

**ARUP**

**Arup North America Limited**

# Financial Statements and Reports

For the year ended 31 March 2023

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## Strategic report

The directors present their annual strategic report for Arup North America Limited (the “Company”) for the year ended 31 March 2023 which was approved by the Board of directors (the “Board”).

The Company is an indirect subsidiary of Arup Group Limited. Arup Group Limited with its subsidiaries is referred to as the “Arup Group”. The Board of directors of Arup Group Limited are referred to as the “Arup Group Board”.

No employees are directly employed by the Company.

### Review of the business

These are the results for the Company for the financial year ended 31 March 2023. The results show a loss for the financial year of £2,935,720 (2022: profit of £4,405,144). The net assets as at 31 March 2023 are £5,585,204 (2022: £11,704,900).

The size and operations of the business is expected to remain broadly stable on the basis of existing business and confirmed work, both of which are in line with the expectations of the business given the corporate restructure decision made in 2021.

### Risk management and key performance indicators

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. The Arup Group Board is ultimately responsible for the oversight of risk of the Arup Group and for maintaining a robust risk management and internal control system. Each region of the Arup Group has a Region Board that is primarily responsible for the management of the Arup Group’s risk and risk process, and specifically for the Company, which delegates the management of its risk to the Americas Region Board.

The principal area of risk for the Company is its ability to deliver the performance of existing projects in line with management’s objectives. The directors of the Company use the following key performance indicators (“KPIs”) which are monitored at Arup Group level, to review and monitor the profitability and performance of on-going projects.

- Profit before income tax is a key indicator of our ongoing financial resilience. The ability to generate an aggregate profit across our projects is key to our ability to continue to finance our business without recourse to external funding, to invest in the areas that are important to us, and to provide reasonable prosperity for our employees (“members”). As many of our projects span multiple financial years, the profit reported in any individual year can be distorted by a range of factors, however recurrent annual losses of significant scale would be a cause of concern needing to be addressed. For the year ended 31 March 2023, loss before income tax was £4,236,195 (2022: profit before tax of £6,284,305).

The Arup Group keeps current and emerging risk themes under close review. Risk areas prioritised for particular attention for the Company and other subsidiaries include climate, operational excellence, geopolitics, health, safety and wellbeing, reputation, and technological resilience. An Arup Group risk management process is in place, and subsidiaries are engaged directly in activities as applicable.

### Section 172(1) statement

The Board considers collectively and individually that they have made decisions during the financial year to 31 March 2023 that 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 Section 172(1) (a) to (f) of the Companies Act 2006 (“S.172(1)”).

The directors recognise that to progress the strategy and achieve long-term sustainable success, they must consider the stakeholders impacted by their decisions and satisfy themselves that those decisions uphold our purpose and values.

### How does it work in practice?

- Establishing the purpose, values, strategy, and culture – The Arup Group Board is responsible for deciding our strategy and for overseeing its implementation. The Company Board recognises that a positive culture comes from the very top and the Company Board is responsible for ensuring that our purpose and values are adhered to and lived by its former members.
- Decision making – The composition of the Company Board of the Company is a mix of directors with extensive Arup backgrounds, and a diverse set of skills, knowledge, experience, and competence, that are collectively key in the Company Board’s decision making. The Company Board provides rigorous evaluation and challenge as part of its decision making processes to enable the decisions taken to be ones that promote long-term sustainable success.
- Reporting – To enable informed decision making, throughout the course of the year statutory directors receive extensive reports from key areas of the business that include the likely long-term impact of a decision and how stakeholders have been considered in relation to the matter presented.
- Monitoring and oversight – throughout the course of the year statutory directors receive updates from management on key decisions and the actions taken in respect of them.

The Company Board, together with all other statutory directors within the Group, are required to undertake mandatory training on statutory director duties.

### Execution and principal decisions

The Company Board, delegates the day-to-day authority to a management team that has overall responsibility for business operations and performance, the delivery of annual business plans, the success and wellbeing of our members, delivering value and a high quality of service to our clients. Members of the Company Board are part of the management team. The Company Board receives operational reports from the management team throughout the course of the year. Matters reserved for the Company Board are in place.

The Board considers principal decisions to be ones that are material and make significant impact to the Company and its key stakeholder groups. No principal decisions were made by the Board during the year. The decisions made by the Board during the year are deemed to be routine in nature and are taken on a cyclical basis.

