

Arcadis LLP

Annual Report and Financial Statements

Year ended 31 December 2020

Company Number: OC368843



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Corporate information

Designated members

Arcadis (BAC) Limited
N J Bellew
S J Bromhead
M A Cowlard

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London WC2N 6RH

Principal bankers

HSBC Bank plc
60 Queen Victoria Street
London EC4N 4TR

Registered office

80 Fenchurch Street
London
EC3M 4BY

Strategic report

For the year ended 31 December 2020

The members present their Strategic report for the year ended 31 December 2020.

Principal activities

Arcadis LLP ("the LLP") is a limited liability partnership registered in England and Wales.

The LLP is part of the Arcadis N.V. group ("the Group"). Arcadis is a full-service design, engineering and consultancy organisation. Our work spans the entire asset life cycle. We consult on full length projects, or even assist clients with their investment programmes, rather than individual projects. We know our industry sectors well and share that knowledge globally to provide best in class sustainable solutions to our clients.

Our expertise is in infrastructure, water, environment, and buildings. We offer our clients solutions comprising business advisory services, consulting, program, project & cost management, and design & engineering. We approach our clients' complex challenges with a carefully chosen combination of deep technical insights, solid business consulting skills, and strong management capabilities. This leads to sustainable outcomes for them at every stage. We translate our clients' sustainability policy into tangible measures in our projects and work hard at making our solutions as sustainable as possible. Increasingly, we pair this with digital capabilities, providing our clients with better user experience insights in the conceptual phase of projects, enhanced control during a project's realisation, and better insights into an asset's performance during its lifespan.

Increasingly, sustainability is a key to getting projects funded or accepted by society. It can bring benefits like pricing power, cost reductions, as well as reduction in risks and better access to capital. Sustainability is therefore a design principle when we develop our solutions for clients.

Consideration of stakeholders and factoring their views into our decision making

The designated members are aware of their duty under s.172 of the Companies Act 2006 to act in a way which they consider, in good faith, would be most likely to promote the success of the LLP for the benefit of its members as a whole.

At Arcadis, our core values guide us in everything we do, while we base business decisions on our strategy. Our primary aim is long-term value creation for all stakeholders. Through our client solutions, we are committed to contribute to the sustainable development agenda and have a positive impact on society, people and communities we serve.

Arcadis' value creation process aims to maximize the outcome of our business processes for all of our stakeholders through the efficient use of the capital at our disposal. Our overall focus is on long-term value creation, while our three-year strategy cycle allows us to update our market relevance regularly to stay aligned with stakeholder interests.

Strategic report (continued)

For the year ended 31 December 2020

Consideration of stakeholders and factoring their views into our decision making (continued)

Key stakeholders and measures we have in place include:

Employees – our “People First” approach ensures we care for each other and create a safe and respectful working environment where our people can grow, perform, and succeed. Focus on becoming the employer of choice including reducing voluntary churn, increase in female % of workforce, health & safety indicators. In the year we invested in our employee engagement, including implementing a leading engagement platform and carrying out a culture audit.

Clients – We gathered our client’s feedback through the Client Experience survey, as well as through meetings with key clients in all of our divisions. From these interactions, we confirm the main challenges our clients face are creating long term sustainability for their businesses and operations, digitalisation strategies and innovations to tackle challenges presented as a result of the Covid-19 pandemic.

Society – continued contribution to relevant United Nations Sustainable Development Goals (SDGs) through client solutions as well as our activities and contributions for our chosen charities.

Suppliers – active review and support including measurement of prompt payment performance on a monthly basis to ensure there is good liquidity in the supply chain. Our Global Purchasing Principles and Global Partnering Policy addresses sustainability, equality, diversity & inclusion, safety, health, environment and quality.

Review of the business

The LLP's revenues for 2020 were lower than the previous year due to the impact of the Covid-19 pandemic on a number of our Buildings markets. In addition, we saw a reduction in Aviation as airport operators stopped spend to mitigate the large reduction in passenger numbers.

The investment market remains strong, and our transaction advisory business continued to grow. A number of our financial institution clients paused their programmes to manage the pandemic effect; this reduced our workload in that area. Education institutions also slowed down investments with uncertainty around UK and overseas student numbers and the ability to deliver face to face education. Our health business, however, grew in the year as government investment in hospitals and the health care industry is key to support our societal ambitions both now and in the future. The range of services we are able to offer continues to drive growth in our local government business, where we have secured roles as strategic advisor and delivery support.

Energy resilience and transition to new sustainable energy sources continue to gather momentum. We are providing services across some of the major energy networks and nuclear clients.

We continue to provide cost & commercial services to key Infrastructure clients such as Network Rail, Highways England, and the Welsh Government.

The LLP's profit for the year before members’ remuneration and profit shares was £18.9m (year ended 31 December 2019: £20.0m). This is after amortisation of goodwill of £9.6m (2019: £9.6m).

