ARUP

Arup Group Limited

Financial Statements and Reports

For the year ended 31 March 2024

Registration number: 1312454

Contents

Chair's foreword

Introduction

In my early career as an urban planner I was privileged to join Arup and become a member of teams delivering major projects and setting new standards for sustainable urban development. Today, I'm honoured to lead Arup's 18,000-strong global membership as Arup Group Chair (the "Chair"), as we partner with clients to shape a better world. My term as chair began in April 2024 when I succeeded Dr Alan Belfield, whose sound stewardship guided us over a five-year period when the world faced a series of remarkable challenges, including a global pandemic.

The rapidly changing nature of our world means our clients recognise they face new and profound challenges. I have no doubt that Arup's enduring strengths, founded on robust values and outstanding people, means we are well positioned to partner with our clients, as they navigate change and identify emerging opportunities.

Global climate change, supply chains under pressure, and the accelerating evolution of game-changing technologies demand clear-sighted and agile responses. The depth of Arup's talent pool, allied with our long-standing culture of confronting, and resolving successfully, the most complex challenges facing our clients are the reasons why I believe we have a sound foundation for continued success.

Our financial and commercial performance

During the financial year ending 31 March 2024, Arup Group delivered a reasonable performance in the face of increasingly complex market conditions. Our business grew, profitability remained broadly stable, and our overall pipeline of future work at financial year-end was solid. In FY 2023/24 our global revenue grew by 2% to reach a record of £2.2bn. We achieved an operating profit of 3.9% before applying our profit share scheme, which benefits all of our members worldwide.

Behind these headline figures, we navigated a business environment often characterised by geopolitical instability, economic headwinds, and slowdowns in government investment. These issues impacted our performance in some markets, however our total workload continued to grow, with our teams in the Americas and South East Asia delivering notably strong performances. Equally, we grew well in priority sectors, including energy, water, technology, building retrofit, and transport.

Like many businesses worldwide, our operations are subject to regular attacks from criminals. Despite our substantial investment in cyber and other defence measures, in January 2024 one of these attempts was successful, with criminals using fake voice, signatures and images to execute a fraud. Our project delivery to clients continued uninterrupted throughout and the attack did not impact our networks or financial stability. This attack has prompted a thorough review of our governance and processes, and we plan to share what we have learned about the new threat environment with our clients and wider audiences.

Driving down our emissions

As planners, designers, engineers, and consultants working across the built environment, we play an increasingly vital role in enabling our clients to adopt the most efficient and cost-effective ways to reduce their greenhouse gas emissions. Alongside emission mitigation, we work with clients across all geographies to advance the design of more resilient infrastructure, particularly critical assets and networks upon which we all rely. Recent extreme weather events underline the importance of embedding resilience to climate impacts, and our capability to deliver market-leading resilience planning and design services will continue to be a priority.

At the same time, addressing our own emissions is an essential element of our response to global climate change. Our net zero plan includes an ambition to reduce our total emissions - Scope 1, 2 and 3 - by 30% by 2025. At the end of FY 2023/24, we recorded a 31% reduction in total emissions compared to our baseline year, while on an emissions-per-member basis the decrease is even more marked, at 43%. This represents a good start, but we know we have more to do to meet the full scale of our net zero commitment.

Our expertise in action

Each year, Arup works on client projects across well over a hundred nations. In this annual report, we showcase a selection of projects that were completed or achieved significant milestones during FY 2023/24.

External recognition is always welcome, and I am heartened by the many public accolades that our people and projects receive. Awards are a testament to both the skills of our members and the trust our clients place in us to achieve new standards of technical excellence. Last year, we were named 'Britain's Most Admired Company' within the UK business support services sector for the second consecutive year, and we were ranked number one for effective environmental, social and governance (ESG) across all sectors. This peer-based accolade recognises Arup as a purpose-driven company with a commitment to embedding ESG within our decision making.

Many of our clients choose us time and again, demonstrating confidence in our skills and our commitment to serving them well. In FY 2023/24, we were pleased that the Environment Agency in England renewed Arup's place on its Collaborative Delivery Framework for a further four years. It is via this framework contract that the EA procures the services of flood and coastal erosion experts to deliver its multibillion-pound capital investment programme.

In the USA, our work for California's High-Speed Rail Authority expanded during FY 2023/24 to include work, in partnership with Foster + Partners, to deliver planning, architecture, and engineering services for four stations that will serve as models for others that will be built along the 500-mile route.

Digital tools driven by machine learning are increasingly central to our work. In the past year we have advanced the application of our land use analysis solution, Terrain, often using it to offer our clients a more detailed understanding of urban overheating risks. This has allowed us to work with clients such as the City Council of Madrid on targeted interventions that will reduce urban heat island effects and increase protection to vulnerable communities.

In Hong Kong, our digital capabilities were deployed to introduce HKeToll, a multi-lane, free-flow tolling system. Working for the Transport Department of the Hong Kong Special Administrative Region, our team drew on local and international expertise to design a solution that sets new standards for user experience.

As FY 2023/24 drew to a close we were pleased to learn that National Grid Electricity Transmission had chosen an Arup Aecom joint venture (JV) as one of its Great Grid Partnership consulting partners. Through this JV we are contributing to a fundamental expansion of the UK electricity network, designed to accelerate decarbonisation of the national economy. At the same time, our masterplanners in the UK and Australia are designing the transformation of end-of-life coal-fired power station sites, planning their futures as productive places at the heart of future economic growth. In New South Wales, we are working with Greenspot to transform the Wallerawang Power Station into a clean energy hub.

Supporting communities worldwide

Our global community engagement programme is a direct expression of our aims to be both a humane and a socially useful business. We have made the strategic decision to prioritise support to the most disadvantaged and vulnerable communities and places across the globe, through pro bono technical assistance and a limited number of cash donations.

Our members' participation, through the pro-bono provision of a wide range of technical skills, is central to our approach. By enabling our members to share – and whenever possible, to transfer – their skills, our community engagement projects have lasting impact. A good example of pro bono technical assistance delivered by our experts during FY 2023/24 involved the provision of audiovisual design services to the Black Library, a community space in New York State that educates and celebrates black history and culture.

During the year ending 31 March 2024, we also supported the delivery of essential medical services to communities in many locations affected by conflict, natural disasters and epidemics. We achieved this in part through our longstanding partnership with Médecins Sans Frontières. We made donations totalling £368,000 to charities and NGOs working with vulnerable communities affected by global humanitarian events, including supporting communities affected by the events in Israel and the occupied Palestinian territories.

In the UK, we are working with Homewards, an initiative determined to ensure that people's experience of homelessness is "rare, brief and unrepeated". Launched by Prince William and the Royal Foundation, it draws together leading UK homelessness charities with frontline experience. Arup is proud to be one of Homewards' 'activator' partners.