## Stakeholder engagement

The Board sets the framework within which day-to-day operational management, including stakeholder engagement, is carried out either by the Board itself or by management teams on its behalf. Regular engagement with our stakeholders, listening to them and taking on board any feedback, is key to achieving the long-term sustainability of the Arup Group.

### Members

Everyone employed by Arup Group is a member. We are a people business, and former members of the Company are the primary beneficiaries of the trusts that are shareholders of Arup Group Limited.

Arup Group Board and the Board engagement – the Arup Group Board and the Board engage with the members, directly or indirectly, in a number of different ways, including: an annual meeting as well as regular online sessions with the most senior management, Board visits to Arup offices and project sites, regular internal performance reporting, initiative-specific consultation and co-creation, and regular membership events (including ‘All Members’ calls). Our intranet also provides necessary and useful information, including global, regional and community news. The directors of the Company are a direct part of the engagement by way of their roles in the Arup Group.

### Clients

The clients who contract for services from within Arup Group are integral to who we are as a firm, providing both the income that sustains us and the opportunities to use our skills to deliver solutions. We work with our clients to deliver high quality work and build long-term trusted relationships across all our markets.

Each member of the Arup Group are responsible for creating and strengthening the relationships with our clients. Building relationships goes beyond the project work we are doing with clients at any one time and calls for us to understand the key aspects of their business, anticipate their needs and offer solutions they will value.

**Arup Group Board and the Company Board engagement** – The Arup Group Board and the Company Board engage with our clients by directly engaging on projects, sponsoring client relationships, and acting as convener and member in leading market organisations (such as the World Economic Forum). The Arup Group Board and Company Board provide direction and oversight of Arup’s Client Relationship Programme, an essential investment in driving higher value relationships and becoming our clients’ consultant of choice. The programme’s objectives are to deliver exceptional client experiences to develop a client-first mindset, and to be curious, generous and open in conversation with our clients and each other as One Arup. This will allow us to shape opportunities to suit our strengths, deliver value for our clients, and realise more sustainable outcomes.

The directors of the Company are a direct part of the engagement by way of their roles in the Arup Group.

**Priorities for 2023/2024** – To focus our investment in clients that match Arup Group’s purpose and strategy, enabling us to become a leader in sustainable development. This means ensuring we are working with clients that will work with us to shape a better world. We aim to understand how we should connect with clients based on their commitments to sustainable development, ensure we have a client mix that matches our business growth, work to clear client engagement plans that both accelerate the achievement of sustainable development commitments and deliver better business and community outcomes, and bring teams to our clients that can deliver on the full potential of our collaboration.

**Link to strategy** – Each of our client relationships is informed by and linked to the Arup Group strategy through our integrated and annual business planning processes. The Client Relationship Programme is a key enabler for our strategy and purpose, as a client centric approach will increase both the value we bring to our clients and our ability to deliver better and more sustainable outcomes for them and for society.

### Collaborators and suppliers

We have many close direct relationships including joint-ventures partners, contractors, consultants, and industry organisations.

**Arup Group Board and the Board engagement** – The Group Board has various engagement mechanisms including: holding senior positions in industry organisations e.g., the Royal Academy of Engineering, attendance at industry events, sub-consultant and supplier engagement on sustainable development approaches, engagement on compliance with modern slavery and human trafficking legislation.

The directors of the Company are a direct part of the engagement by way of their roles in the Arup Group. In addition, management reporting to the Company's Board meetings contains relevant information on projects and contracts. This reporting enables the Board to perform their duties as directors.

**Priorities for 2023/2024** – To work with suppliers and collaborators to ensure a continued focus on sustainable development and climate related issues.

**Link to strategy** – To deliver excellence and achieve our strategy, we need to supplement our own capacity with the expertise of others who share our values.

## Community and society

Our vision is to shape a better world and Arup Group engages with many parts of the society with those impacted or influenced by our work including end users, and communities local to our projects, charities, prospective members, and those who we can engage with to extend our influence.

Arup Group Board has committed to direct a proportion of our annual income to the Global Community Engagement programme, which delivers our charitable contribution to a more inclusive, resilient, and sustainable future for all, in particular underserved communities our commercial work might not reach.

**Arup Group Board and the Board engagement** – The Arup Group Board and the Board engage through the Arup Group's senior positions, and participation, in policy setting, government and regulatory forums; partnership with influencers e.g., Ellen McArthur Foundation, C40 Cities, World Business Council for Sustainable Development; membership of the World Economic Forum and UN Global Compact and Community Engagement programme. The directors of the Company are a direct part of the engagement by way of their roles in the Arup Group.

