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Arup Services New York Limited

Financial Statements and Reports

For the year ended 31 March 2021

Contents

Strategic report

The directors present their strategic report for Arup Services New York 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 loss for the financial year of £2,038,493 (2020: profit of £8,136,443 - restated). The net assets as at 31 March 2021 are £4,257,744 (2020: £6,906,350 - 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 professional services provided by the Company at the end of the year remain consistent.

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 staff bonus. For the year ended 31 March 2021, revenue per person was £441,889 (2020: £966,542 - restated) and profit per person was £59,289 (2020: £61,163 - restated).
- Staff turnover is a key non-financial measure of the Company’s performance. For the year ended 31 March 2021, staff turnover was 15.1% (2020: 8.6% - restated). The increase in staff turnover was because of the transfer of staff to Arup US, Inc. which was planned as part of a corporate reorganisation, this is detailed further in the Section 172(1) statement.

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.

The principal decision and considerations made by the Board during the financial year included the transfer of members to Arup US, Inc. (sister entity) as of 1 January 2021 and the assignment and transfer of all rights, title and interest in the buildings leases, including security deposits, to Arup US, Inc which occurred post 31 March 2021. These changes to the Company were part of a wider legal corporate reorganisation across the Americas Region to simplify the corporate structure and improve efficiency, particularly in respect to meeting licensure compliance required to operate within the Americas Region. The Company’s members were notified by the Chair of the Americas Region that the change to employing company would have no impact to their terms of employment or entitlements to benefits.

Employee and other stakeholder engagement

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

As detailed above, the Board delegates the day-to-day operational management within the Company to a Management Team who have overall responsibility for business operations and performance, the delivery of operating plans, the success and wellbeing of members and delivering value and a high quality of service to clients. The Management Team share the commitment outlined above and adherence to Arup Group policies that have been adopted by the Company. The Management Team reports to the Board at board meetings twice a year on performance and key business decisions that have been taken in relation to the Company's stakeholders.

Details of the Company's key stakeholders, how they have been engaged with during the year and how the key stakeholders' interests have been taken into account are given below.

Stakeholder	**Who are they?**	**Why are they important to us?**	**Board engagement**
Members	Everyone employed by the Company.	Maintaining a highly skilled workforce is key to the future of the Company and the Group. We aim to keep our workforce fully engaged to attract and retain the best people.	• A 'Working at Arup' survey is conducted every three years with the purpose to measure members' levels of satisfaction and engagement • A Bi-annual Arup Performance Report is sent to all members with regular events, online meetings and news which keeps our members informed of the business • Monthly newsletters are emailed to all members with leadership updates, including people matters, health and safety updates and the Company's financial performance • Employees are encouraged to share their stories in this newsletter that they would like the business to hear • A USD300 qualifying home workstation equipment reimbursement was available to all members • Our members are encouraged to raise any matters of concern with the Region Ethics Champion, Group Ethics Director, Group Legal Director or email to the ethics mailbox • Members were notified by email by the Chair of the Americas Region on the change to their employing company following the principal decision to transfer members to Arup US, Inc. No action was required by members, the transfer did not impact their terms of employment, years of service they had with the Company or entitlement to benefits. A Frequently Asked Questions document was made available for any further questions

Clients	Everyone who contracts the Company's services; public and private sector.	They provide the opportunities to use our skills to deliver solutions they will value.	• Professional engagement on projects by attending important client meetings, obtaining feedback and carrying out project reviews as necessary • Issues of concern raised by clients are escalated to the Chair or Chief Operating Officer of the Region who ensure that matters are satisfactorily closed out including personal involvement as necessary • The directors regularly attend industry events and host seminars and workshops to share their experience and skills • In order to support our clients through COVID-19, webinars were organised to share knowledge and insights relating to reshaping business strategy for the post COVID-19 world
Collaborators and Suppliers	Everyone we have a direct working relationship with including joint-venture partners, suppliers and industry organisations.	To deliver excellence, we recognise that we may need to supplement capacity or introduce niche expertise.	• Board members hold senior positions in industry organisations • Where the Company engages sub-consultants, and suppliers of services and equipment to our offices, we seek to agree contractual terms which require compliance with Modern Slavery and Human Trafficking legislation • We aim to treat our suppliers fairly and with respect, and to pay for services promptly in line with reasonable contractual terms
Society	Those who are impacted or influenced by our work including end-users, communities local to our projects, charities, and future members of Arup Group.	Our vision to shape a better world is all encompassing; social usefulness and sustainable development are key outcomes.	• The Arup Group as a whole has committed to net-zero carbon emissions by 2030. The Company is already working with government, infrastructure, property and corporate clients to help them set and achieve significant reductions in their carbon emissions • The Company has partnerships with influencers The US Green Building Council, Partnership for New York, Ellen MacArthur Foundation's Network and the Board engages with government and regulators to influence policy forming processes by submitting responses and opinions • Community Engagement Programme - the Board has a Community Engagement Committee which manages community projects. During this financial year, the focus was on diversity and inclusion, underserved communities and education • The Company’s tax strategy aligns with being an ethical corporate citizen and we pay the right amount of tax when it becomes payable