Renewing our governance

Since 1979 Arup has been owned by trusts, the directors of our trustee companies being collectively referred to as the Arup Trustees. In September 2023 the Board and the Trustees agreed to work together to review and evolve our governance arrangements with the intent of clarifying leadership roles and the separation of responsibilities, enabling independent oversight and effective execution.

I've always been proud to be a member of Arup. Our trust-based ownership model means that every member can make a difference, and every member shares in our success. This encourages a culture of teamwork and a determination to serve our clients well. I witness on a daily basis our members' commitment to our clients and the breakthroughs we achieve with them.

In turn, I want to thank our clients for the trust they place in us and the opportunities they offer us to shape a better world.

Jerome Frost

Chair, Arup Group Limited

31 October 2024

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

Strategic report

The directors present their strategic report for Arup Group Limited (the "Company") together with its subsidiaries (the "Group") for the year ended 31 March 2024 which has been approved by the Board of directors (the "Board").

Review of the business

These are the results for the Group for the financial year ended 31 March 2024. The results show a profit for the financial year after exceptional items of £24.4m (2023: £26.6m); the underlying profit for the year before profit-share, interest, income tax, depreciation and amortisation, share of investments accounted for using the equity method and exceptional items was £221.1m (2023: £261.3m). The net assets as of 31 March 2024 are £414.9m (2023: £410.2m).

We continue to adapt to the changing business climate notwithstanding an operating environment influenced by slower global economic growth. Our business benefited from opportunities for growth in renewable energy, water, technology, building retrofit, and transport, despite a macroeconomic environment characterised by elevated interest rates, curbs on government spending, and geopolitical instability.

Our business grew during the year, we have maintained profitability, and our forward workload at the year-end remained solid. Converting opportunities to contracted project work has continued to be slow in some parts of our business, and we have made organisational adjustments to enhance operational efficiency, including aligning our headcount growth accordingly – which has unfortunately required us to reduce staff numbers in several locations. We have continued to successfully invest in those parts of the business which align with our strategy and our opportunity pipeline remains strong.

What we do

Our purpose

The Group works across every aspect of the built environment to help our clients solve their most complex challenges – turning exciting ideas into tangible reality. We are driven by our values, and vision to shape a better world; living by our founder Ove Arup's goal of doing our work "as well as it can be done" to push boundaries and produce better, more sustainable, socially valuable outcomes. For us, 'better' is all about creating a sustainable future by making sustainable development central to all our work.

Our strategy

Sustainable development sits firmly as our core purpose at the heart of the strategy; we will shape a better world by creating shared value for our clients and society whilst safeguarding the planet. This is enabled by four key strategic priorities that are essential for us to maintain our leadership in the built environment and deliver our purpose:

1. People – Becoming an even stronger community known for our humanity and leadership.
2. Excellence – Always striving to create better solutions for our clients. Holistically, and with total professionalism and technical brilliance.
3. Influence – Partnering with our clients as trusted advisors to define their challenges and create new opportunities at every stage of a project.
4. Digital – Embracing our digital future to deliver greater opportunities for Arup, for our clients and for the wider world.

The Group strategy for 2020-2025 (as extended) was launched in June 2020. It reaffirms our values and sets out the priorities and approach that will continue to unite our members and make sure we thrive in a changing world.

The Board recognises that ongoing engagement with our employees ("members") is fundamental to delivering our purpose and current strategic priorities, and both the Board collectively and Board directors individually, actively seek opportunities for interaction with our members, to engage with them on progress, and to hear their feedback and views.

How we operate - values driven

Unique ownership structure

Since 1979 Arup has been owned by Trusts for the benefit of current and former Group members. The directors of the Trusts are collectively referred to as the Trustees.

Trust ownership affords us total independence and the ability to take a long-term view, without external pressures from shareholders or the risk of change in ownership. This provides our clients with confidence in our ability to prioritise their interests, and we have the freedom to shape our own direction and invest in the things we feel matter most: our members, our knowledge, our resources, and our communities.

The Board

The Board operates as an executive team and is responsible for the overall success of the firm, for Arup's governance and its policies, strategy, and organisation, and for the appointments of its key executive bodies and committees.

The Operations Executive

The Operations Executive is an executive committee of the Board whose role is to manage the overall operations and performance of the firm within the framework established by the Board. The Operations Executive is chaired by the Group Chief Operating Officer (the "COO").

Regions

Geographically we operate through five regions: Americas, Australasia, East Asia, Europe and UKIMEA. Each region has a management board, headed up by region Chairs, working alongside region Chief Operating Officers.

Portfolios

We operate our business across a number of portfolios, which are led both globally and within each region:

- Global market portfolios, which shape and build our established businesses to reinforce and evolve our core services. The market portfolios consist of: Property; Science & Industry; Transport; and Energy, Resources & Water.
- Global service portfolios, which focus on services that currently exist in parts of the firm and have significant opportunity for growth. The services portfolios consist of: Advisory Services; Cities Planning and Design; and Technical Services.
- Transformation portfolios, which bring together the specialisms we need to transform both our services and our clients' pursuit of digital transformation and response to the climate emergency. The transformation portfolios consist of: Digital Services; and Climate & Sustainability Services.

The Global portfolio leaders are appointed by the Board and report to the COO. They are also members of the Operations Executive.

Key Performance Indicators ("KPIs")

The principal area of risk and operating uncertainty for the Group is its ability to continue to secure new projects and deliver the performance of existing projects in line with management's objectives.

To monitor these, the directors use the following KPIs which were monitored at Group level during the year of reporting:

- Revenue for the year ended 31 March 2024 is a key indicator linked to the number of people that we employ or engage as consultants, although quality of work is more important than market share or revenue growth. As a professional services firm, the ability to secure earnings in proportion to the number of members is key to the Group's ongoing commercial success, with moderate growth in turnover providing development opportunities for our members. Rapid growth brings the challenge of acquiring skilled resources and deploying them effectively in delivering projects, in addition to the funding pressures that would typically accompany such growth; and reducing revenue would, if expected to continue, require a reduction in headcount. The revenue for the year ending 31 March 2024 was £2,202m (2023: £2,163m).
- 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 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 ending 31 March 2024, the profit before tax was £43.9m (2023: £38.9m).

A wider range of indicators is also used within the business to help track progress in specific areas, and work is in progress to develop this further.

Risk management

Timely identification, effective management and monitoring of risks and uncertainties arising in the course of our business is key to the delivery of our strategy and strategic goals.

The Board is ultimately responsible for oversight of risk across the Group and ensuring that a robust risk framework is maintained. Our risk framework includes the identification of risks and, where appropriate, controls to manage and mitigate them, and enables the Board to provide reasonable but not absolute assurance against material misstatement or loss.