On behalf of the Board



Paul Anthony Coughlan

Director

19 October 2023

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

## Directors' report

The directors present their annual directors' report together with the audited financial statements for the Company for the year ended 31 March 2023 which was approved by the Board.

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

### Principal activities

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

### General information

The Company is a private limited company registered in England and Wales under company number 02094896 at registered address 8 Fitzroy Street, London, W1T 4BJ, United Kingdom. The Company's parent company is Arup Americas Inc. registered in the United States of America under company number 3207551 and the Company's ultimate parent company is Arup Group Limited registered in England and Wales under company number 1312454.

The Company will continue to operate in similar markets and is positioned to deliver the committed work in line with the expectations of the business.

### Dividends

Any dividends paid or declared in the financial year have been disclosed in note 19 to the financial statements.

### Directors

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

Coughlan, Paul Anthony  
 Cousins, Fiona Mary (Appointed 1 April 2022)  
 Nicholls, Nigel Roy (Appointed 1 April 2022)

### Directors' remuneration

No directors were employees of the Company, and no directors received any remuneration for services to 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 UK Companies Act 2006.

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

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

### Independent auditors

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

### Financial risk management

The Company's financial assets and liabilities comprise 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; and
- Liquidity risk: the Company does not have a bank account, however other Arup Group companies will receive cash and make payments on behalf of the Company.

Note 2 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 2 in the notes to the financial statements provides further information.

## 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. As a subsidiary operating within the Arup Group, the Company adopts and applies Arup Group's corporate governance framework to ensure that Arup Group's values, policies and processes are adhered to, and its members and businesses act in a clear, accountable and consistent manner.

This is implemented through a series of measures including:

- The Company have delegated responsibility to a management team, including matters reserved by the Company Board. The management team make the operational decisions and engage with the key stakeholders on behalf of the Company Board;
- The management team report back to the Company Board on a needs basis;
- The Company adheres to Arup Group's six core policies which are updated and adopted on an annual basis and apply across the business in the day-to-day operations. The policies are publicly available on Arup.com;
- A Business Integrity Code of Practice has been adopted and communicated to members which includes measures to recognise and prevent bribery, corruption, modern slavery and human trafficking;
- All directors (and members) must undertake compulsory code of conduct training and health and safety training on a triennial basis to reinforce ethical behaviour and a high standard of behaviour;
- The Company Board is appointed by the parent company to achieve a balance of local business knowledge and skills based on professional expertise and tenure with the Company;
- Each subsidiary company within the Arup Group keeps a register of directors' interests which is reviewed and updated at every board meeting. Subsidiary directors often hold cross-directorships within the Arup Group so all subsidiary company articles of association contain express provisions that directors may hold such positions without it being considered a conflict of interest; and
- A mandatory statutory directors' duties training module was introduced during 2021 for all statutory directors of Arup Group including the Company, in addition the module is supplemented by a Company specific induction by the company secretary.

## Carbon emissions

In October 2019 the Arup Group committed to be a net zero carbon organisation by March 2030, and that we would reduce absolute scope 1 and 2 Greenhouse Gas ("GHG") emissions 30% by March 2025 from a 2018/19 baseline year. The Arup Group has also committed to reduce absolute scope 3 GHG emissions 30% by March 2025 from a 2018/19 baseline year; this includes a target to reduce business travel by 50% from the baseline.

In November 2021 the Arup Group committed to undertaking whole lifecycle carbon assessments for all our buildings projects, new and retrofit, from April 2022. The Arup Group also announced it will not pursue any new energy commissions that support the extraction, refinement, or transportation of hydrocarbon-based fuels.

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

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

## Stakeholder engagement and S.172(1) statement

Pursuant to the Companies (Miscellaneous Reporting) Regulations 2018, we acknowledge the importance of stakeholder engagement and fulfilling our duties under S.172(1). Our strategic report provides a comprehensive account of our stakeholder engagement activities and our approach to fulfilling our S.172(1) obligations.