On behalf of the Board

Leo Argiris

L E Argiris

Director

16 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 Services New York 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, understandable and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

Principal activities

The Company provides professional services, principally in the United States of America. This includes administrative support to the Arup Group.

Branches

The Company has a registered branch in the United States of America.

General information

The Company is a private limited company registered in England and Wales under company number 2269624 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 Arup Americas Inc. registered in New York, United States of America under company number 20-2947258 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 not materially impacted by the COVID-19 pandemic. Actions 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: no dividend was recommended). No dividend was paid in the year to 31 March 2021 (2020: a dividend of £11,000,000 was paid).

Directors

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

L E Argiris
P A Coughlan
A S Howard

Directors' remuneration

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

Directors' indemnities

As permitted by the Company's Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout the financial year and is currently in force. The Arup Group also purchased and maintained throughout the financial year Directors' and Officers' Liability Insurance in respect of itself, its directors and officers.

Independent auditors

The Company's independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office for another financial year.

Financial risk management

The Company's financial assets and liabilities comprise cash at bank, trade and other receivables and trade and other payables, the main purpose of which is to maintain adequate finance for the 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-3/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 staff bonus plan.

Stakeholder engagement is further detailed in the strategic report, and 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.

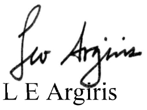
The directors are responsible for keeping adequate accounting records that; are sufficient to show and explain the transactions of the Company; and disclose with reasonable accuracy at any time the financial position of the Company; and enable them to ensure that the financial statements comply with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



L E Argiris

Director

16 December 2021

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

Independent auditors' report to the members of Arup Services New York Limited

Report on the audit of the financial statements

Opinion

In our opinion, Arup Services New York 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 loss 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 the 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 US tax legislations and US employment legislations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management’s incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate results and potential management bias in accounting estimates and judgements. Audit procedures performed by the engagement team included:

- Gaining an understanding of the legal and regulatory framework applicable to the company and considering the risk of non-compliance by the company;
- Holding discussions with management, covering its consideration of known or suspected instances of non-compliance with laws and 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; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulation.

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Jonathan Sturges (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
16 December 2021

Income statement

For the year ended 31 March 2021

	Note	2021	Restated* 2020
		£	£
Revenue	3	31,374,128	93,754,616
Employee benefit expense	4	(6,230,972)	(10,598,137)
Charges from sub-consultants and other direct project expenses		(3,970)	(56,964,405)
Depreciation and amortisation expense	9, 10 & 15	(13,642,062)	(14,444,771)
Accommodation		(2,214,176)	(1,369,871)
Communications and other overheads		(3,220,047)	(2,827,390)
		(25,311,227)	(86,204,574)
Operating profit	6	6,062,901	7,550,042
Finance income	7	206,866	157,670
Finance costs	7	(2,332,275)	(2,662,918)
Profit before income tax		3,937,492	5,044,794
Income tax (charge) / credit	8	(5,975,985)	3,091,649
(Loss) / profit for the financial year		(2,038,493)	8,136,443

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.

*The prior year financial statements were restated. The impact of this is explained in notes 3 and 15.

Statement of comprehensive income

For the year ended 31 March 2021

	2021	Restated* 2020
	£	£
(Loss) / profit for the financial year	(2,038,493)	8,136,443
Other comprehensive (expense) / income		
Items that may be reclassified subsequently to profit or loss		
Currency translation (losses) / gains	(610,113)	735,482
Other comprehensive (expense) / income for the year, net of tax	(610,113)	735,482
Total comprehensive (expense) / income for the year	(2,648,606)	8,871,925

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

*The prior year financial statements were restated. The impact of this is explained in notes 3 and 15.