Localised Regional Risk committees in each of our key operating regions enable us to understand region-specific risks and tailor our risk management strategies accordingly. The committees consist of senior executive and business leaders who meet regularly to discuss and evaluate risks specific to their respective regions. They report to the Risk co-ordination group whose function is to co-ordinate mitigation and management activities, identify themes and consolidate regional reports and risk registers for onward reporting to the Risk committee.

The Risk committee oversees the overall risk landscape, identifies cross-regional risks, and interrogates reports from the Regional Risk committees to ensure alignment with our risk appetite and strategic objectives. The Risk committee provides reports to the Assurance Committee on the efficacy of the systems in practice, together with any recommendations for the Assurance committee to take to the Board.

The Board designates certain risks as "Focus Risks" and designates an appropriate 'owner' to oversee the ongoing assessment and mitigation/management controls. Current Focus Risks are: geopolitical risk; technological resilience; professional errors leading to major consequences; reputation; solvency; health & safety; and climate risk. The development, implementation and maintenance of controls to mitigate and manage Focus Risks is structured to enable co-ordination across our geographies. The Risk committee monitors the Focus Risks by conducting deep-dives reviews with risk owners, ongoing assessment, scenario analyses, and continuous dialogue with relevant stakeholders to allow effective risk mitigation.

This framework ensures that all significant identified risks are actively monitored and that appropriate actions have been undertaken to bring each risk within tolerance levels set by the Board.

In the reporting period we have continued to monitor emerging risks, including the global economic outlook and impacts on growth, increasing technological disruption, climate related risks (see details in the ESG section) and increased regulatory requirements. These themes are often inter-related and contribute collectively to market instability. For Arup, this manifests primarily as uncertainty of opportunities and the likely volume of future work secured as well as the potential impacts for on-going projects.

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.

Future developments and looking ahead

The Group will continue to operate in similar markets and is continuing to develop and invest in new services to meet market needs. To ensure that the Group is positioned for long term success the Board takes into account a broad range of factors, including: the level of committed work and future work prospects; the Group's reputation and our ability to attract good quality projects and clients; the diversification of the business by service, business sector and geography; actual and projected cashflow and the sufficiency of access to financial resources; and our ability to attract and retain highly talented members.

Environment, social and governance ("ESG")

Introduction - shaping a better world

A commitment to sustainable development is a long-established part of our culture, aligning with our aims to be socially useful and a humane organisation, and an organisation with strong governance practices and integrity.

As a provider of professional services focusing on the built environment, our work directly impacts the UN Sustainable Development Goals ("SDGs") relating to, energy, water, infrastructure, industry and cities, while also while also enabling us to contribute to a fairer, more inclusive world and ensuring that we contribute to safeguarding the planet.

Sustainable development is at the heart of the Group strategy, operationalised through our Sustainable Development Policy and implementation plan. These set out six principles to guide our decision-making, shape our approach to projects, determine what we invest in, identify the research we prioritise and help us form the strong client and partner collaborations that enable us to shape a better world. Our work should strive to:

- Improve human health, safety and well-being.
- Transition to a zero-carbon economy and a world where everyone has access to clean energy.
- Adopt circular economy principles leading to decoupling of economic growth and consumption.
- Enhance communities' resilience to climate change and other risks.
- Create social value that results in a more inclusive, equitable and just society.
- Respect planetary boundaries, and reverse the damage done to date.

Stakeholder dialogue

Arup's double materiality assessment

As a key element of our work to prepare for future ESG reporting requirements, we have conducted a Double Materiality Assessment ("DMA") to identify which ESG matters are material to Arup and our stakeholders. This was done by evaluating Arup's impact on those environmental, social and governance matters (inside-out perspective), whilst also considering how those matters affect the firm (outside-in perspective).

This initial DMA was undertaken in the first half of 2024 and was conducted in alignment with the Corporate Sustainability Reporting Directive ("CSRD") requirements and accompanying European Sustainability Reporting Standards ("ESRS"). The DMA serves as the basis for our future reporting, and its output helps us prepare our reporting in other jurisdictions, for example, CSRD and International Financial Reporting Standards ("IFRS") S1 & S2 when they arise.

The DMA considers two impact dimensions:

- Impact materiality ('inside-out') – the impact Arup has on society and the environment.

- Financial materiality ('outside-in') – the impact social and environmental financial risks and opportunities have on Arup's business.

We maintain ongoing dialogue to understand our stakeholders' positions and expectations alongside their own sustainability-related impacts. This interaction informs our sustainability efforts, projects, and processes, and allows us to align with the interests and views expressed by our stakeholders.

As part of the project's stakeholder engagement phase, 20 key internal stakeholders spanning Arup's services, regions, and leadership portfolios were interviewed. This step captured their perspectives on Arup's most relevant and significant sustainability-related financial risks and opportunities, as well as the positive and negative impacts created by Arup through our operations and services. Over 400 of our members were surveyed to capture the wider organisation's perspectives on where Arup creates or is likely to create material positive or negative external impact.

We undertook a desk-based analysis of material environmental, social, and governance impact matters considered by some of Arup's key clients as part of their own materiality assessments, augmented with one-on-one client interviews in our key sectors. This was to ensure the impacts, risks, and opportunities being considered in Arup Group's DMA process were in line with our key client priorities. Feedback from our ongoing engagement with our suppliers was also incorporated into the DMA to ensure we had a rounded view of our supply chain.

The output of this work along with the Climate Scenario Analysis was calibrated and validated through various workshops that focused on the environmental, social, and governance aspects of Arup's impacts, risks, and opportunities. This insight will enable Arup to mitigate new ESG related risks, take advantage of financial opportunities and manage our impacts on the outside world.

Our influence

We work to translate our values and purpose into actions that deliver positive change in the real world. Arup's Sustainable Development Strategy, "A Better Way," states, 'By collaborating with other organisations and using our creativity, innovation, and voice, we can break down barriers to sustainable development in the markets we operate.' Our global strategic partnerships include international organisations, mayoral networks, and NGOs which enable us to lead a sustainable development agenda by extending our reach and impact through our partners. They provide new ways of working collaboratively with organisations, helping us to fulfil our commitments and create impactful change in a rapidly evolving world. Our partners offer diverse perspectives and enable us to convene around knowledge creation, incubating new business approaches while supporting our theory of change for sustainable development.

By providing opportunities to engage with various organisations and pioneer new approaches, our partnerships strengthen our current market position and allow us to explore new markets. For example, United Nation Global Compact Communication on Progress demonstrates Arup's commitment to sustainable business practice. Initiatives such as C40's Green Shipping Corridors exemplify a new approach to decarbonisation and maritime activities, engaging technical expertise across the organisation. The partnerships also highlight Arup's relevance as a technically excellent and socially committed organisation, an increasingly important combination in today's world. The report '*Net-zero buildings: halving construction emissions today*' exemplifies this, where we produced knowledge that is peer reviewed by industry with the World Business Council for Sustainable Development. Urban Power with Resilient Cities network is another example, where we worked with stakeholders in Cape Town to explore the city's power systems, challenges, and energy resilience projects.