## 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



Paul Anthony Coughlan

Director

19 October 2023

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



# Independent auditors' report to the members of Arup North America Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, Arup North America Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 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, including 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 2023; the Income statement, the 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 2023 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, 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 UK Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate results

and potential management bias in accounting estimates and judgements. Audit procedures performed by the engagement team included:

- Gaining an understanding of the legal and regulatory framework applicable to the company and considering the risk of non-compliance by the company;
- Holding discussions with management, covering its consideration of known or suspected instances of non-compliance with laws and regulation that could give rise to a material misstatement;
- Addressing the risk of management override of controls through the testing of journals which met specific risk criteria, and evaluating whether there was evidence of management bias throughout our audit procedures;
- Reviewing critical accounting estimates in regards to the percentage completion and projected outcomes of projects and the recoverability of trade receivable and contract assets;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Understanding and evaluating management's controls designed to prevent and detect irregularities; and
- Reviewing minutes of meetings of those charged with governance.

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](http://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  
19 October 2023

## Income statement

For the year ended 31 March 2023

	Note	2023 £	2022 £
<b>Revenue</b>	4	78,157,780	96,798,770
Employee benefit expense	5	(624,014)	(2,519,461)
Charges from sub-consultants and other direct project expenses		(69,060,403)	(75,804,695)
Depreciation and amortisation expense		-	(908,626)
Accommodation		-	(31,055)
Communications and other overheads		(12,173,303)	(11,413,905)
Net (impairment losses) / reversal of impairment losses on financial and contract assets		(194,017)	302,157
		<u>(82,051,737)</u>	<u>(90,375,585)</u>
<b>Operating (loss) / profit</b>	7	(3,893,957)	6,423,185
Finance income	8	349	-
Finance costs	8	(342,587)	(138,880)
		<u>(4,236,195)</u>	<u>6,284,305</u>
<b>(Loss) / profit before income tax</b>			
Income tax credit / (charge)	9	1,300,475	(1,879,161)
		<u>(2,935,720)</u>	<u>4,405,144</u>

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 2023

	2023	2022
	£	£
<b>(Loss) / profit for the financial year</b>	<b>(2,935,720)</b>	<b>4,405,144</b>
<b>Other comprehensive income</b>		
<b>Items that may be reclassified subsequently to profit or loss</b>		
Currency translation gains	<u>816,024</u>	<u>636,899</u>
<b>Other comprehensive income for the year, net of tax</b>	<b>816,024</b>	<b>636,899</b>
<b>Total comprehensive (expense) / income for the year</b>	<b><u>(2,119,696)</u></b>	<b><u>5,042,043</u></b>

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

## Balance sheet

As at 31 March 2023

	Note	31 March 2023 £	31 March 2022 £
<b>Assets</b>			
<b>Non-current assets</b>			
Deferred income tax assets	14	9,075,063	860,886
		<u>9,075,063</u>	<u>860,886</u>
<b>Current assets</b>			
Contract assets	10	2,458,100	5,684,091
Trade and other receivables	11	69,223,246	39,849,430
		<u>71,681,346</u>	<u>45,533,521</u>
<b>Total assets</b>		<u>80,756,409</u>	<u>46,394,407</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	12	31,095,745	21,587,321
Contract liabilities	10	14,234,612	12,817,713
Provisions for other liabilities and charges	13	29,648,578	-
		<u>74,978,935</u>	<u>34,405,034</u>
<b>Non-current liabilities</b>			
Deferred income tax liabilities	14	134,732	284,473
Provisions for other liabilities and charges	13	57,538	-
		<u>192,270</u>	<u>284,473</u>
<b>Total liabilities</b>		<u>75,171,205</u>	<u>34,689,507</u>
<b>Net assets</b>		<u>5,585,204</u>	<u>11,704,900</u>

Balance sheet as at 31 March 2023

	Note	31 March 2023 £	31 March 2022 £
<b>Equity</b>			
Share capital	15	1,000,000	1,000,000
Retained earnings		4,585,204	10,704,900
<b>Total equity</b>		<u>5,585,204</u>	<u>11,704,900</u>

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

The financial statements on pages 10 to 27 were approved and authorised for issue by the Board of directors and signed on its behalf by:

*Paul Coughlan*

Paul Anthony Coughlan

Director

19 October 2023

## Statement of changes in equity

For the year ended 31 March 2023

	Share capital	Retained earnings	Total equity
	£	£	£
Balance as at 1 April 2021	<u>1,000,000</u>	<u>9,662,857</u>	<u>10,662,857</u>
Profit for the financial year	-	4,405,144	4,405,144
Currency translation gains	-	636,899	636,899
Other comprehensive income for the year	-	<u>636,899</u>	<u>636,899</u>
Total comprehensive income for the year	-	<u>5,042,043</u>	<u>5,042,043</u>
Dividends	-	(4,000,000)	(4,000,000)
Total transactions with owners, recognised directly in equity	-	<u>(4,000,000)</u>	<u>(4,000,000)</u>
Balance as at 31 March 2022	<u>1,000,000</u>	<u>10,704,900</u>	<u>11,704,900</u>
Loss for the financial year	-	(2,935,720)	(2,935,720)
Currency translation gains	-	816,024	816,024
Other comprehensive income for the year	-	<u>816,024</u>	<u>816,024</u>
Total comprehensive expense for the year	-	<u>(2,119,696)</u>	<u>(2,119,696)</u>
Dividends	-	(4,000,000)	(4,000,000)
Total transactions with owners, recognised directly in equity	-	<u>(4,000,000)</u>	<u>(4,000,000)</u>
<b>Balance as at 31 March 2023</b>	<u>1,000,000</u>	<u>4,585,204</u>	<u>5,585,204</u>



# Notes to the financial statements

For the year ended 31 March 2023

## 1 Incorporation

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

## 2 Significant accounting policies

### 2.1 Basis of preparation

The financial statements have been prepared in accordance with the Companies Act 2006 as applicable to companies using FRS 101. 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 3.

For the year ended 31 March 2022, the Company presented onerous contract provision net against contract assets and contract liabilities. For the year ended 31 March 2023, the Company has presented onerous contracts separately within provisions for other liabilities and charges. Had this been reflected as at 31 March 2022, the onerous contract provision would have been £696,000, which is not considered material. As such, the Company has not restated the 31 March 2022 comparatives.

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).

## 2.2 Going concern

The directors have a reasonable expectation that the Company has access to adequate resources to continue in operational existence for the foreseeable future. The Company continues to meet its day-to-day working capital requirements through its cash reserves and other financial support available within the Arup Group. The directors have also considered other factors which could have an adverse impact on the Company’s going concern assessment. 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 even after considering the downside scenario, it is satisfied that Arup Group can take sufficient mitigating action, where necessary, to ensure that resources remain sufficient over the forecasting period and that it has adequate resources to continue operations and provide financial support to the Company for the foreseeable future. As such, the Company’s financial statements have been prepared on the going concern basis.

## 2.3 Changes in accounting policies and disclosures

### New standards, amendments and interpretations

There are no amendments to accounting standards, or IFRS Interpretations Committee (“IFRIC”) interpretations that are effective for the year ended 31 March 2023 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 2023 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.

## 2.4 Accounting policies

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

### Foreign currency translation

#### Functional and presentation currency

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

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.

## Revenue

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

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

## Employee benefits

### Staff bonus

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

## 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.

## Contract assets and liabilities

### Contract assets

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

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

### Pre-contract costs

The 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.

### Contract liabilities

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

## Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are initially recognised at fair value and are subsequently measured at amortised cost.

## Trade and other payables

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

## Provisions for other liabilities and charges

Provisions 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.

A provision for onerous contracts is recognised when the expected benefits to be derived from a contract are lower than the unavoidable cost of meeting the obligations under the contract.

## Deferred income tax

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

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

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

## 3 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 2) 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 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 2023 and are satisfied that it is reasonable to include these contingencies. Based on the information available as at 31 March 2023, 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 is 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)**

The Company makes an estimate of the recoverable value of trade receivables and contract assets. When assessing impairment, management considers factors including the credit rating of the receivables, the ageing profile of receivables and historical experience. The Company applies the simplified approach for IFRS 9 when measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. See notes 10 and 11 for the net carrying amounts of contract assets and trade receivables and their associated impairment provisions.

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.

#### **Legal claims**

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

## 4 Revenue

The total revenue recognised in the year that was included in contract liabilities at the beginning of the year was £13,982,959 (2022: £14,360,842). The total revenue recognised in the year from performance obligations satisfied (or partially satisfied) in previous years was £634,383 (2022: £2,436).