As at 31 December 2020 the LLP had net assets of £48.0m (31 December 2019: £30.8m).

On 7 December 2020 the balance sheet of the LLP was further strengthened by the injection of an additional £25m of capital by Arcadis (BAC) Limited, the corporate member.

Strategic report (continued)

For the year ended 31 December 2020

Review of the business (continued)

The financial position, development and performance of the LLP as presented in these financial statements are considered satisfactory.

Significant events since the balance sheet date are outlined in the Members' Report below.

Key performance indicators

- Turnover £145.1m (2019: £174.0m)
- Operating profit before amortisation £28.5m (2019: £28.8m)
- Adjusted operating margin [operating profit before amortisation ÷ turnover] 19.7% (2019: 16.6%)
- Net current assets £40.5m (2019: £14.2m)

Adjusted operating margin excludes the impact of members' remuneration and amortisation.

Current trading and outlook

We monitor the market closely to identify trends and adjust our business appropriately. We believe that our balanced business line structure across Buildings, Infrastructure and WEESI (Water, Energy, Environment, Safety & Industry) combined with a mixture of global and local Clients will remain flexible to market changes. We have a strong order book and opportunity pipeline.

In November 2020, Arcadis NV announced shared its new 2021-2023 strategy, "Maximising Impact". We strongly believe megatrends will drive market opportunities for us and we have the experience, capability and solutions to address these. We see the key megatrends as urbanisation, climate change, digitalisation and societal expectations. Our services will be delivered through three business areas of Resilience, Places and Mobility.

Principal risks and uncertainties

The LLP considers the following key risks:

Strategic: Capability and innovation – rapidly changing market demands.

Market Risk: Risk of a deep recession and the impact of government spend as a result of the borrowing related to the Covid-19 pandemic.

Operational: Execution of projects, utilisation, and retention of key staff resources. Transformation programme; the risk that major change programme associated with the new strategy is not delivered effectively of cost efficiently.

Financial: A number of financial risks, as outlined in the Members' Report on pages 6 and 7.

Risk management and internal control systems are in operation and during the year risks were regularly monitored by the Board of Arcadis UK (Holdings) Limited across all its UK subsidiaries and businesses. These systems provide a means of identifying, evaluating and managing the significant risks facing the business.

Information Security and Technology Risk: the risk that confidentiality, integrity, and availability of data is compromised due to cyber-attacks.

Strategic report (continued)
For the year ended 31 December 2020

Employment policies

The LLP has no direct employees. All of the LLP's staff are employed by Arcadis Human Resources Limited ("AHR") and the LLP incurs a management charge for the provision of these staff.

AHR systematically provides employees with information on matters of concern to them, including the financial and economic factors that affect the performance of the LLP and the wider UK group.


Employees are regularly consulted so that their views can be taken into account in making decisions that are likely to affect their interests and are encouraged to be involved in the Arcadis group's performance through the employee share scheme. Our People First (PF) forum was created in order to give a voice to our people. Through the PF forum, people have the opportunity to share their views on key business issues. This allows them to shape and influence not just business decisions, but also the culture of Arcadis.

AHR encourages employment applications from candidates who identify as having a protected characteristic under the Equality Act 2010. This includes people with a disability, those from BAME and LGBT communities and people of different faiths.

AHR's Equality, Diversity and Inclusion Strategy, including alignment with the Business Disability Confident Scheme, guides the entire UK business in its inclusive policies, procedures and behaviours. For example, the Arcadis group looks to support people during their employment and seeks to ensure that no group of people holding protected characteristics are put at a disadvantage or discriminated against. The Reasonable Adjustment policy commits the group to making reasonable adjustments to an employee's working environment, should a disability or mental health need arise.

The Arcadis group has mandatory training on equality, diversity and inclusion for all new starters as well as bespoke training focusing on eliminating bias and creating an inclusive business. Training is open to everyone regardless of protected characteristic status.

On behalf of the members

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N J Bellew
Designated member

23 June 2021

Members' report

For the year ended 31 December 2020

The members of Arcadis LLP present their report and the audited financial statements of the LLP for the year ended 31 December 2020.

Designated members

The Designated Members who were in office during the year and up to the date of signing the financial statements are set out on page 1.

Review

The year saw the LLP perform well and maintain a strong balance sheet. The Designated Members are satisfied with the development and performance of the business during the year, and with the position of the LLP at the end of the year.

Future developments

The Designated Members believe the prospects for the LLP to be good, due to continuing demand for its services.

Employees

Employment policies are discussed in the Strategic report on page 5.

Financial risk management

The LLP's operations expose it to a variety of financial risks as outlined below. Risk management and internal control systems are in operation and during the year risks were regularly monitored by the board. These systems provide a means of identifying, evaluating and managing the significant risks facing the LLP.

