For defined contribution plans, the Company pays contributions to publicly or privately administrated pension insurance plans on a mandatory contractual or voluntary basis. The Company 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.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.
The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method (see Note 21).

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.

5 Directors' remuneration

The directors' remunerations were as follows:

<table>
<thead>
<tr>
<th>Aggregate remuneration</th>
<th>2021 £'000</th>
<th>2020 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aggregate contributions paid to defined contribution schemes</td>
<td>18</td>
<td>18</td>
</tr>
</tbody>
</table>

Number of directors accruing pension benefits under:

<table>
<thead>
<tr>
<th>Defined benefit schemes</th>
<th>Number</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

Highest paid director:

<table>
<thead>
<tr>
<th>Remuneration</th>
<th>2021 £'000</th>
<th>2020 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions paid to defined contribution schemes</td>
<td>18</td>
<td>18</td>
</tr>
<tr>
<td>Accrued annual pension from defined benefit scheme as at 31 March</td>
<td>7</td>
<td>7</td>
</tr>
</tbody>
</table>
6 Operating profit / (loss)

This is stated after charging / (crediting):

During the year, the Company obtained the following services from the Company’s auditors:

- Audit of Company financial statements  29  19
- Loss on disposal of property, plant and equipment  0  -
- Loss on disposal of intangible assets  5  -
- (Gain) / loss on exchange from trading activities  (2,935)  1,980
- Loss allowance on trade receivables  123  48
- Loss allowance on contract assets  207  0
- Impairment of trade receivables  58  69
- Amortisation of intangible assets  9  16
- Depreciation of property, plant and equipment  40  95
- Depreciation of right-of-use assets  289  363

7 Net finance (income)

<table>
<thead>
<tr>
<th></th>
<th>Restated</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
<td>2020</td>
</tr>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Interest expense on borrowings</td>
<td>9</td>
<td>0</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>13</td>
<td>31</td>
</tr>
<tr>
<td>Interest expense - Arup Group undertakings</td>
<td>28</td>
<td>-</td>
</tr>
<tr>
<td>Net finance costs on net post-employment benefit liabilities</td>
<td>27</td>
<td>37</td>
</tr>
<tr>
<td>Total finance costs</td>
<td>77</td>
<td>68</td>
</tr>
<tr>
<td>Interest receivable on short term bank deposits</td>
<td>(0)</td>
<td>(132)</td>
</tr>
<tr>
<td>Interest receivable - Arup Group undertakings</td>
<td>(195)</td>
<td>(255)</td>
</tr>
<tr>
<td>Total finance income</td>
<td>(195)</td>
<td>(387)</td>
</tr>
<tr>
<td>Net finance (income)</td>
<td>(118)</td>
<td>(319)</td>
</tr>
</tbody>
</table>

Interest due to / from Arup Group undertakings is in regards to the Arup Group’s cash pooling facility.

Finance costs relating to post-employment benefit liabilities have been disclosed and therefore restated in prior year - see Note 21.
‘Net finance costs on net post-employment benefit liabilities’ were understated by £37k.
8 Income tax charge

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

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

(a) Analysis of total income tax charge

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£’000</td>
<td>£’000</td>
</tr>
<tr>
<td>Current income tax</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UK: current income tax on profits for the year</td>
<td>72</td>
<td>100</td>
</tr>
<tr>
<td>UK: adjustment in respect of prior years</td>
<td>(100)</td>
<td>-</td>
</tr>
<tr>
<td>Non-UK: current income tax on profits for the year</td>
<td>230</td>
<td>233</td>
</tr>
<tr>
<td>Total current income tax</td>
<td>202</td>
<td>333</td>
</tr>
</tbody>
</table>

Deferred income tax (note 15)

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Origination and reversal of temporary differences</td>
<td>46</td>
<td>11</td>
</tr>
<tr>
<td>Effect of changes in tax rates</td>
<td>-</td>
<td>(16)</td>
</tr>
<tr>
<td>(Over) / under provision of deferred income tax in respect of prior years</td>
<td>(20)</td>
<td>12</td>
</tr>
<tr>
<td>Total deferred income tax</td>
<td>26</td>
<td>7</td>
</tr>
</tbody>
</table>

Total income tax charge

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>228</td>
<td>340</td>
</tr>
</tbody>
</table>

The prior year figures have been restated to reflect the impact of the post-employment benefit liability movement on deferred tax assets – see Note 21. ‘Origination and reversal of temporary differences’ was overstated by £7k.
(b) Factors affecting the total income tax charge for the year
The tax assessed for the year is lower (2020: higher) than the amount computed at the standard rate of corporation tax in the UK 19% (2020: 19%).