	2023	2022
	£	£
<b>Revenue by destination</b>		
Americas	76,039,066	91,945,250
Middle East & Africa	1,539,200	3,872,644
Asia	401,384	751,207
United Kingdom	128,775	154,893
Europe	49,161	41,193
Australasia	194	33,583
	<u>78,157,780</u>	<u>96,798,770</u>

## 5 Employee benefit expense

	2023	2022
	£	£
Wages and salaries	553,769	1,901,330
Staff bonus	21,168	220,632
Social security costs	15,203	145,804
Pension contributions	33,874	163,527
Headcount reduction costs	-	3,671
Other staff costs	-	84,497
	<u>624,014</u>	<u>2,519,461</u>

<b>Average monthly number of people employed</b>	Number	Number
Engineering and technical staff	5	26
Administrative staff	1	-
	<u>6</u>	<u>26</u>

As at 31 March 2023, the Company did not employ any staff (2022: 9).

## 6 Directors' remuneration

No directors were employees of the Company and no directors received any remuneration for services to the Company (2022: nil).

## 7 Operating (loss) / profit

	2023	2022
	£	£
<b>This is stated after charging / (crediting):</b>		
During the year, the Company obtained the following services from the Company's auditors:		
– Audit of Company financial statements	98,319	56,821
Loss / (gain) on exchange from trading activities	335,345	(129,399)
Amortisation of intangible assets	-	15,594
Depreciation of property, plant and equipment	-	893,032
	<u>                    </u>	<u>                    </u>

## 8 Net finance costs

	2023	2022
	£	£
Interest expense - Arup Group undertakings	(342,587)	(138,207)
Other finance costs	-	(673)
<b>Total finance costs</b>	<u>(342,587)</u>	<u>(138,880)</u>
Other interest receivables	349	-
<b>Total finance income</b>	<u>349</u>	<u>-</u>
Net finance costs	<u>(342,238)</u>	<u>(138,880)</u>

Interest expense - Arup Group undertakings is in regards to an intercompany loan.

## 9 Income tax charge

### (a) Analysis of total income tax (credit) / charge

	2023	2022
	£	£
Current income tax		
– Non-UK: current income tax on profits for the year	7,242,410	840,763
Total current income tax	<u>7,242,410</u>	<u>840,763</u>
Deferred income tax (note 14)		
– Origination and reversal of temporary differences	(8,449,787)	1,038,398
– Effect of changes in tax rates	(60,302)	-
– Over provision of deferred income tax in respect of prior years	(32,796)	-
Total deferred income tax	<u>(8,542,885)</u>	<u>1,038,398</u>
<b>Total income tax (credit) / charge</b>	<u>(1,300,475)</u>	<u>1,879,161</u>

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

The tax assessed for the year is lower (2022: higher) than the amount computed at the standard rate of corporation tax in the UK 19% (2022: 19%).

The differences are explained below:

	2023	2022
	£	£
(Loss) / profit before income tax	<u>(4,236,195)</u>	<u>6,284,305</u>
(Loss) / profit before income tax multiplied by the standard rate of corporation tax in the UK	(804,877)	1,194,018
Effects of:		
Difference in taxable profit basis	(36,330)	-
Expenses not deductible for tax purposes	22,930	54,724
Research and development tax credits	-	(255,009)
Impact of non-UK tax	(235,392)	1,411,333
Remeasurement of deferred income tax - change in tax rates	(60,302)	(525,905)
Adjustment in respect of prior years	(186,504)	-
<b>Total income tax (credit) / charge</b>	<u>(1,300,475)</u>	<u>1,879,161</u>



**(c) Factors affecting current and future income tax charges**

For the year ended 31 March 2023, a local tax rate of 26.67% (2022: 29.49%) has been used to calculate deferred income tax assets and liabilities.

**10 Contract assets and liabilities**

<b>Contract assets</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Contract assets	2,641,103	5,721,545
Loss allowance	(183,003)	(37,454)
	<u>2,458,100</u>	<u>5,684,091</u>
<b>Contract liabilities</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Contract liabilities	<u>14,234,612</u>	<u>12,817,713</u>

**11 Trade and other receivables**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Trade receivables - net	13,341,135	17,063,740
Amounts due from Arup Group undertakings	26,980,775	22,630,440
Non-UK corporation tax receivable	81	-
Other receivables	28,901,255	45,433
Prepayments and accrued income	-	109,817
	<u>69,223,246</u>	<u>39,849,430</u>

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

<b>Trade receivables</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Trade receivables	15,319,843	18,983,548
Loss allowance	(1,978,708)	(1,919,808)
	<u>13,341,135</u>	<u>17,063,740</u>

**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 1-8.25% (2022: 1-8%).

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 (2022: nil).