Liquidity risk

Working capital and funding requirements are managed from available cash resources, or by making use of intercompany facilities as part of the Arcadis N.V. group.

Credit risk

The LLP's main exposure to credit risk relates to amounts due from customers. In line with the UK group policy, appropriate credit checks are performed on potential customers to identify potential risks. The LLP recognises the increased credit risk in the current economic climate and seeks to mitigate this through strong client relationships and advance payments.

Interest rate cash flow risk

There is some exposure to interest rate changes. The LLP's overall net interest income for 2020 was £200k (2019: net income of £902k).

Price risk

The nature of the LLP's financial instruments means that they are not subject to price risk.

Members' report (continued)

For the year ended 31 December 2020

Financial risk management (continued)

Foreign exchange risk

The LLP has some exposure to foreign exchange risk through transactions in currencies other than GBP sterling. Established procedures exist to monitor foreign exchange risks in accordance with policies set by the ultimate holding company, Arcadis N.V.

The principal risks and uncertainties for the group are disclosed in the 2020 Annual Report of Arcadis N.V. (the ultimate parent undertaking and controlling party (pages 159 to 173)), available at: www.arcadis.com.

Post balance sheet events

There are no material events affecting the LLP to be reported since the year end.

Going concern

The Board of Arcadis UK (Holdings) Limited, which manages risk across all its UK subsidiaries and businesses, has considered the impact of the COVID-19 virus on the LLP's ability to continue as a going concern.

The LLP continues to meet its day-to-day working capital requirements through its cash reserves and borrowings. The LLP's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the LLP should be able to operate within the level of its current cash reserves, borrowing facilities and additional financing that can be made available by the ultimate parent Arcadis N.V. The directors have a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future. The LLP therefore continues to adopt the going concern basis in preparing its financial statements.

Transactions with members

The members, including the corporate member, participate fully in the firm's profits and losses, share the risks and subscribe to the LLP's capital.

An individual member's capital requirement is linked in part to their share of profit and the financing requirements of the LLP. There is no opportunity for appreciation of the capital subscribed. Just as incoming members introduce their capital at 'par', so retiring members are repaid their capital at 'par' as soon as practicable after leaving.

Members' report (continued)

For the year ended 31 December 2020

Transactions with members (continued)

The LLP Agreement and further members' deed govern the rights of members regarding drawings. Subject to the retention policy in relation to members' profits and losses, all partners are entitled to draw down the balance in full on their distribution account. If statutory accounts, for any accounting year as audited and approved, indicate drawings in excess of profit share, then said sums shall remain outstanding until repaid out of future profits.

All of the profits are allocated to the members and these are distributed to the members after the year end. In accordance with the LLP Statement of Recommended Practice ('LLP SORP'), automatic allocations of profits to members are treated as an expense in the Statement of Comprehensive Income and treated as a liability within loans and other debts due to members.

Statement of members' responsibilities in respect of the financial statements

The members are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law, as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the "Regulations"), requires the members to prepare financial statements for each financial year. Under that law the members have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, as applied to limited liability partnerships, members 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 LLP and of the profit or loss of the LLP for that period. In preparing the financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 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 LLP will continue in business

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

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

Members' report (continued)
For the year ended 31 December 2020

Statement of disclosure of information to auditors

The members consider that the annual report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the LLP's position and performance, business model and strategy.

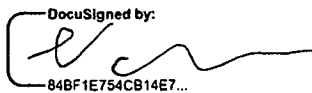
In the case of each designated member in office at the date the Members' Report is approved:

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

Independent auditors

The auditors, PricewaterhouseCoopers LLP, were appointed during the year and have indicated their willingness to continue in office. A resolution that they be re-appointed will be proposed at the Annual General Meeting.

On behalf of the members

DocuSigned by:

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N J Bellew
Designated Member

23 June 2021

Independent auditors' report to the members of Arcadis LLP

Report on the audit of the financial statements

Opinion

In our opinion, Arcadis LLP's financial statements:

- give a true and fair view of the state of the LLP's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

We have audited the financial statements, included within the Annual Report, which comprise: the Statement of financial position as at 31 December 2020; the Income statement, the Reconciliation of members' interests for the year then ended 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 LLP 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 LLP'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 members' 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 LLP's ability to continue as a going concern.

Our responsibilities and the responsibilities of the members 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 members 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 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.

Independent auditors' report to the members of Arcadis LLP (continued)

Responsibilities for the financial statements and the audit

Responsibilities of the members for the financial statements

As explained more fully in the Statement of members' responsibilities, the members 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 members 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 members are responsible for assessing the LLP'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 members either intend to liquidate the LLP 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 LLP and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation, employment law, pension regulations, data privacy law, industry regulations and contracts law, 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 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. 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 potential management bias in accounting estimates including the applying principles of revenue recognition for long term contracts and recoverability of WIP and the inappropriate journal postings to manipulate financial results. Audit procedures performed by the engagement team included:

- enquiry of management, those charged with governance and the entity's in-house legal and compliance team around actual and potential litigation and claims;
- reviewing minutes of meetings of those charged with governance;
- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and
- auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness and testing accounting estimates (because of the risk of management bias).