The differences are explained below:

<table>
<thead>
<tr>
<th></th>
<th>Restated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021 £’000</td>
</tr>
<tr>
<td>Profit / (loss) before income tax</td>
<td>2,768</td>
</tr>
<tr>
<td>Profit / (loss) before income tax multiplied by the standard rate of corporation tax in the UK</td>
<td>526</td>
</tr>
</tbody>
</table>

Effects of:

<table>
<thead>
<tr>
<th>Effect</th>
<th>2021 £’000</th>
<th>2020 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group relief</td>
<td>(436)</td>
<td>346</td>
</tr>
<tr>
<td>Impact of change in accounting standards</td>
<td>(0)</td>
<td>-</td>
</tr>
<tr>
<td>Expenses not deductible for tax purposes</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Impact of non-UK tax</td>
<td>250</td>
<td>256</td>
</tr>
<tr>
<td>Tax decrease arising from non-UK tax suffered</td>
<td>-</td>
<td>(117)</td>
</tr>
<tr>
<td>Remeasurement of deferred income tax - change in tax rates</td>
<td>-</td>
<td>(16)</td>
</tr>
<tr>
<td>Adjustment in respect of prior years</td>
<td>(120)</td>
<td>12</td>
</tr>
<tr>
<td><strong>Total income tax charge</strong></td>
<td><strong>228</strong></td>
<td><strong>340</strong></td>
</tr>
</tbody>
</table>

The prior year figures have been restated for the additional post-employment benefits expenses within the income statement and the deferred tax asset credit on the movement of post-employment benefit liability – see Note 21.

(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, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would not have been material for the financial statements.
9 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 Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial year 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:

<table>
<thead>
<tr>
<th>Furniture, fittings &amp; IT hardware</th>
<th>3 - 10 years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cost</th>
<th>£'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 1 April 2020</td>
<td>2,465</td>
</tr>
<tr>
<td>Additions</td>
<td>1</td>
</tr>
<tr>
<td>Disposals</td>
<td>(300)</td>
</tr>
<tr>
<td>Adjustment for exchange differences</td>
<td>(237)</td>
</tr>
<tr>
<td><strong>Balance at 31 March 2021</strong></td>
<td><strong>1,927</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Accumulated depreciation</th>
<th>£'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 1 April 2020</td>
<td>2,362</td>
</tr>
<tr>
<td>Charge for the year</td>
<td>40</td>
</tr>
<tr>
<td>Disposals</td>
<td>(300)</td>
</tr>
<tr>
<td>Adjustment for exchange differences</td>
<td>(229)</td>
</tr>
<tr>
<td><strong>Balance at 31 March 2021</strong></td>
<td><strong>1,873</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net book value at 31 March 2021</th>
<th>£'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net book value at 31 March 2020</td>
<td>101</td>
</tr>
</tbody>
</table>
10 Intangible assets

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

<table>
<thead>
<tr>
<th>Computer software</th>
<th>£'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td></td>
</tr>
<tr>
<td>Balance at 1 April 2020</td>
<td>148</td>
</tr>
<tr>
<td>Disposals</td>
<td>(108)</td>
</tr>
<tr>
<td>Adjustment for exchange differences</td>
<td>(10)</td>
</tr>
<tr>
<td><strong>Balance at 31 March 2021</strong></td>
<td><strong>30</strong></td>
</tr>
</tbody>
</table>

**Accumulated amortisation**

<table>
<thead>
<tr>
<th></th>
<th>£'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 1 April 2020</td>
<td>133</td>
</tr>
<tr>
<td>Charge for the year</td>
<td>9</td>
</tr>
<tr>
<td>Disposals</td>
<td>(103)</td>
</tr>
<tr>
<td>Adjustment for exchange differences</td>
<td>(9)</td>
</tr>
<tr>
<td><strong>Balance at 31 March 2021</strong></td>
<td><strong>30</strong></td>
</tr>
</tbody>
</table>