In recent years, we have consolidated our global partnerships and memberships into a networked portfolio approach. We have implemented leadership, governance, and accountability structures, strengthened interfaces with relevant internal bodies, and improved communication of the programme's impact.

To extend our influence and impact we also engage directly with policymakers at multiple levels around the globe. Our firm routinely works directly for local authorities, national governments and supranational bodies as consultants and advisors, helping policymakers meet specific objectives. At every level, the firm is committed to building a more sustainable and resilient future.

Environment

Non-Financial Sustainability Information Statement ("NFSIS")

Arup Group now comes within the scope of the UK's Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022. To meet this requirement and in line with our position as a supporter of Task Force for Climate Related Disclosures ("TCFD"), we have included a voluntary TCFD aligned disclosure in this report. The TCFD disclosure communicates our progress and describes our governance, strategy, risk management, metrics and targets in relation to climate change.

We acknowledge the risks and opportunities that climate change presents to our business due to increasing physical risk and transition risks associated with global efforts to accelerate decarbonisation. Our commitment to sustainable development is at the core of our purpose – to shape a better world. So, we need to understand the impacts of climate related risks on our operations, supply chain, clients and services, and to integrate appropriate responses into our risk management, operations, business planning and strategy.

Pillar	NFSIS	TCFD Requirement	ESG Section	Page
Governance	A	A) Describe the board's oversight of climate-related risks and opportunities.	Governance of climate related issues in Arup.	16
		B) Describe management's role in assessing and managing climate-related risks and opportunities.		16
Strategy	D	A) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Arup's identified climate related risks and opportunities.	10
	E	B) Describe the impact of climate related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Impact of Climate Related Risks and Opportunities to Arup.	10
	F	C) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios.	Our business resilience to climate related risks.	11
Risk Management	B	A) Describe the organisation's processes for identifying and assessing climate-related risks.	How Arup identifies and assesses climate related risks.	17
		B) Describe the organisation's processes for managing climate-related risks.	Governance of climate related issues in Arup.	17
	C	C) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.		17
Metrics and Targets	H	A) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Arup's climate related targets and performance.	13
	Not required	B) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas ("GHG") emissions, and the related risks.	Arup's energy use and emissions.	11
	G	C) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Arup's climate related targets and performance.	13

As specialists in the planning, design and provision of expert advice on the built environment – urban development, infrastructure networks, landscape and buildings – we play a crucial role in mitigating climate change and in shaping how our clients adapt to new conditions.

We recognise that there are more substantial risks and opportunities for our business in the medium to long term due to the different types of transitions, especially those concerning changing policy and market conditions. However, we believe the opportunities for our business through our Climate and Sustainability Services portfolio and the work delivered through our key business lines outweigh these risks.

Arup's climate scenarios

The quantified climate related risks and opportunities were integrated into the climate element of our initial DMA. To better understand the possible transition risks and opportunities for our business we undertook quantitative modelling and utilised two transition scenarios and one physical risk scenario:

<u>Transition scenario - Delayed transition –</u> An intermediate scenario that assumes climate policies are delayed or different across countries and sectors, enabling temperatures to rise by 2-3°C. This scenario is based on Network for Greening the Financial System ("NGFS") nationally determined contributions which include all pledged policies even if not yet implemented. This assumes that only currently implemented national policies are preserved, leading to higher physical risks.

<u>Transition scenario - Net zero -</u> An aggressive scenario that assumes global warming is limited through the application of national policies, technological and behaviour changes. This scenario is based on the NGFS net zero 2050 scenario and limits global warming to 1.5°C through stringent climate policies and innovation, reaching global net zero CO_2 emissions around 2050. Some jurisdictions such as the United States, European Union and Japan have set legally binding targets to reach net zero for all GHGs.

<u>Physical risk scenario</u> - Arup assessed the potential impacts of physical risk by evaluating climate conditions based on the Intergovernmental Panel on Climate Change "IPCC" RCP 4.5 scenario in the year 2050. The RCP 4.5 scenario represents an intermediate greenhouse gas emission scenario, in which CO_2 emissions remain around current levels until mid-century.

Likelihood of occurrence

The likelihood of possible impact by scenario as set out in the Climate Related Risks and Opportunities for Arup is assessed as follows:

Likelihood	Qualitative Description
Very unlikely	Very rare, highly unlikely to occur due to very specific conditions required.
Unlikely	Not expected to happen frequently, requires specific conditions that are not common.
Possible	Moderate chance of this risk occurring, conditions for its occurrence are feasible under certain circumstances.
Likely	Significantly probable to occur, common conditions make it a frequent possibility.
Very Likely	Almost certain to occur.

Timeframes

Our climate scenario analysis was designed with timeframe boundaries and associated rationales set out below so that the approach to ESG related risks and opportunities will align with how we manage our business as financial and non-financial reporting converge over time.

	From	To	Duration	Rationale
Short term	2024	2025	0 -1 year	Aligned to Arup's accounting definition of short term.
Medium term	2025	2030	1-5 years	Aligned to our business planning/strategy cycle.
Long term	2030	2050	5-20 years	Aligned to Paris climate target commitments.

Impact of Climate Related Risks and Opportunities to Arup

					Likelihood of possible impact by scenario	
TCFD category	Risk/Opportunity	Potential impacts/outcomes for the business	Mode of impact	Anticipated timeframes	Net zero	Delayed transition
Market opportunity	Increased demand for low carbon and climate adaptation services.	- Increased revenue and positive impact on ESG scores. - Opportunity to expand member capability and skillsets. - Support client's transition and adapt to climate change. - Possibility to engage with new clients aligned to our values.	Increased revenue	Short to long term	Very likely	Very likely
Market risk	Failure to grow Arup's low-carbon service offerings in line with client needs.	- Opposite impacts of the related opportunity.	Reduced revenue	Short to long term	Unlikely	Unlikely
Physical risk	Climate-related impact on Arup owned assets.	- Impact on valuation of assets in higher risk locations. - Increased insurance costs.	Asset value reduction	Long term	Very unlikely	Very unlikely
Policy and legal risk	Failure to meet clients' ESG or climate-related contractual expectations.	- Potential loss of contracts. - Potential of litigation. - Reputational damage. - Possible impact in winning future work. - Reduction in work in specific sectors.	Reduced revenue	Long term	Unlikely	Unlikely
Reputation risk	Failure to achieve publicly committed net zero targets.	- Reputational damage. - Possible impact in winning future work. - Not being aligned with key client cohort.	Reduced revenue	Long term	Possible	Possible
Technology risk	Failure to invest in new technologies to match market and regulatory developments, and client needs.	- Potential loss of market share. - Increased cost to the business.	Reduced revenue	Medium to long term	Possible	Possible

Arup conducted a physical risk assessment of its offices globally to evaluate the likelihood of property damage and disruption to operations from flood, wind, and seismic events. The results of this study, and our experience of operating with a largely remote staff during COVID - 19, suggest that Arup as an organisation is somewhat insulated from direct business impacts to its assets due to physical climate risks including climate change. No high risks were identified in terms of critical system-wide operational impacts.