Registration number: 2269624

Balance sheet

As at 31 March 2021

	Note	31 March 2021 £	Restated* 31 March 2020 £
Assets			
Non-current assets			
Property, plant and equipment	9	24,619,065	30,938,589
Right-of-use assets	15	53,195,947	67,263,655
Intangible assets	10	161,967	362,512
Deferred income tax assets	16	4,249,761	5,388,169
		82,226,740	103,952,925
Current assets			
Trade and other receivables	11	38,642,152	39,474,031
Cash and cash equivalents	12	4,637,121	5,309,870
		43,279,273	44,783,901
Total assets		125,506,013	148,736,826
Liabilities			
Current liabilities			
Trade and other payables	13	53,353,208	61,907,219
Current income tax liabilities		556,590	623,838
		53,909,798	62,531,057
Non-current liabilities			
Lease liabilities	15	57,305,323	73,928,061
Deferred income tax liabilities	16	6,373,721	1,453,833
Provisions for other liabilities and charges	14	3,518,225	3,917,525
Other non-current liabilities		141,202	-
		67,338,471	79,299,419
Total liabilities		121,248,269	141,830,476
Net assets		4,257,744	6,906,350

	Note	31 March 2021 £	Restated* 31 March 2020 £
Equity			
Share capital	17	1,000,000	1,000,000
Retained earnings		3,257,744	5,906,350
Total equity		4,257,744	6,906,350

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

*The prior year financial statements were restated. The impact of this is explained in notes 3 and 15.

The financial statements on pages 10 to 32 were approved and authorised for issue by the board of directors and signed on its behalf by:

L E Argiris

Director

16 December 2021

Statement of changes in equity

For the year ended 31 March 2021

	Share capital	Retained earnings	Total equity
	£	£	£
Balance as at 1 April 2019	1,000,000	13,547,370	14,547,370
Impact of accounting error	-	(5,512,945)	(5,512,945)
Balance as at 1 April 2019 restated	1,000,000	8,034,425	9,034,425
Profit for the financial year	-	9,950,273	9,950,273
Impact of accounting error	-	(1,813,830)	(1,813,830)
Currency translation gains restated	-	735,482	735,482
Other comprehensive income for the year restated	-	735,482	735,482
Total comprehensive income for the year restated	-	8,871,925	8,871,925
Dividends	-	(11,000,000)	(11,000,000)
Total transactions with owners, recognised directly in equity	-	(11,000,000)	(11,000,000)
Balance as at 31 March 2020 restated	1,000,000	5,906,350	6,906,350

	Share capital	Retained earnings	Total equity
	£	£	£
Loss for the financial year	-	(2,038,493)	(2,038,493)
Currency translation losses	-	(610,113)	(610,113)
Other comprehensive expense for the year	-	(610,113)	(610,113)
Total comprehensive expense for the year	-	(2,648,606)	(2,648,606)
Dividends	-	-	-
Total transactions with owners, recognised directly in equity	-	-	-
Balance as at 31 March 2021	1,000,000	3,257,744	4,257,744

The prior year financial statements were restated. The impact of this is explained in notes 3 and 15.

Notes to the financial statements

For the year ended 31 March 2021

1 Basis of preparation

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

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

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 Arup Americas Inc. 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 the US dollar. 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.

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.

3 Revenue

The Company provides professional services, principally in the United States of America. This includes administrative support services to the Arup Group.

The total revenue recognised in the year from performance obligations satisfied (or partially satisfied) in previous years was £720,193 (2020: £660,072 - restated). For the year ended 31 March 2020 revenue recognised in the year from performance obligations satisfied (or partially satisfied) in previous years was overstated by £2,527,610.

	2021	Restated 2020
	£	£
Revenue by destination		
Americas	29,067,632	90,431,646
United Kingdom	2,304,678	3,314,542
Europe	1,801	-
Asia	17	4,386
Australasia	-	3,962
Middle East & Africa	-	80
	31,374,128	93,754,616

During the year ended 31 March 2021, an error was discovered in relation to the staff headcount allocation between the Company and Ove Arup & Partners, P.C. Whilst the impact was nil for the Arup Group as a whole, for the Company the error resulted in:

- an overstatement of revenue in 2020 by £3,309,841;
- an understatement of charges from sub-consultants and other direct project expenses in 2020 by £53,651;
- an overstatement of communications and other overheads in 2020 by £124,807;
- an overstatement of employee benefit expense in 2020 by £78,834;
- an overstatement of the 2020 opening retained earnings by £5,512,945; and
- an overstatement of currency translation gains in other comprehensive (expense) / income in 2020 by £321,540. Also see note 15 for the remaining impact.