Net book value at 31 March 2021

Net book value at 31 March 2020

11 Trade and other receivables

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£'000</td>
<td>£'000</td>
</tr>
<tr>
<td>Trade receivables - net</td>
<td>5,677</td>
<td>8,071</td>
</tr>
<tr>
<td>Contract assets - net</td>
<td>1,076</td>
<td>688</td>
</tr>
<tr>
<td>Amounts due from Arup Group undertakings</td>
<td>2,954</td>
<td>7,205</td>
</tr>
<tr>
<td>UK corporation tax receivable</td>
<td>69</td>
<td>102</td>
</tr>
<tr>
<td>Other receivables</td>
<td>927</td>
<td>1,080</td>
</tr>
<tr>
<td>Prepayments and accrued income</td>
<td>134</td>
<td>76</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10,837</strong></td>
<td><strong>17,222</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivables</td>
<td>5,880</td>
<td>8,151</td>
</tr>
<tr>
<td>Loss allowance</td>
<td>(203)</td>
<td>(80)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,677</strong></td>
<td><strong>8,071</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract assets</td>
<td>1,285</td>
<td>690</td>
</tr>
<tr>
<td>Loss allowance</td>
<td>(209)</td>
<td>(2)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,076</strong></td>
<td><strong>688</strong></td>
</tr>
</tbody>
</table>

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

If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Amounts due from Arup Group undertakings

Amounts due from Arup Group undertakings are unsecured, have no date of repayment and are repayable on demand. Where inter-group loans have been provided, interest is accrued on inter-group loans with a rate in the range of 1.5% (2020: 1-10.25%).

The Company has assessed the ability of Arup Group companies to meet their inter-group liabilities. Based on this review the expected credit losses of amounts due from Arup Group undertakings is deemed to be nil (2020: nil).

Pre-contract costs

The Company 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.

12 Cash and cash equivalents

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

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at bank and in hand</td>
<td>3,367</td>
<td>3,997</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,367</strong></td>
<td><strong>3,997</strong></td>
</tr>
</tbody>
</table>
13 Trade and other payables

<table>
<thead>
<tr>
<th></th>
<th>2021 £'000</th>
<th>2020 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade payables</td>
<td>118</td>
<td>128</td>
</tr>
<tr>
<td>Contract liabilities</td>
<td>6,821</td>
<td>8,312</td>
</tr>
<tr>
<td>Amounts owed to Arup Group undertakings</td>
<td>874</td>
<td>4,001</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>1,598</td>
<td>2,573</td>
</tr>
<tr>
<td>Other payables</td>
<td>45</td>
<td>228</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>268</td>
<td>374</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9,724</strong></td>
<td><strong>15,616</strong></td>
</tr>
</tbody>
</table>

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.

**Amounts owed to Arup Group undertakings**

Amounts owed to Arup Group undertakings are unsecured, have no date of repayment and are repayable on demand. Where inter-group loans have been provided, interest is accrued on inter-group loans with a rate in the range of 1-8% (2020: 1-10.25%).

**Accrued expenses**

The prior year balance has been restated in order to separately disclose the ‘End of Service Benefit’ under ‘Post-employment benefit liabilities’ (Note 21). Accrued expenses were overstated by £1,034k.
14 Leases

This note provides information for leases where the Company is a lessee.

(i) Amounts recognised in the balance sheet

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Right-of-use assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>358</td>
<td>809</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>268</td>
<td>374</td>
</tr>
<tr>
<td>Non-current</td>
<td>44</td>
<td>454</td>
</tr>
<tr>
<td></td>
<td>312</td>
<td>828</td>
</tr>
</tbody>
</table>

Additions to the right-of-use assets during the financial year to 31 March 2021 was nil (2020: nil).

(ii) Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation charge of right-of-use assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>289</td>
<td>363</td>
</tr>
<tr>
<td></td>
<td>289</td>
<td>363</td>
</tr>
<tr>
<td>Interest expense (included in finance costs)</td>
<td>13</td>
<td>31</td>
</tr>
</tbody>
</table>

The total cash outflow for leases in the year ended 31 March 2021 was £368k (2020: £375k)

(iii) The Company's leasing activities and how these are accounted for

The Company leases one office. Rental contracts are typically made for fixed periods of 1 year to 5 years, but may have extension options as described in (iv) below.

Contracts may contain both lease and non-lease components. The Company 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 Company 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 Company under residual value guarantees;
• the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
• payments of penalties for terminating the lease, if the lease term reflects the Company 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 Company, 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.