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 members of the partnership as a body in accordance with the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 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.

Independent auditors' report to the members of Arcadis LLP (continued)

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 as applicable to limited liability partnerships 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 LLP, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

DocuSigned by:


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Jonathan Hook (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
23 June 2021

Income statement
For the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Turnover	3	145,090	174,019
Staff costs	5	(75,586)	(96,860)
Amortisation of intangible assets		(9,612)	(9,612)
Depreciation of tangible assets		(19)	(32)
Other operating expenses		(41,163)	(48,402)
Operating profit	4	18,710	19,113
Finance income		205	914
Finance costs		(5)	(12)
Finance income - net	6	200	902
Profit for the year before members' remuneration and profit shares		18,910	20,015
Members' remuneration charged as an expense	7	(18,910)	(20,015)
Total comprehensive income for the year available for discretionary division among members		-	-

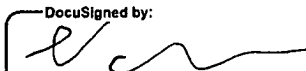
The above income statement should be read in conjunction with the accompanying notes.

Statement of financial position
As at 31 December 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Intangible assets	9	8,009	17,621
Tangible assets	10	793	80
		8,802	17,701
Current assets			
Debtors	11	98,127	101,656
Cash and cash equivalents		15,203	1,135
		113,330	102,791
Creditors: amounts falling due within one year	12	(72,509)	(88,545)
Provisions for liabilities	13	(299)	-
Net current assets		40,522	14,246
Total assets less current liabilities		49,324	31,947
Creditors: amounts falling due after more than one year			
Provisions for liabilities	13	(1,352)	(1,187)
Net assets attributable to members		47,972	30,760
Represented by:			
Loans and other debts due to members within one year			
Members' capital classified as a liability	14	26,732	13,770
Other amounts	14	21,240	16,990
		47,972	30,760
Total members' interests			
Members' capital classified as a liability	14	26,732	13,770
Loans and other debts due to members	14	21,240	16,990
		47,972	30,760

The above statement of financial position should be read in conjunction with the accompanying notes.

The financial statements on pages 13 to 33 were authorised for issue by the designated members of Arcadis LLP on 23 June 2021 and were signed on its behalf by:

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N J Bellew
Designated member

Reconciliation of members' interests
For the year ended 31 December 2020

	Loans and other debts due to members £'000	Total £'000
Balance at 1 January 2019	43,819	43,819
Members' remuneration charged as an expense including employment and retirement benefit costs	20,015	20,015
Members' interests after profit for the year	63,834	63,834
Members' capital introduced	901	901
Members' capital repaid	(875)	(875)
Drawings and distributions	(33,100)	(33,100)
Balance as at 31 December 2019	30,760	30,760
Balance at 1 January 2020	30,760	30,760
Members' remuneration charged as an expense including employment and retirement benefit costs	18,910	18,910
Members' interests after profit for the year	49,670	49,670
Members' capital introduced	25,815	25,815
Members' capital repaid	(195)	(195)
Drawings and distributions	(27,318)	(27,318)
Balance as at 31 December 2020	47,972	47,972

The LLP has no equity and consequently a Statement of changes in equity is not given.

The above reconciliation of members' interests should be read in conjunction with the accompanying notes.

Notes to the financial statements

For the year ended 31 December 2020

1. General information and statement of compliance

The principal activities of the LLP are the provision of natural and built asset design and consultancy services.

Arcadis LLP is a Limited Liability Partnership incorporated in England and Wales. The address of its registered office is:

80 Fenchurch Street
London
EC3M 4BY

The individual financial statements of Arcadis LLP have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102"). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 as applicable to entities using FRS 102.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The LLP has adopted FRS 102 in these financial statements.

2.1 Basis of preparation

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates.

It also requires management to exercise its judgement in the process of applying the entity's accounting policies. The areas involving a high degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.19.

The following exemptions have been applied in the preparation of these financial statements, in accordance with FRS 102:

- certain disclosure requirements of Section 26 in respect of share based payments on the basis that the share based payment concerns equity instruments of another group entity; and in the equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated. FRS 102 paras 26.18(b), 26.19 – 26.21, 26.23;
- certain financial instrument disclosures on the basis that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated. FRS 102 paras 11.39 – 11.48A, 12.26 – 12.29.
- preparation of a statement of cash flows, on the basis that Arcadis LLP is a qualifying entity and its ultimate parent company, Arcadis N.V., includes the LLP's cash flows in its own consolidated financial statements. FRS 102 para 1.12(b).
- from disclosing the LLP key management personnel compensation, as required by FRS 102 paragraph 33.7.