The error has been corrected by restating each of the affected financial statement line items for the prior year.

For the year ended 31 March 2020 revenue derived in Americas was overstated by £2,950,146, United Kingdom - by £86,522, Asia - by £171,693, Europe - by £67,542, Middle East & Africa - by £33,670 and Australasia - by £268.

The correction also affected some of the amounts disclosed in notes 4, 8, 11, 13 and 19.

4 Employee benefit expense

	2021	Restated 2020
	£	£
Wages and salaries	4,716,786	7,978,514
Staff bonus	272,001	888,061
Social security costs	366,329	623,736
Pension contributions	387,975	652,307
Headcount reduction costs	325,300	47,349
Other staff costs	162,581	408,170
	6,230,972	10,598,137

Average monthly number of people employed	2021	Restated 2020
	Number	Number
Engineering and technical staff	4	19
Administrative staff	67	78
	71	97

Wages and salaries for the year ended 31 March 2020 were overstated by £78,834. Engineering and technical staff number was overstated by 15 and administrative staff number was overstated by 1. Further information is set out in note 3.

Staff bonus

The Company recognises a liability and an expense for staff bonus, based on a formula that takes into consideration the employee's 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.

5 Directors' remuneration

No directors were employees of the Company and no directors received any remuneration for services to the Company.

6 Operating profit

	2021	Restated 2020
	£	£
This is stated after charging:		
During the year, the Company obtained the following services from the Company's auditors:		
– Audit of Company's financial statements	44,761	33,251
Loss on disposal of property, plant and equipment	837	4,906
Loss on disposal of intangible assets	25,069	-
Loss on exchange from trading activities	240,151	455,639
Amortisation of intangible assets	151,180	180,450
Depreciation of property, plant and equipment	3,870,859	4,484,744
Depreciation of right-of-use assets	9,620,024	9,779,577

For the year ended 31 March 2020 depreciation of right-of-use assets was overstated by £1,346,021. Further information is set out in note 15.

7 Net finance costs

	2021	2020
	£	£
Interest expense on borrowings	92	22,952
Lease liabilities	2,331,971	2,634,061
Interest expense - Arup Group undertakings	-	5,905
Other finance costs	212	-
Total finance costs	2,332,275	2,662,918
Interest receivable on short term bank deposits	(7,579)	(108,094)
Interest receivable - Arup Group undertakings	(199,287)	(49,576)
Total finance income	(206,866)	(157,670)
Net finance costs	2,125,409	2,505,248

Interest due to / from Arup Group undertakings is in regards to the Arup Group's cash pooling facility and inter-company loans provided to other entities within the Arup Group.

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 / (credit)

	2021	2020
	£	£
Current income tax		
– Non-UK: current income tax on profits for the year	19,838	2,647
– Non-UK: adjustment in respect of prior years	25,905	23,581
Total current income tax	45,743	26,228
Deferred income tax (note 16)		
– Origination and reversal of temporary differences	541,804	(2,972,067)
– Effect of changes in tax rates	(256,889)	-
– Under / (over) provision of deferred income tax in respect of prior years	5,645,327	(145,810)
Total deferred income tax	5,930,242	(3,117,877)
Total income tax charge / (credit)	5,975,985	(3,091,649)

(b) Factors affecting the total income tax charge / (credit) for the year

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

The differences are explained below:

	2021 £	Restated 2020 £
Profit before income tax	3,937,492	5,044,794
Profit before income tax multiplied by the standard rate of corporation tax in the UK	748,123	958,511
Effects of:		
Group relief	(1,265,542)	(1,607,746)
Expenses not deductible for tax purposes	45,884	110,960
Research and development tax credits	-	(2,644,291)
Impact of non-UK tax	1,033,177	213,146
Remeasurement of deferred income tax - change in tax rates	(256,889)	-
Adjustment in respect of prior years	5,671,232	(122,229)
Total income tax charge / (credit)	5,975,985	(3,091,649)

The income tax credit reconciliation for the year ended 31 March 2020 was restated as a result of an error explained in note 3. Profit before income tax multiplied by the standard rate of corporation tax in the UK was overstated by £344,628, research and development tax credits were overstated by £336,191 and impact of non-UK tax was understated by £8,437.

(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).

For the year ending 31 March 2021 a local tax rate of 27.4% (2020: 28%) has been used to calculate deferred income tax assets and liabilities.