We also modelled the transition risks and opportunities considered most material to the business against our updated climate risk register, which resulted in the following conclusions from a transition risk perspective:

1. Transition risks materialise sooner under a net zero scenario, but often have a higher impact under a delayed transition.
2. In the short term, Arup could increase revenue from low-carbon and adaptation services – applying definitions informed by the EU Taxonomy – if those services are grown in line with anticipated demand.
3. The most significant risk is failing to adequately invest in low-carbon and adaptation services or new technologies to meet changing client and regulatory demands. The financial implications of this risk increase after 2030.
4. Failure to achieve publicly committed net zero targets could result in Arup losing business to peers who are decarbonising at a more aggressive pace. Continued alignment with our client's carbon emissions reduction targets could also be at risk.

Our business resilience to climate related risks

We consider that the likely impact of potential, acute and chronic climate risks on our short-term business continuity, and on our ability to continue to provide professional services effectively, is low. Sensible precautions are in place to protect the limited physical assets that we own against extreme weather events, which we expect to be disruptive rather than business critical, and we do not hold investments or other assets whose value is innately climate dependent. Our operations are also not dependent on supply chains that are likely to be significantly disrupted by climate change.

However, climate change is clearly a significant factor in our core business of offering professional services to clients within the built environment. Our public and private sector clients are rapidly evolving how they plan to adapt their business models for the effects of changing policy, legislation, and financial criteria as well as physical impacts. This represents a business opportunity, but also a potential threat in terms of future project claims and remediation costs – whether in terms of the delivery of our own responsibilities, or indirectly in relation to developments where we provide specialist services.

Overall, we see that climate change will drive future business growth by increasing the demand for innovative solutions that reduce the carbon contributed by the built environment and that improve its resilience, and therefore the resilience of communities, to climate impacts and other shocks and stresses.

Arup's energy use and emissions

Our Sustainable Development Policy commits us to making a meaningful contribution to the UN Sustainable Development Goals (SDGs). SDG13 requires us to take urgent action to combat climate change and its impacts, including reducing our own emissions to align with global commitments. We have integrated our emissions reduction plans through the application of our Climate, Nature and Environmental Policy and our environmental management system which is certified to ISO14001.

To support our net zero commitment, Arup targeted a 30% absolute reduction in scope 1 and 2 GHG emissions by 2025 from a FY 2018/19 baseline year. The Group has also targeted a 30% absolute reduction in scope 3 GHG emissions by 2025 from a FY 2018/19 baseline year; this includes a target to reduce business travel by 50% from the same baseline. Our Science Based Targets initiative ("SBTi") aligned long term targets for our GHG emissions reduction are currently with SBTi for validation.

Emissions performance summary

The total carbon footprint of the Group, for the financial year ended 31 March 2024 amounts to 123,421 tonnes of carbon dioxide equivalent (tCO2e). 1,583 tCO2e is attributed to our scope 1 and 2 emissions and 121,838 tCO2e is attributed to our scope 3 footprint. Overall, our FY 2023/24 emissions represent a combined absolute 31% decrease on our baseline. Given our significant growth over the period, this equates to a combined 40% reduction per member.

	Baseline year	Previous year	Reporting year	Reporting year – vs -	
(tCO2e) [1]	FY 2018/19	FY 2022/23	FY 2023/24	Baseline year	Previous year
Scope 1	1,107	1,216	970	12% decrease	20% decrease
Scope 2 (location-based)	9,948	7,317	7,263	27% decrease	1% decrease
Scope 2 (market-based)	9,948	654	613	94% decrease	6% decrease
Scope 3	167,548	125,895	121,838	27% decrease [2]	3% decrease
Total Arup Group emissions	178,603	127,765	123,421	31% decrease	3% decrease
Business travel emissions	34,324	20,048	22,538	34% decrease	12% increase
Member headcount [3]	14,793	18,087	17,996	22% increase	1% decrease
Emissions intensity per member	12.1	7.1	6.9	43% decrease	3% decrease

1. All data included in this table relate to re-baselined emissions and differs from what was previously reported.
2. All emissions reported above include voluntary emissions as defined by SBTi (hotel stay and employee homeworking). Using the SBTi reporting guidance the reporting year vs the baseline year reduction is 30%.
3. The member headcount number is an actual number taken at reporting year end, in it we have all permanent employees and those on specific term contracts.

The Group aims to reduce global emissions by 53,600 tCO2e by March 2025 from a FY 2018/19 baseline year, and we met that target this year with a 55,182 tCO2e reduction from FY 2018/19. The emission source that has seen the greatest level of change is purchased goods and services, decreasing by approximately 16,794 tCO2e, with business travel reduced by 11,786 tCO2e from the baseline year.

These changes equate to a 26% decrease across the total scope 1 and 2 emissions from the baseline year using the 'location-based' method, and an 86% decrease using the 'market-based' method. We are on track for further scope 1 reductions leading up to FY 2024/25 through planned office moves which will reduce use of fossil fuels as a heat source.

Scope 3 emissions have decreased by 27% from the baseline year. Purchased goods and services (within scope 3) continue to contribute the majority of emissions at approximately 62% of the Group's total. Our priority is to reduce our scope 3 (purchased goods and services) emissions by ensuring our key suppliers are equally committed to reducing their carbon emissions. Our procurement team continued to engage with key suppliers to collect more accurate scope 3 emissions data. Over the last financial year we established that only 14% of our largest suppliers monitor and report their scope 1, 2 and 3 emissions, so our focus leading up to FY 2024/25 has been to encourage our largest suppliers to commit to science-based targets so we can evidence our reductions. We are committed to supporting groups of suppliers, such as small and medium sized enterprises (SMEs) with their ambitions to address carbon reduction in their own organisations. Significant effort is also being made to avoid an upward trend in our emissions going forward, as expectations for office working and business travel increase post the COVD-19 pandemic.

In the last reporting year, we undertook a comprehensive review of our GHG calculation methodologies and data collection processes. The data reported in the table above differs to that reported in previous years. To compare our emissions' trend, our data has been re-baselined using the FY 2023/24 methodology. The outcome of the exercise was a reduction in our reported emissions due to improved accuracy.

The primary changes are due to more accurate categorisation of our scope 3 category spend into distinct activities and aligning these to more accurate and up to date emission factor libraries. We have also started collecting key supplier data to reduce reliance on spend based calculations. Our process for capturing business travel emissions has improved through using predominantly supplier-based data which we receive monthly to support decision making and target monitoring.