Notes to the financial statements (continued)

For the year ended 31 December 2020

2. Summary of significant accounting policies (continued)

2.2 New standards, amendments and interpretations adopted by the LLP

There were no new standards, amendments and interpretations adopted by the LLP during the year.

2.3 Going concern

The financial statements have been prepared on the going concern basis, with net current assets of £40,522k (2019: £14,246k).

The Board of Arcadis UK (Holdings) Limited, which manages risk across all its UK subsidiaries and businesses, has considered the impact of the COVID-19 virus on the LLP's ability to continue as a going concern.

The LLP continues to meet its day-to-day working capital requirements through its cash reserves and borrowings. The LLP's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the LLP should be able to operate within the level of its current cash reserves, borrowing facilities and additional financing that can be made available by the ultimate parent Arcadis N.V. The members have a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future. The LLP therefore continues to adopt the going concern basis in preparing its financial statements.

2.4 Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for services rendered, stated net of discounts and value added taxes.

The LLP recognises turnover when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for the LLP's activities, as described below. The LLP bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of services

The LLP sells design and consultancy services for natural and built assets.

Notes to the financial statements (continued)

For the year ended 31 December 2020

2. Summary of significant accounting policies (continued)

2.4 Turnover (continued)

For sales of services, revenue is recognised in the accounting period in which the services are rendered.

(b) Contract work in progress

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion. Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the end of the reporting period.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that it may have been agreed with the customer and are capable of being reliably measured. The LLP uses the "percentage-of-completion method" to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. On the balance sheet, the LLP reports the net contract position for each contract as either an asset or a liability. A contract represents an asset where costs incurred plus recognised profits (less recognised losses) exceed progress billings; a contract represents a liability where the opposite is the case.

Where the outcome of a contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

(c) Time-based contracts

Revenue on time-based products is recognised in line with labour hours delivered.

2.5 Taxation

Taxation payable on the LLP's profits is solely the personal liability of the individual members and consequently neither taxation nor related deferred taxation arising in respect of the LLP are dealt with in these financial statements.

2.6 Goodwill

Goodwill arising on the acquisition of a subsidiary undertaking or an unincorporated business is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Positive goodwill is capitalised and amortised through the profit and loss account to nil by equal annual instalments over the Board's estimate of its useful economic life, which is 10 years.

Notes to the financial statements (continued)

For the year ended 31 December 2020

2. Summary of significant accounting policies (continued)

2.7 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment and whenever events or changes in circumstance indicate that the carrying amount may not be recoverable.

Assets that are subject to amortisation and depreciation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may 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 to sell and value in use. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8 Tangible fixed assets and depreciation

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all fixed assets evenly over their expected useful lives. It is calculated at the following rates:

Restoration assets	Over the period of the lease or break clause date
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2.9 Financial Instruments

The LLP has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Notes to the financial statements (continued)

For the year ended 31 December 2020

2. Summary of significant accounting policies (continued)

2.9 Financial instruments (continued)

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate.

The LLP does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.10 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and bank overdrafts.

In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

Notes to the financial statements (continued)

For the year ended 31 December 2020

2. Summary of significant accounting policies (continued)

2.11 Provisions for claims

In common with comparable businesses, the LLP was involved in a number of disputes in the ordinary course of business which may give rise to claims. Provision is made in the financial statements for all claims where costs are likely to be incurred and represents the cost of defending and concluding claims. The LLP carries professional indemnity insurance and no separate disclosure is made of the cost of claims covered by insurance.

2.12 Contingencies

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the LLP's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

2.13 Classification of members' capital of the partnership

The members' capital of the LLP is treated as a liability, as the partnership does not have an unconditional right to avoid repaying the capital.

2.14 Allocation of profits and drawings

The LLP Agreement and further members' deed govern the rights of members regarding drawings. Subject to the retention policy in relation to members' profits and losses all partners are entitled to draw down the balance in full on their distribution account. If statutory accounts for any accounting period, as audited and approved, indicate drawings in excess of profit share, then said sums shall remain outstanding until repaid out of future profits.

All of the profits are allocated to the members and these are distributed to the members after the year end. In accordance with the LLP Statement of Recommended Practice ('LLP SORP') automatic allocations of profits to members are treated as an expense in the Statement of comprehensive income and treated as a liability within Loans and other debts due to members.

2.15 Financial risk management

The Board manages the LLP's exposure to price risk, credit risk, liquidity risk, and cash flow risk, considering its potential impact on the business. In particular, the Board ensures that, by managing client relationships effectively, income and profit streams are maintained, and accordingly the demand for natural and built asset design and consultancy services is maintained.

The LLP's policy in respect of liquidity risk is to maintain intra group financing and readily accessible bank deposit accounts to ensure the LLP has sufficient funds for operations. Cash flow is managed as part of the day to day control procedures, and the board ensure that appropriate facilities are available to be drawn upon as necessary.