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:

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

	Leasehold improvements	Furniture, fittings & IT hardware	Motor vehicles	Total
	£	£	£	£
Cost				
Balance at 1 April 2020	41,725,528	8,646,305	59,201	50,431,034
Additions	278,140	274,744	-	552,884
Disposals	(1,725,097)	(603,719)	-	(2,328,816)
Adjustment for exchange differences	(4,186,349)	(866,148)	(6,034)	(5,058,531)
Balance at 31 March 2021	36,092,222	7,451,182	53,167	43,596,571
Accumulated depreciation				
Balance at 1 April 2020	12,079,805	7,353,439	59,201	19,492,445
Charge for the year	3,219,017	651,842	-	3,870,859
Disposals	(1,725,097)	(602,882)	-	(2,327,979)
Adjustment for exchange differences	(1,300,019)	(751,766)	(6,034)	(2,057,819)
Balance at 31 March 2021	12,273,706	6,650,633	53,167	18,977,506
Net book value at 31 March 2021	23,818,516	800,549	-	24,619,065
Net book value at 31 March 2020	29,645,723	1,292,866	-	30,938,589

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.

	Computer software
	£
Cost	
Balance at 1 April 2020	1,536,069
Additions	4,760
Disposals	(269,704)
Adjustment for exchange differences	(144,371)
Balance at 31 March 2021	1,126,754
Accumulated amortisation	
Balance at 1 April 2020	1,173,557
Charge for the year	151,180
Disposals	(244,635)
Adjustment for exchange differences	(115,315)
Balance at 31 March 2021	964,787
Net book value at 31 March 2021	161,967
Net book value at 31 March 2020	362,512

11 Trade and other receivables

	2021	Restated 2020
	£	£
Amounts due from Arup Group undertakings	36,954,296	36,879,868
Other receivables	403,869	1,144,620
Prepayments and accrued income	1,283,987	1,449,543
	38,642,152	39,474,031

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

Amounts due from Arup Group undertakings were overstated by £4,377,626 as at 31 March 2020 and understated by £9,458,613 as at 1 April 2019. Further information is set out in note 3.

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 1-8% (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).

12 Cash and cash equivalents

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

	2021	2020
	£	£
Cash at bank and in hand	4,637,121	5,309,870
	4,637,121	5,309,870

13 Trade and other payables

		Restated
	2021	2020
	£	£
Trade payables	1,860,533	1,670,719
Amounts owed to Arup Group undertakings	40,046,487	48,977,211
Accrued expenses	411,462	1,305,518
Other payables	166,667	103,309
Lease liabilities	10,868,059	9,850,462
	53,353,208	61,907,219

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

Amounts owed to Arup Group undertakings were understated by £4,692,889 as at 31 March 2020 and understated by £14,971,736 as at 1 April 2019. Further information is set out in note 3.

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.

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%).

14 Provisions for other liabilities and charges

	2021	2020
Property provision	£	£
Later than two years and no later than five years	388,515	432,609
Later than five years	3,129,710	3,484,916
Non-current	3,518,225	3,917,525
Balance at the beginning of the financial year	3,917,525	-
Capitalised in the year	-	3,809,718
Adjustment for exchange differences	(399,300)	107,807
Balance at the end of the financial year	3,518,225	3,917,525

Provisions for other liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. The Company is required to perform dilapidation repairs on leased properties prior to the properties being vacated at the end of their lease term. Provision for such costs is made where a legal obligation is identified and the liability can be reasonably quantified.

Comparative balances have been reclassified by management to conform to the financial statement presentation adopted in the current year.

15 Leases

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

(i) Amounts recognised in the balance sheet

		Restated
	2021	2020
	£	£
Right-of-use assets		
Buildings	53,195,947	67,263,655
	53,195,947	67,263,655
Lease liabilities		
Current	10,868,059	9,850,462
Non-current	57,305,323	73,928,061
	68,173,382	83,778,523

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

During the year ended 31 March 2021, an error was discovered in relation to the right-of-use assets calculation. For the Company the error resulted in an understatement of the right-of-use assets by £1,384,110, an overstatement of the depreciation by £1,346,021 and an overstatement of the currency translation gains in other comprehensive (expense) / income by £38,090. The error has been corrected by restating each of the affected financial statement line items for the prior year.

The correction also affected some of the amounts disclosed in notes 6 and 8.