LRQA carried out third-party verification of our new methodology and our application of the GHG protocol for the reporting periods FY 2022/23 and FY 2023/24. Increasing the robustness and accuracy of our GHG reporting will continue to be a priority as we progress on our net zero journey.

Streamlined Energy and Carbon Report ("SECR")

The Group is required to report the emissions deriving from our operations in the United Kingdom focussing on the energy and carbon indicators mandated by the SECR:

Scope	2024	2023*
UK energy use kWh [1]	11,807,961	12,799,125
Associated GHG emissions [2] tCO2e	2,507	2,514
Intensity ratio tCO2e per m2 net lettable area	0.04	0.05

[1] Energy use associated with combustion of gas, combustion of fuel used for fleet vehicles and grey fleet (hire vehicles and personal mileage), electricity consumption and district heating for Arup Group Limited.

[2] Associated GHG have been calculated using the GHG Protocol Corporate Accounting and Reporting Standard and UK Government GHG Conversion Factors for Company Reporting 2023.

During the 2023/24 financial year the following energy efficiency actions were taken by Arup Group Limited and its UK based subsidiaries:

- We moved two major offices to all electric buildings which reduced gas consumption. We will continue to prioritise future net zero carbon ready buildings when planning office moves.
- Retrofit activities, moves to more efficient office space and reductions in gas use have resulted in energy savings of 1,093,697 kWh, however grey fleet travel has slightly increased, resulting in overall reductions of 991,164kWh.

* These figures differ from those reported in the previous year due to the application of revised methodologies and improved data relating to Arup's GHG accounting processes. Arup's revised GHG inventory has been externally assured for the 2023/24 and 2022/23 financial years. The previously reported figures were 13,049,164 kWh; 2,765 tCO2e.; and 0.05.

Our transition plan

We have made significant progress in reducing our emissions and decoupling them from the firm's growth. Our transition plan outlines detailed activities to reduce our scope 1, 2, and 3 emissions, with a focus on our offices, travel, supply chain, and waste. To determine our priority areas and activities we apply the Carbon Management Hierarchy of Avoid – Reduce – Replace – Offset, focusing primarily on activities within our control and influence.

For scope 1 and 2 emissions, we will increase the renewable energy supply in our offices and transition to an electric fleet. In those offices where we are tenants, we will work with landlords to ensure we are on renewable tariffs and, where necessary, look for alternative suitable office space.

Purchased goods and services (within scope 3) is a critical priority for reduction, and we will expand our engagement with our supply chain in the coming years. We expect the scope of the next phase to cover a large portion of our supplier spend and will offer more tailored support where necessary to help them transition to net zero. For scope 3 Business Travel, we will continue to manage this and ensure that travel is based on meaningful need, and performance against our public target will be monitored monthly through our global business travel dashboard. To reduce scope 3 Waste we will avoid purchasing where it is realistic to do so, incentivise sustainable and circular procurement options, and take country-specific action to match local legislation, policy, guidance, and infrastructure availability.

As we progress on our net zero journey, we will be left with an annually decreasing volume of hard-to-abate residual emissions. These residual emissions will need to be responsibly offset through the purchase and retirement of carbon credits.

Since 2019, Arup has offset our business aviation travel emissions. Beyond 2030, we plan to review and broaden our emissions scope for offsetting, considering requirements from commitments that we are signatories to like World Green Building Council Net Zero Buildings Commitment and Science Based Targets initiative. We recognise that the quality of carbon offsets varies significantly, and we are committed to purchasing the highest quality carbon removal credits that positively impact communities, aligning with "A Better Way" principles.

Arup's climate related targets and KPI's

Target	Target Rationale	Progress vs Target/KPI
Arup commits to reduce absolute scope 1 and scope 2 GHG emissions 30% by FY 2024/25 from a FY 2018/19 baseline year.	Our long term and interim milestone targets are part of our commitment to reducing our impact on the planet and playing a leading role in helping others decarbonise.	In FY 2023/24 Arup achieved an 86% reduction on scope 1 and scope 2 GHG emissions from the FY 2018/19 baseline year.
Arup commits to reduce absolute scope 3 GHG emissions 30% by FY 2024/25 from a FY 2018/19 baseline year.		In FY 2023/24 Arup achieved an 27% reduction on scope 3 GHG emissions from the FY 2018/19 baseline year. [1]

1. All emissions reported above include voluntary emission to SBTi (hotel stay and employee homeworking). Using the SBTi reporting guidance the reporting year vs the baseline year reduction is 30%

Nature

The global discourse on nature loss is rapidly translating into changes in the policy and market landscape, which creates significant opportunity across all our portfolios, in every region. Nature plays a key role in our societies, cities and infrastructure. We are committed to creating nature positive outcomes, not just minimising negative environmental impacts, by embracing nature-based solutions with clients as well as through restoration. Arup have the breadth and depth of domain knowledge to understand how nature loss can be reversed across all five realms in the context of the built environment. From geo-spatial habitat evaluations to green finance, sponge cities to living seawalls, we already have an established track record of doing this.

Arup has refreshed and renamed our climate, nature, environment policy (previously environment) to ensure that action to restore and protect nature is prioritised alongside climate action. We strive to accelerate the transition to a net zero carbon economy and safeguard and restore nature – land, water, oceans, air, and biodiversity – through our operations, services, and influence. This includes working with our clients and stakeholders to identify and manage both climate and nature, risks and opportunities affecting their assets and operations.

In the reporting year our DMA identified where we have material nature related dependencies, impacts, risks and opportunities in relation to our project work. This insight is now directing how we reduce those impacts and enhance positive outcomes for nature. We will be setting a nature-based target and devising actions to address our material nature related impacts.

A key finding in our DMA was a material financial opportunity relating to the provision of nature related services. In 2023 the Board approved a Nature Services Plan developed through the joint sponsorship of the Sustainable Development Executive and the Climate and Sustainability Services Portfolio, which was co-created by all our portfolios. The Nature Services Plan provides the tools to integrate nature into the work that we do so we deliver nature positive outcomes, and has been designed to provide a common framework (or toolkit) to guide each region to create their own market focused plans, identify leadership, and secure resources for implementation. A common approach will facilitate collaboration between regions which will be necessary as we invest in leadership and skills development and establish ourselves in the market. We anticipate demand for further services emerging as the market matures and national policies respond to international agreements and financial frameworks.

Social

Our membership

Our culture

For over seventy-seven years, the Group has evolved into a unique organisation with a strong culture, thanks in part to our independence and our shared values.

Today, our work, our range of expertise, and our international footprint all greatly expanded, but there is also a significant global shift in people's expectations about their working lives, with five generations co-existing in the workplace, and with increasing use of technologies. The Board recognises that with a membership of around 18,000 people, we need to be even more intentional in developing our culture at scale and fitting of the times, and make sure it is evident in how the leadership of the firm behave.