The LLP's policy in respect of credit risk is to require appropriate credit checks on potential customers before sales are made. The business proactively manages its debtors to ensure timely collection and a review of overdue accounts.

Notes to the financial statements (continued)

For the year ended 31 December 2020

2. Summary of significant accounting policies (continued)

2.16 Related party transactions

The LLP discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

2.17 Post-retirement benefits

Certain of the employees of Arcadis Human Resources Limited provided to the LLP participate in the EC Harris Group Pension Scheme which provides benefits based on final pensionable pay. The plan is closed for future accrual from 31 January 2011. The assets of the scheme are held separately from those of the LLP.

The LLP is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

2.18 Foreign currency translation

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on retranslation are included in the income statement. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

The financial statements are presented in sterling to the nearest thousand (£'000).

2.19 Critical accounting judgements and estimation uncertainty

The LLP makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom 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.

(a) Useful economic lives of property, plant and equipment

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 10 for the carrying amount of the property plant and equipment and note 2.8 for the useful economic lives for each class of assets.

(b) Carrying value of trade receivables, amounts recoverable on contracts and other receivables

The LLP makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 11 for the net carrying amount of the debtors and associated impairment provision.

Notes to the financial statements (continued)

For the year ended 31 December 2020

2. Summary of significant accounting policies (continued)

2.19 Critical accounting judgements and estimation uncertainty (continued)

(c) Carrying value of goodwill

The LLP tests annually whether goodwill has suffered any impairment, in accordance with the LLP's accounting policy.

In determining the recoverable amount of all cash generating units it is necessary to make a series of assumptions to estimate the present value of future cash flows. In each case, these key assumptions have been made by management reflecting past experience and future expectations. The main assumptions within forecast operating cash flows include the achievement of future sales, the costs to be incurred and the anticipated after-tax profit.

(d) Revenue recognition

The LLP uses the percentage of completion method in accounting for its fixed price contracts to deliver services. Use of the percentage of completion method requires the LLP to estimate the work performed to date as a proportion of the expected work for the whole contract. The LLP will also assess the ability to bill and collect these amounts when determining revenue to be recognised.

Due to the volume and complexity of the LLP's many contracts in existence at any one time it is not practicable to quantify how changes to the assumptions used for each individual contract would affect the LLP's financial statements.

When it is probable that total contract costs will exceed total contract revenue, the expected loss shall be recognised as an expense immediately.

3. Turnover

Analysis of turnover by geography

	2020 £'000	2019 £'000
United Kingdom	141,335	167,164
Europe	1,755	5,309
Rest of World	2,000	1,546
	<u>145,090</u>	<u>174,019</u>

Notes to the financial statements (continued)
For the year ended 31 December 2020

4. Operating profit

This has been stated after charging:

	2020	2019
	£'000	£'000
Staff costs (note 5)	75,586	96,860
Depreciation of tangible assets	19	31
Amortisation of intangibles	9,612	9,612
Impairment of trade receivables	146	340
Foreign exchange losses	35	210
Operating lease charges – land & buildings	<u>1,961</u>	<u>2,551</u>

Operating lease charges include recharged amounts from other entities in the group headed by Arcadis UK (Holdings) Limited.

Auditors' remuneration of £128k was incurred by the LLP in respect of audit work performed in the UK. No fees were payable to the LLP's auditors and its associates for any other services in the current or prior years.

5. Employees

	2020	2019
	£'000	£'000
Staff costs consist of:		
Management charge for provision of staff	<u>75,586</u>	<u>96,860</u>

All of the LLP's staff are employed by Arcadis Human Resources Limited. The average full-time equivalent number of staff working on projects undertaken by the LLP in the year is 1,160 (2019: 1,361). The management charge for the provision of staff is payable in respect of these costs. The management charge includes the cost of pension contributions.

Notes to the financial statements (continued)
For the year ended 31 December 2020

6. Finance income - net

	2020	2019
	£'000	£'000
Interest received from intercompany loans	(205)	(914)
Interest expense	5	12
	<hr/>	<hr/>
Total finance income- net	(200)	(902)
	<hr/> <hr/>	<hr/> <hr/>

7. Profit for the year before members' remuneration and profit shares

Profits are shared among the members each period in accordance with agreed profit sharing arrangements and include interest on members' funds, as illustrated in the table below:

	2020	2019
	£'000	£'000
Remuneration including employment and retirement benefit costs	22,959	22,880
Interest on capital	255	309
Profit share (automatic division of profits)	7,474	8,737
	<hr/>	<hr/>
Total members' remuneration	30,688	31,926
Less:		
Amounts absorbed by corporate member	(11,778)	(11,911)
	<hr/>	<hr/>
Members' remuneration charged as an expense in the Statement of comprehensive income	18,910	20,015
	<hr/> <hr/>	<hr/> <hr/>

The average number of members during the year was:

	2020	2019
	Number	Number
Full members	149	152
	<hr/>	<hr/>

Notes to the financial statements (continued)

For the year ended 31 December 2020

7. Profit for the year before members' remuneration and profit shares (continued)

The amount of profit attributable to the member with the largest entitlement was:

	2020 £'000	2019 £'000
Profit share	755	632

The 2020 profit share disclosed above has been calculated by reference to the 2019 profit share, which was allocated to individual members and paid during 2020, along with their remuneration and interest on capital for 2020.