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

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

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

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

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

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 the building lease in the Company. This is used to maximise operational flexibility in terms of managing the assets used in the Company’s operations. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

(v) Variable lease payments

The Company has not entered into leases with variable payments tied to the performance of the business.
15 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:

<table>
<thead>
<tr>
<th></th>
<th>Restated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
</tr>
<tr>
<td></td>
<td>£000</td>
</tr>
<tr>
<td>Deferred income tax assets</td>
<td></td>
</tr>
<tr>
<td>– deferred income tax assets to be recovered after more than 12 months</td>
<td>313</td>
</tr>
<tr>
<td></td>
<td>313</td>
</tr>
<tr>
<td>Deferred income tax liabilities</td>
<td></td>
</tr>
<tr>
<td>– deferred income tax liabilities to be recovered after more than 12 months</td>
<td>(45)</td>
</tr>
<tr>
<td></td>
<td>(45)</td>
</tr>
<tr>
<td><strong>Deferred income tax assets (net)</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>268</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Restated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
</tr>
<tr>
<td></td>
<td>£000</td>
</tr>
<tr>
<td>Balance at the beginning of the financial year</td>
<td>347</td>
</tr>
<tr>
<td>Over provision of deferred income tax in respect of prior years</td>
<td>20</td>
</tr>
<tr>
<td>Deferred income tax charged to the income statement</td>
<td>(45)</td>
</tr>
<tr>
<td>Deferred income tax charge relating to components of other comprehensive income</td>
<td>(21)</td>
</tr>
<tr>
<td>Adjustment for exchange differences</td>
<td>(33)</td>
</tr>
<tr>
<td><strong>Balance at the end of the financial year</strong></td>
<td>268</td>
</tr>
</tbody>
</table>
### Deferred income tax liabilities

<table>
<thead>
<tr>
<th>Description</th>
<th>Impact of change in accounting standards</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£’000</td>
<td>£’000</td>
</tr>
<tr>
<td>At 1 April 2019</td>
<td>55</td>
<td>55</td>
</tr>
<tr>
<td>Credited to the income statement</td>
<td>(1)</td>
<td>(1)</td>
</tr>
<tr>
<td>Adjustment for exchange differences</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td><strong>At 31 March 2020</strong></td>
<td>58</td>
<td>58</td>
</tr>
<tr>
<td>Credited to the income statement</td>
<td>(7)</td>
<td>(7)</td>
</tr>
<tr>
<td>Adjustment for exchange differences</td>
<td>(6)</td>
<td>(6)</td>
</tr>
<tr>
<td><strong>At 31 March 2021</strong></td>
<td>45</td>
<td>45</td>
</tr>
</tbody>
</table>

### Deferred income tax assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Unutilised tax depreciation</th>
<th>Post-employment benefit obligations</th>
<th>Provisions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£’000</td>
<td>£’000</td>
<td>£’000</td>
<td>£’000</td>
</tr>
<tr>
<td>At 1 April 2019 (restated)</td>
<td>165</td>
<td>209</td>
<td>31</td>
<td>405</td>
</tr>
<tr>
<td>(Charged) / credited to the income statement (restated)</td>
<td>(12)</td>
<td>7</td>
<td>(3)</td>
<td>(8)</td>
</tr>
<tr>
<td>Charged to other comprehensive income (restated)</td>
<td>-</td>
<td>(14)</td>
<td>-</td>
<td>(14)</td>
</tr>
<tr>
<td>Adjustment for exchange differences (restated)</td>
<td>9</td>
<td>11</td>
<td>2</td>
<td>22</td>
</tr>
<tr>
<td><strong>At 31 March 2020 (restated)</strong></td>
<td>162</td>
<td>213</td>
<td>30</td>
<td>405</td>
</tr>
<tr>
<td>Charged to the income statement</td>
<td>(5)</td>
<td>(19)</td>
<td>(8)</td>
<td>(32)</td>
</tr>
<tr>
<td>Charged to other comprehensive income</td>
<td>-</td>
<td>(21)</td>
<td>-</td>
<td>(21)</td>
</tr>
<tr>
<td>Adjustment for exchange differences</td>
<td>(16)</td>
<td>(20)</td>
<td>(3)</td>
<td>(39)</td>
</tr>
<tr>
<td><strong>At 31 March 2021</strong></td>
<td>141</td>
<td>155</td>
<td>19</td>
<td>313</td>
</tr>
</tbody>
</table>

The prior year figures have been restated to reflect the deferred tax asset on the recognition of post-employment benefit liability – see Note 21. Deferred income tax assets were understated by £213k.