Promoting and protecting culture

The Board is responsible for promoting and protecting our aims and values and a strong, coherent and inclusive culture where our members thrive. Ingredients contributing to the creation of a healthy corporate culture, in addition to the Board's engagement with our members, include:

- Fair and transparent employment policies and practices that ensure that members' rights and needs are respected in accordance with applicable laws and employment contracts, together with programmes and initiatives that support the health and wellbeing of our members, develop talent and promote diversity.
- Improving the management of our supply chain, developing supplier protocols and procedures that seek to address how our key suppliers operate their businesses and respect their employees' rights in a way that aligns with our own approach.
- Engagement by our global support functions on Group policies (described under Group policies), procedures and standards at every level and location of the business around the world, including dedicated safety, finance, people, legal and digital technology teams.
- A groupwide employee handbook "Ovacode" developed over the last reporting year to create a consistent global baseline for what our people can expect when working at Arup.

Feedback from all of these activities enables the Board to be assured that the Group's culture remains aligned with our values. Where these channels have revealed matters that can be improved upon or areas of concern, the Board has discussed these and is satisfied that action plans designed to drive improvements or address those concerns are put in place.

Belonging at Arup

An equitable, diverse and inclusive Arup is essential for our success. In 2024 we evolved our previously regional focus into a global approach to equity, diversity, and inclusion ("EDI") – to bind us together, embed EDI further into our business, and build consistency of outcomes and impact for our people, clients and partners. We will build on EDI principles as an important part of our business culture so that our people feel a strong sense of belonging: truly valued, respected, and understood for their unique identities, backgrounds, and contributions.

As leaders across the built environment, it is our shared responsibility to promote meaningful change for good through the projects we do and the people we choose to work with, and our EDI Policy provides the foundation for this. We prohibit discrimination on the grounds of age, disability, gender identity or expression, marriage / civil partnership, pregnancy / maternity, race / ethnicity, religion or belief, sex, sexual orientation or employment status (see Group policies for further details).

We continue to make progress against our global inclusion commitments, and we have added a commitment to ensure that our physical and digital working environments are truly inclusive spaces, accessible, equitable and welcoming for members, clients and future talent with disabilities. Notable progress includes integration of the global Inclusive Leadership framework into leadership development. Our first cohort of Future Voices continues to engage, contributing their views and insights into various global projects.

The Behaviour Charter has been launched globally and translated into 11 languages. It sets clear expectations of us in terms of inclusive behaviours, whilst enabling us to challenge those behaviours which fall short of the standards we want.

We continue to collect, analyse and report on diversity data to help ensure fairness in our people processes and outcomes, such as annual pay / promotion equity reviews and retention metrics. Our new human capital management system will also support a global approach to diversity data capture and reporting. We are seeing progress toward gender balance, with an increase from last year's 39.4% to 39.8% women across the firm overall (as of 31 March 2024). The proportion of women in our leadership roles has increased from 27.9% to 29.0%. In the reporting year our five region boards comprised of 33.9% women, and five of our six region board Chairs were women.

Total reward

To deliver our commitment to shape a more sustainable future for everyone, we need to attract and retain quality people. We provide opportunities for our members to develop in their careers, to achieve reasonable prosperity, and to thrive in a humane and caring environment. Our approach to reward at Arup reflects these values.

In addition to competitive, fair and equitable pay, we provide a range of benefits to support health and wellbeing, deliver income in retirement, provide insurance protection, and enable flexible working.

The profit-share is a global reward mechanism, operating consistently for eligible members in all countries. The profit-share encourages the sharing of work and mobility of our members, whilst reflecting the importance of our highly collaborative culture. From our global profit, based on the aggregated financial performance of the Group, we retain amounts for reinvestment in learning, research and development, charitable donations and working capital. We distribute the remaining profit to our members so that we all share in the results of our collective efforts. Each member's share of the profit is determined on the same basis, wherever they are located.

Milestone award

Recognition remains important in ensuring our members feel motivated and engaged, and one aspect of that is how we celebrate our members' service. We implemented a 'celebrating service milestones' programme in April 2023 to show our appreciation to members who choose to grow their careers at Arup, with a combination of celebratory events, gifts and paid time-off. The programme reflects our changing and multigenerational workforce, with milestones spanning service periods from one to fifty years.

Arup University

Arup University prepares our clients, collaborators and membership for future opportunities and challenges, and is committed to raising standards throughout the natural and built environment. The global team designs and delivers major membership programmes for the express purpose of capability development across our global membership, and future business preparedness.

Arup University's global skills networks connect experts across nearly 60 disciplines to ensure technical excellence and offer clients the latest insights and innovations, and Arup's top technical talents are recognised through the Fellows programme. Our research programme encourages members to explore new ideas and foster collaboration with leading research institutions to address industry challenges and drive sustainable development.

Arup University also leads key learning initiatives to equip members with critical thinking, leadership, and advisory skills to support them delivering unique and exemplary services. Our foresight experts examine the many forces shaping the future of the built environment, and guide clients in understanding future trends and the evolving landscape of industry and society. We also maintain a cultural programme inspired by Sir Ove Arup's legacy, celebrating the intersection of art, design, and engineering and its lasting impact on the built environment.

Health, safety and wellbeing

As a humane organisation, keeping our members healthy and safe and protecting their wellbeing is at the core of our values. We constantly strive to create safe and healthy work environments, and to provide safe, robust solutions for our clients, collaborators and communities. During the year of reporting there were no work-related member fatalities, and six recordable lost-time incidents were recorded.

We also aim to positively influence the health and safety of the projects we work on and the communities they impact. This year we introduced a global Design Safety Framework, and we have been reinforcing the importance of design safety to our members by sharing real-life examples from our designers with them.

Work under the 2021 - 2024 Health and Safety plan has continued, including the improvement programmes resulting from the comprehensive reviews of our safety culture and the arrangements for health and safety training and competency and design safety that were started in 2022/23. Digitalising our health and safety processes has also progressed, with a new global system live in Q3 2023. Our internal reviews are augmented by the external audits of the safety management system conducted as part of its certification to ISO 45001.

In 2024 we launched a new three-year Health, Safety and Wellbeing plan to help continually improve and raise our standards, based on four areas of focus:

1. **Culture** - further strengthening our safety culture, making safety personal to each of us. This entails developing a shared mindset and attitude that values the health, safety, and wellbeing of everyone involved in our work above all else.
2. **Rigour** - applying the highest standards and best practices and, crucially, holding ourselves and others accountable. By pursuing rigour, we can ensure that everything we do is effective, consistent, and aligned with our vision of shaping a better world.
3. **Competency** - empowering us to perform our work with confidence, quality and efficiency. To enhance our competency, we are providing high-quality learning and development opportunities that are more inclusive, engaging and equitable than before, and that are tailored to our roles and accountabilities.
4. **Technology** - enabling us to monitor and evaluate our performance and impact, and to identify and act on risks and opportunities. It also helps us to innovate and explore new ways of reducing our exposure to critical risks, enhancing our operations.