8. Taxation on profit on ordinary activities

The financial statements do not incorporate any charge or liability for Income or Corporation tax on the results of the LLP, as the relevant tax is the responsibility of the individual members and the corporate member.

9. Intangible assets

	Goodwill £'000	Total £'000
Cost		
At beginning of year	96,119	96,119
At end of year	<u>96,119</u>	<u>96,119</u>
Accumulated amortisation		
At beginning of year	78,498	78,498
Charged for the year	9,612	9,612
At end of year	<u>88,110</u>	<u>88,110</u>
Net book value		
At 31 December 2019	17,621	17,621
At 31 December 2020	<u>8,009</u>	<u>8,009</u>

Notes to the financial statements (continued)
For the year ended 31 December 2020

10. Tangible assets

2020	Restoration assets £'000	Total £'000
Cost		
At beginning of year	132	132
Additions	732	732
Disposals	(36)	(36)
At end of year	828	828
Accumulated depreciation		
At beginning of year	52	52
Charge for the year	19	19
Disposals	(36)	(36)
At end of year	35	35
Net book value		
At 31 December 2019	80	80
At 31 December 2020	793	793

Notes to the financial statements (continued)
For the year ended 31 December 2020

11. Debtors

	2020	2019
	£'000	£'000
Trade receivables	14,925	19,760
Amounts owed by group undertakings	74,151	66,353
Amounts owed by other related parties (note 17)	-	119
Other debtors	119	129
Prepayments and accrued income	8,932	15,295
	98,127	101,656

Amounts owed by group undertakings at 31 December 2019 included a loan facility to Arcadis N.V. amounting to £41,156k. The maximum principal amount allowable under the agreement was £80,000k. The loan accrued interest at 3 month GBP Libor + 0.50% per annum. It was cleared in 2020, leaving a nil balance at 31 December 2020.

All other amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Trade receivables are stated after provisions for impairment of £202k (2019: £811k).

12. Creditors: amounts falling due within one year

	2020	2019
	£'000	£'000
Trade creditors	10,295	10,636
Amounts owed to group undertakings	2,803	45,956
Taxation and social security	34,600	13,652
Accruals and deferred income	24,811	18,301
	72,509	88,545

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Notes to the financial statements (continued)
For the year ended 31 December 2020

13. Provisions for liabilities

	Vacant properties £'000	Legal and similar costs £'000	Dilapidations £'000	Total £'000
At 1 January 2019	410	338	860	1,608
Provided during the year	-	225	1	226
Released during the year	(149)	(75)	-	(224)
Utilised during the year	(261)	(168)	-	(429)
Unwinding of discount	-	-	6	6
At 31 December 2019	-	320	867	1,187
At 1 January 2020	-	320	867	1,187
Provided during the year	-	41	1	42
Released during the year	-	(61)	-	(61)
Additional liability capitalised during the year	-	-	732	732
Utilised during the year	-	(254)	-	(254)
Unwinding of discount	-	-	5	5
At 31 December 2020	-	46	1,605	1,651

Vacant properties

The provision relating to the Manchester 5th Floor Piccadilly Place onerous property lease was fully utilised in 2019.

Legal and similar costs

These provisions represent the amount provided for on claims from clients whereby they are not satisfied with the services provided by Arcadis LLP. The provisions are management's best estimates of the financial risk at the balance sheet date (see note 2.11). These provisions are kept under continuous review.

Dilapidations provisions

The provision relates to repairs and reinstatement costs in respect of the LLP's offices. During the year the LLP capitalised £0.7m which represents the present obligation to reinstate the leasehold properties. The remainder of the liability is being accrued over the remaining life of the lease. The provision has been recognised at present value and a corresponding asset has been recognised (see note 10). Of the total of £1.6m, £0.3m is designated as current.