## 12 Trade and other payables

	2023	2022
	£	£
Amounts owed to Arup Group undertakings	25,710,574	16,663,957
Accrued expenses	5,245,645	3,610,385
Other payables	139,526	1,312,979
	<u>31,095,745</u>	<u>21,587,321</u>

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

### Amounts owed to Arup Group undertakings

Amounts owed to 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 1-8.25% (2022: 1-8%).

## 13 Provisions for other liabilities and charges

2023	Legal claims	Onerous contract	Total
	£	£	£
Current	29,289,296	359,282	29,648,578
Non-current	-	57,538	57,538
	<u>29,289,296</u>	<u>416,820</u>	<u>29,706,116</u>
<b>Reconciliation of movement</b>			
Provisions charged to the income statement	30,047,280	427,607	30,474,887
Adjustment for exchange differences	(757,984)	(10,787)	(768,771)
<b>Balance as at 31 March</b>	<u>29,289,296</u>	<u>416,820</u>	<u>29,706,116</u>

The Company has settled claims, or is in the closing stages of settling claims, which were ongoing as at 31 March 2023 in connection with the Company's projects. The Company is accordingly recognising a provision in accordance with accounting standards and a receivable from insurance (refer to Note 11).

No legal provision was recognized in 2022.

## 14 Deferred income tax

The offset amounts are as follows:

	2023	2022
	£	£
Deferred income tax assets		
– deferred income tax assets to be recovered after more than 12 months	9,075,063	860,886
	<u>9,075,063</u>	<u>860,886</u>
Deferred income tax liabilities		
– deferred income tax liabilities to be recovered after more than 12 months	(134,732)	(284,473)
	<u>(134,732)</u>	<u>(284,473)</u>
<b>Deferred income tax assets (net)</b>	<u>8,940,331</u>	<u>576,413</u>

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

	2023	2022
	£	£
Balance at the beginning of the financial year	576,413	1,580,465
Deferred income tax credited / (charged) to the income statement	8,542,885	(1,038,398)
Adjustment for exchange differences	(178,967)	34,346
<b>Balance at the end of the financial year</b>	<u>8,940,331</u>	<u>576,413</u>

Deferred income tax liabilities	Accelerated tax depreciation	Other	Total
	£	£	£
At 1 April 2021	(822,128)	942,571	120,443
Charged / (credited) to the income statement	829,712	(676,363)	153,349
Adjustment for exchange differences	(7,584)	18,265	10,681
At 31 March 2022	<u>-</u>	<u>284,473</u>	<u>284,473</u>
Credited to the income statement	-	(168,525)	(168,525)
Adjustment for exchange differences	-	18,784	18,784
<b>At 31 March 2023</b>	<u>-</u>	<u>134,732</u>	<u>134,732</u>

<b>Deferred income tax assets</b>	Provisions	Other	Total
	£	£	£
At 1 April 2021	69,267	1,631,641	1,700,908
Charged to the income statement	(48,325)	(836,724)	(885,049)
Adjustment for exchange differences	1,405	43,622	45,027
At 31 March 2022	<u>22,347</u>	<u>838,539</u>	<u>860,886</u>
(Charged) / credited to the income statement	(23,824)	8,398,184	8,374,360
Adjustment for exchange differences	1,477	(161,660)	(160,183)
<b>At 31 March 2023</b>	<u>-</u>	<u>9,075,063</u>	<u>9,075,063</u>

## 15 Share capital

	2023	2022
	£	£
Issued, called up and fully paid:		
1,000,000 (2022: 1,000,000) ordinary shares of £1 each	1,000,000	1,000,000
	<u>1,000,000</u>	<u>1,000,000</u>

## 16 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 arranges and maintains professional indemnity insurance on behalf of all entities in the Arup Group.

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.

## 17 Related parties

The following transactions and year end balances were in relation to related parties that are not 100% owned by the Arup Group:

	2023	2022
	£	£
<b>Transactions with other related parties</b>		
Services provided	(1,804)	(60,584)
Services received	129,330	595,766
<b>Outstanding balances arising from sales / purchases of services</b>		
Net receivable	551,516	1,207,425

## 18 Controlling party

The immediate parent undertaking of Arup North America 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.

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.

## 19 Dividends

As at the date of the financial statements the directors do not recommend a dividend for the year ended 31 March 2023 (2022: £4.00 per share, amounting to a total dividend £4,000,000).