### 16 Share capital

<table>
<thead>
<tr>
<th>Description</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issued, called up and fully paid:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3,500,000 (2020: 3,500,000) ordinary shares of £1 each</td>
<td>3,500</td>
<td>3,500</td>
</tr>
<tr>
<td></td>
<td>3,500</td>
<td>3,500</td>
</tr>
</tbody>
</table>
17 Contingent liabilities

As a part of the ordinary business activities of the Company, claims may arise in relation to work undertaken by the Company.

The Arup Group operates an internal arrangement akin to a professional indemnity insurance ‘club’ to co-ordinate the professional indemnity insurance arrangements of all entities in the Arup Group and charges each entity an annual charge to cover its share of the costs of the external professional indemnity insurance cover and the liability for any deductible applying to claims made against that insurance policy.

At the end of any financial year the costs charged to an individual entity is fixed at the annual charge for that year. The individual entities have no further liabilities for claims notified unless they exceed the external insurance cover.

The Company is one of several Arup Group companies that act as a guarantor for the Arup Group’s banking facility. The Company does not expect this to be called upon.

18 Related parties

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

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Revenue (£000)</td>
<td>Expenses (£000)</td>
</tr>
<tr>
<td>Ove Arup &amp; Partners, P.C.</td>
<td>99</td>
<td>173</td>
</tr>
<tr>
<td>Arup (Pty) Ltd</td>
<td>111</td>
<td>9</td>
</tr>
</tbody>
</table>

19 Controlling party

The immediate parent undertaking of Arup Gulf Limited is Ove Arup Holdings Limited, a company incorporated in England and Wales.

Arup Group Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 March 2021. The consolidated financial statements of Arup Group Limited are publicly available at 8 Fitzroy Street, London, W1T 4BJ, United Kingdom.

Ove Arup Holdings Limited is the smallest group to consolidate these financial statements at 31 March 2020. The consolidated financial statements of Ove Arup Holdings Limited are publicly available at 8 Fitzroy Street, London, W1T 4BJ, United Kingdom.

The ultimate parent undertakings and controlling parties are Ove Arup Partnership Employee Trust, Ove Arup Partnership Charitable Trust and The Arup Service Trust. These are the owners of Arup Group Limited. The controlling party is Ove Arup Partnership Charitable Trust.

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

20 Dividends

As at the date of the financial statements the directors do not recommend a dividend for the year ended 31 March 2021 (2020: nil). No dividends were paid in the year ended 31 March 2021 (2020: a dividend of £1.43 per ordinary share, amounting to a total dividend of £5,000k was paid).
21 Post-employment benefit liabilities

During the year ended 31 March 2021, an error was discovered in relation to the recognition of a defined benefit plan, known locally as ‘End of Service Benefit’ (EOSB). Under IAS 19, the corresponding liability is non-current, should be presented explicitly on the balance sheet, and gives rise to deferred tax. This classification also determines that an actuarial valuation is necessary. This has been reflected in current year figures.

For the year ended 31 March 2020, an EOSB liability of £1,034k was incorrectly recognised under ‘Accrued expenses’ within the ‘Trade and other payables’ balance sheet line. This amount has been now been presented as a post-employment benefit liability. The quantitative amount has also been corrected to £1,121k as per actuarial reports. As at 31 March 2020, total liabilities were understated by £87k. Each affected financial statement line item has been restated to reflect these changes.

An actuarial valuation was also obtained for the year ended 31 March 2019, however this has not been reflected in the 1 April 2019 retained earnings figures within the ‘Statement of changes in equity’, because it is not quantitatively or qualitatively material.

The correction also affected some of the amounts disclosed in notes 4, 7, 8, 13 and 15.

The table below outlines where the Company’s post-employment benefit amounts and activity are included in the financial statements.

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£’000</td>
<td>£’000</td>
</tr>
<tr>
<td><strong>Balance sheet obligations for:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Defined post-employment benefits</td>
<td>(805)</td>
<td>(1,121)</td>
</tr>
<tr>
<td><strong>Liability in the balance sheet</strong></td>
<td>(805)</td>
<td>(1,121)</td>
</tr>
<tr>
<td><strong>Income statement charge included in operating profit for:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Defined post-employment benefits</td>
<td>227</td>
<td>258</td>
</tr>
<tr>
<td><strong>Remeasurements for:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Defined post-employment benefits</td>
<td>112</td>
<td>77</td>
</tr>
</tbody>
</table>

The income statement charge included within operating profit includes current service cost and interest cost.