Notes to the financial statements (continued)
For the year ended 31 December 2020

14. Members' interests

2019	Loans and other debts due to members £'000	Total £'000
Members' capital classified as a liability	25,792	25,792
Other amounts due to members	18,027	18,027
Balance at 1 January 2019	43,819	43,819
Members' remuneration charged as an expense including employment and retirement benefit costs	20,015	20,015
Members' interest after profit for the year	63,834	63,834
Members' capital introduced	901	901
Members' capital repaid	(875)	(875)
Drawings and distributions	(33,100)	(33,100)
Closing balance as at 31 December 2019	30,760	30,760
Members' capital classified as a liability	13,770	13,770
Other amounts due to members	16,990	16,990
Closing balance as at 31 December 2019	30,760	30,760
	Loans and other debts due to members £'000	Total £'000
2020		
Members' capital classified as a liability	13,770	13,770
Other amounts due to members	16,990	16,990
Balance at 1 January 2020	30,760	30,760
Members' remuneration charged as an expense including employment and retirement benefit costs	18,910	18,910
Members' interest after profit for the year	49,670	49,670
Members' capital introduced	25,815	25,815
Members' capital repaid	(195)	(195)
Drawings and distributions	(27,318)	(27,318)
Closing balance as at 31 December 2020	47,972	47,972
Members' capital classified as a liability	26,732	26,732
Other amounts due to members	21,240	21,240
Closing balance as at 31 December 2020	47,972	47,972

Notes to the financial statements (continued)

For the year ended 31 December 2020

14. Members' interests (continued)

All members are obliged to contribute capital on admission to Arcadis LLP.

The basis on which profits are allocated is described in note 2.14. Information concerning distributions to members and the number of members is given in note 7.

In the event of a winding up, loans and other debts due to members rank equally with unsecured creditors and no additional protection is afforded to creditors. Members' capital contributions are determined by the Management Board having regard, inter alia, to the working capital needs of the business.

15. Capital and other commitments

The LLP had the following future minimum lease payments under non-cancellable operating leases:

	Land and buildings	Other	Land and buildings	Other
	2020	2020	2019	2019
	£'000	£'000	£'000	£'000
Within one year	470	83	539	104
In two to five years	10,998	84	1,882	137
Over 5 years	13,396	-	528	-
	24,864	167	2,949	241

In 2020, a significant new lease was entered into for a new London office, leading to the increase in commitments at year end.

16. Contingent liabilities

The LLP is involved in various legal claims and proceedings as a result of its normal course of business, either as a claimant or a defendant. The LLP ensures that these cases are firmly defended.

All legal claims are assessed on a regular basis in consultation with in-house and outside legal counsels.

Provisions are accrued for only where management believe it is probable that a liability has occurred and can be estimated reliably (see note 2.12).

Since the ultimate disposition of asserted claims cannot be predicted with certainty, final settlement can differ from the estimate, and could require revisions to the estimated provision. This could have a material effect on the LLP's financial position.

Notes to the financial statements (continued)

For the year ended 31 December 2020

17. Related party transactions

TECHT Limited is an associated undertaking, 50% owned by a subsidiary of Arcadis N.V., the LLP's ultimate parent undertaking.

Arcadis LLP has made sales to TECHT Limited totalling £222k (2019: £532k) in the year.

At the year-end TECHT Limited owed Arcadis LLP £Nil (2019: £119k).

18. Post-retirement benefits

Certain employees of Arcadis Human Resources Limited provided to the LLP participated in the EC Harris Group Pension Scheme which provides benefits based on final pensionable pay. Because the LLP is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis the scheme has been accounted for, in these financial statements, as if the scheme was a defined contribution scheme. The plan was closed for future accrual as from 31 January 2011.

The latest actuarial valuation was carried out at 5 April 2018 and was updated for IAS 19 purposes to 31 December 2020 by a qualified independent actuary. The assumptions used for IAS 19 are broadly consistent with the requirements of FRS 102. The total scheme deficit as at 5 April 2018 was £3,400,000.

Contributions to the pension scheme were £1,404,000 (2019: £1,921,000). The contributions for 2021, under the current deficit recovery plan, will be £468,000.

19. Financial instruments

The LLP has the following financial instruments:

	2020	2019
	£'000	£'000
Financial assets that are debt instruments measured at amortised cost		
- Trade receivables	14,925	19,760
- Amounts owed by group undertakings	74,151	66,353
- Related parties	-	119
- Other debtors	119	129
- Prepayments and accrued income	8,932	15,295
	98,127	101,656

Notes to the financial statements (continued)
For the year ended 31 December 2020

19. Financial instruments (continued)

	2020	2019
	£'000	£'000
Financial liabilities measured at amortised cost		
- Trade creditors	10,295	10,636
- Amounts owed to group undertakings	2,803	45,956
- Taxation and social security	34,600	13,652
- Accruals and deferred income	24,811	18,301
	72,509	88,545

20. Post balance sheet events

There are no material events affecting the LLP to be reported since the year end.

21. Ultimate parent company

The LLP's immediate parent undertaking is Arcadis (BAC) Limited, part of the UK group headed by Arcadis UK (Holdings) Limited.

The ultimate parent undertaking and controlling party is Arcadis N.V., a company incorporated in the Netherlands.

The smallest and largest group in which the results of the LLP are consolidated is that headed by Arcadis N.V.

The consolidated financial statements of Arcadis N.V. are available at: www.arcadis.com.