(ii) Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

		Restated
	2021	2020
	£	£
Depreciation charge of right-of-use assets		
Buildings	9,620,024	9,779,577
	9,620,024	9,779,577
Interest expense (included in finance costs)	2,331,971	2,634,061
Expense relating to short-term leases (included in communications and other overheads)	-	32,071
Expense relating to leases of low-value assets (included in communications and other overheads)	49	-

The total cash outflow for leases in the year ended 31 March 2021 was £11,433,311 (2020: £11,652,806).

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

The Company leases various offices. Rental contracts are typically made for fixed periods of 5 years to 15 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 buildings 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 a number of buildings leases across the Company. These are 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.

16 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:

	2021	2020
	£	£
Deferred income tax assets		
– deferred income tax assets to be recovered after more than 12 months	4,249,761	5,388,169
	4,249,761	5,388,169
Deferred income tax liabilities		
– deferred income tax liabilities to be recovered after more than 12 months	(6,373,721)	(1,453,833)
	(6,373,721)	(1,453,833)
Deferred income tax (liabilities) / assets (net)	(2,123,960)	3,934,336

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

	2021	2020
	£	£
Balance at the beginning of the financial year	3,934,336	689,661
(Under) / over provision of deferred income tax in respect of prior years	(5,388,438)	145,810
Deferred income tax (charged) / credited to the income statement	(541,804)	2,972,067
Adjustment for exchange differences	(128,054)	126,798
Balance at the end of the financial year	(2,123,960)	3,934,336

Deferred income tax liabilities	Accelerated tax depreciation	Other	Total
	£	£	£
At 1 April 2019	1,272,733	582,195	1,854,928
Charged / (credited) to the income statement	63,076	(538,348)	(475,272)
Adjustment for exchange differences	72,961	1,216	74,177
At 31 March 2020	1,408,770	45,063	1,453,833
Charged / (credited) to the income statement	5,323,952	(11,348)	5,312,604
Adjustment for exchange differences	(388,645)	(4,071)	(392,716)
At 31 March 2021	6,344,077	29,644	6,373,721

Deferred income tax assets	Provisions	Temporary differences on leases	Other	Total
	£	£	£	£
At 1 April 2019	119,247	-	2,425,342	2,544,589
Credited / (charged) to the income statement	162,498	4,825,812	(2,345,705)	2,642,605
Adjustment for exchange differences	11,267	185,902	3,806	200,975
At 31 March 2020	293,012	5,011,714	83,443	5,388,169
(Charged) / credited to the income statement	(270,004)	(416,227)	68,593	(617,638)
Adjustment for exchange differences	(17,438)	(491,670)	(11,662)	(520,770)
At 31 March 2021	5,570	4,103,817	140,374	4,249,761

17 Share capital

	2021	2020
Issued, called up and fully paid:	£	£
1,000,000 (2020: 1,000,000) ordinary shares of £1 each	1,000,000	1,000,000
	1,000,000	1,000,000

18 Contingent liabilities

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.

19 Related parties

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

	2021			Restated 2020		
	Revenue	Expenses	(Payable) / receivable	Revenue	Expenses	Receivable
	£	£	£	£	£	£
Ove Arup & Partners, P.C.	1,958,253	3,368	(8,900,918)	17,956,302	3,931,427	17,007,203
Arup (Pty) Ltd	-	-	1,207	-	-	1,657
AAC, Inc.	2,158	-	(8)	285,236	54,055	228,679
Arup Jururunding Sdn. Bhd.	66,706	-	206,557	-	-	-

The error disclosed in note 3 impacted transactions with Ove Arup & Partners, P.C. as follows:

- for the year ended 31 March 2020 revenue was overstated by £1,421,426;
- for the year ended 31 March 2020 expenses were understated by £53,651;
- as at 31 March 2020 receivable was overstated by £3,444,590; and
- as at 1 April 2019 receivable was overstated by £1,875,092.

20 Controlling party

The immediate parent undertaking of Arup Services New York Limited is Arup Americas Inc., a company incorporated in the United States of America.

Arup Group Limited is the parent undertaking of the smallest and 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.

The 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 ultimate 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.

21 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 dividend was paid in the year ended 31 March 2021 (2020: £11.0 per share, amounting to a total dividend of £11,000,000).

22 Post balance sheet event

Subsequent to 31 March 2021 the Company assigned and transferred all of the rights, title and interest in the buildings leases, including security deposits, to Arup US, Inc. The Company has contractually extinguished its obligations to the lessors when assigning the leases. As a result, the transfer represents a non-adjusting event.