21.1 Unfunded scheme

The Company provides an ‘End of Service Benefit’ 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 2.42% (2020: 2.71%) per annum and that salary inflation would be 2.1% (2020: 2.1%) per annum. There was a benefit payment for the year to 31 March 2021 of £327k (2020: £221k).

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

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£’000</td>
<td>£’000</td>
</tr>
<tr>
<td>Present value of unfunded obligations</td>
<td>(805)</td>
<td>(1,121)</td>
</tr>
<tr>
<td>Fair value of plan assets</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total deficit of defined post-employment benefit plans</td>
<td>(805)</td>
<td>(1,121)</td>
</tr>
<tr>
<td>Impact of minimum funding requirement / asset ceiling</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Liability in the balance sheet</strong></td>
<td>(805)</td>
<td>(1,121)</td>
</tr>
</tbody>
</table>
The movement in the defined benefit plan over the prior year and current year is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Present value of obligation £’000</th>
<th>Fair value of plan assets £’000</th>
<th>Total £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 April 2019</td>
<td>(1,099)</td>
<td></td>
<td>(1,099)</td>
</tr>
<tr>
<td>Current service cost</td>
<td>(221)</td>
<td></td>
<td>(221)</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(37)</td>
<td></td>
<td>(37)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(1,357)</td>
</tr>
<tr>
<td>Remeasurements:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Loss from change in financial assumptions</td>
<td>(49)</td>
<td></td>
<td>(49)</td>
</tr>
<tr>
<td>- Experience gains</td>
<td>126</td>
<td></td>
<td>126</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>77</td>
</tr>
<tr>
<td>Adjustment for exchange differences</td>
<td></td>
<td></td>
<td>(62)</td>
</tr>
<tr>
<td>Payments from plans:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Benefit payments</td>
<td>221</td>
<td></td>
<td>221</td>
</tr>
<tr>
<td>At 31 March 2020</td>
<td></td>
<td></td>
<td>(1,121)</td>
</tr>
<tr>
<td>Current service cost</td>
<td>(199)</td>
<td></td>
<td>(199)</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(27)</td>
<td></td>
<td>(27)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(1,347)</td>
</tr>
<tr>
<td>Remeasurements:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Loss from change in financial assumptions</td>
<td>(14)</td>
<td></td>
<td>(14)</td>
</tr>
<tr>
<td>- Experience gains</td>
<td>126</td>
<td></td>
<td>126</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>112</td>
</tr>
<tr>
<td>Adjustment for exchange differences</td>
<td></td>
<td></td>
<td>103</td>
</tr>
<tr>
<td>Payments from plans:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Benefit payments</td>
<td>327</td>
<td></td>
<td>327</td>
</tr>
<tr>
<td>At 31 March 2021</td>
<td></td>
<td></td>
<td>(805)</td>
</tr>
</tbody>
</table>
21.2 Significant assumptions

The significant actuarial assumptions were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>2.42%</td>
<td>2.71%</td>
</tr>
<tr>
<td>Salary growth rate</td>
<td>2.10%</td>
<td>2.10%</td>
</tr>
<tr>
<td>Demographic assumptions (combining mortality, withdrawal and retirement)</td>
<td>11.70%</td>
<td>11.70%</td>
</tr>
</tbody>
</table>

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

**Impact on defined benefit obligation**

<table>
<thead>
<tr>
<th></th>
<th>Change in assumption</th>
<th>Increase in assumption</th>
<th>Decrease in assumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discount rate</td>
<td>50 basis points</td>
<td>(2.88%)</td>
<td>3.05%</td>
</tr>
<tr>
<td>Salary growth rate</td>
<td>50 basis points</td>
<td>3.05%</td>
<td>(2.90%)</td>
</tr>
<tr>
<td>Demographic assumptions</td>
<td>500 basis points</td>
<td>(2.23%)</td>
<td>2.15%</td>
</tr>
</tbody>
</table>

| 2020                    |                      |                        |                        |
| Discount rate           | 50 basis points      | (2.93%)                | 3.11%                  |
| Salary growth rate      | 50 basis points      | 3.12%                  | (2.97%)                |
| Demographic assumptions | 500 basis points     | (1.55%)                | 0.98%                  |

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