Community engagement

Our well-established global Community Engagement programme is another embodiment of our long-held commitment to social usefulness and humanitarianism. The Community Engagement strategy (2023-25) reinforces Arup's pledge to support the most disadvantaged and vulnerable communities across the globe and emphasises the importance of longer-term partnering with charities and NGOs to deliver positive impact at scale.

We recognise that our impact will be far greater when we work collaboratively with organisations that are closely connected to local communities. These partnerships are essential for us to understand local contexts so that we can give the right support, at the right time, to the people who need it most.

The programme delivers our charitable contribution to a more inclusive, resilient and sustainable future for all through pro bono technical assistance and a limited number of cash donations. We use our time, technical skills and expertise in projects that reduce inequities and enable access to resilient infrastructures providing the essentials for life such as water, sanitation, energy, food security and shelter.

FY 2023/24 was year one of a two-year transitional period designed to embed consistent processes and quality standards across the programme portfolio and sharpen the focus on impact-led partnerships. We delivered 187 pro bono community engagement projects (investments greater than £1,000 each) in collaboration with over 130 partners, investing a total of £4.97m. 1600+ members contributed more than 47,000 hours to community engagement activities with growth in the proportion of members participating in our Australasia and East Asia regions.

Projects in FY 2023/24 included supporting the delivery of essential medical services to communities affected by conflict, natural disasters and epidemics through our partnership with Médecins Sans Frontières, a children's centre in Ecuador using participatory design and sustainable building techniques, and the provision of audiovisual systems design services for the Black Library, a multi-functional community space in New York State educating about and celebrating black history and culture. We made donations totalling £368,000 to charities and NGOs working with vulnerable communities affected by humanitarian events, e.g. the Israel-Palestine conflict.

Governance

Governance of climate related issues in Arup

The Board's role in overseeing climate related issues

Climate is one of seven focus risks prioritised by the Board. The Risk committee is responsible on behalf of the Assurance committee for oversight of risk and maintaining a robust risk management and internal controls processes.

The Risk committee has assigned the Global Sustainable Development Leader as climate risk owner who oversees an annual review of climate related risks to our business. The climate risk owner is responsible for developing and creating ownership of the climate risk register, prioritising and managing risks, and input to reporting. Sub-risk owners have been identified for Assets, Supply Chain and Clients/Services. The Risk committee's primary interfaces are with:

- The Risk coordination committee which includes representatives from each region, responsible for local identification of risk and implementation of mitigation measures.
- The Operations Executive which is chaired by our COO, who is also a Board member, and which is attended by our region chairs, our global portfolio leaders – who are responsible for driving growth in our key business lines which include climate mitigation and adaptation services – and key corporate services leaders.

The Board possesses extensive knowledge on the implications of climate change on the built environment and on business. In January 2024 the Board received external training on climate and related risks together with a facilitated discussion of the impacts on our business of the changing climate. Directors' duties were considered from both a compliance and fiduciary perspective, including the role of senior management in how these duties are discharged.

Management's role in assessing and managing climate related issues

Arup Group Board	Overall responsibility for climate risk.
Sustainable Development Executive	Directing and overseeing the implementation of sustainable development plans.
Investment Executive	Prioritising investment in sustainable development initiatives.
Operations Executive	Overseeing the delivery of the Climate Services Plan that focuses on key objectives linked to climate actions.
Commercial Executive	Overseeing the delivery of our net zero GHG commitment.
GHG Steering Group	Co-ordinating GHG emissions reduction and measures.
Risk committee	Overseeing climate risk identification and mitigation.
Corporate Services Leader	Identifying and implementing actions to reduce risk to our assets.
Global Climate and Sustainability Portfolio leader	Identifying and implementing actions to develop climate and sustainability services and capabilities.
Region boards	Setting targets, driving change and monitoring progress in regions.

A cross-functional Climate Risk Coordination Group was formed by the Climate Risk Owner in order to:

- Take responsibility for identifying and managing climate-related risk in the business and support integration into the overall risk management framework.
- Communicate climate risk and opportunity reporting requirements to key stakeholders.
- Inform other management committees and the Board of significant climate-related issues.

The coordination group includes representation from the Risk and Audit committees and comprises of a finance representative, the Group Head of Risk and Assurance, the Risk committee Chair, Climate Risk Owners and the Head of ESG Reporting.

The climate risk register was reviewed in January 2024, with inputs to the global risk register from the region boards and climate scenario analysis. This year the content on mitigation of the identified risks, together with progress and ownership of those risks has been expanded.

There are no variable financial incentives for our Board or management that are connected to how the business manages climate related risks and opportunities – see Total reward above for details of the global profit-share arrangements. So, we all have a role to play in how the business manages these risks and how we take advantage of any opportunities.

<u>How Arup identifies and assesses climate related risks</u>

The group climate risk register is integrated into our overall group risk management framework, using an aligned taxonomy where possible, to provide a comparable view on how Arup's climate risks are intertwined with other business priorities. Once a risk has been identified, it is evaluated based on its likelihood and severity. The prioritised risks are subsequently reviewed by the Climate Risk Coordination Group to decide which ones should undergo quantitative modelling.

The Group Head of Risk and Assurance is responsible for monitoring the inherent and residual nature of our risks.

<u>Physical risk identification and assessment</u>

As part of the physical risk identification in the property (i.e. offices) assessment referred to earlier, Arup utilised its own proprietary climate risk modelling tool IRIS to quantify the:

1. Hazard: the likelihood and intensity of the relevant hazard.
2. Exposure: the number of people, basic characteristics of the buildings, and typical building components in office occupancies in each asset.
3. Vulnerability: the level of hazard intensity that will trigger a discrete level of damage for the asset (or components within the asset, if any).
4. Consequences: the consequences (e.g. duration of downtime) associated with the damage states considered in the vulnerability analysis.

<u>Transition risks identification and assessment</u>

As noted above, we conducted a climate transition risk assessment to understand and quantify how different transition scenarios over a range of time horizons could impact our business. That analysis demonstrated that Arup has potential material transition risks but also financial opportunities to deliver on our purpose of shaping a better world by helping our clients mitigate or adapt to the impacts of climate change.

Through the risk identification phase of the project there were 18 transition risks identified that could impact our business. These were identified through building upon our existing climate risk register which was augmented with an externally provided wider climate risk and opportunity database which is aligned to the TCFD recommendations and transition categories. The Climate Risk Coordination Group discussed and prioritised the risks and opportunities, and the top risks and opportunities were modelled over agreed timeframes utilising agreed climate scenarios. This analysis was then integrated into the group risk management framework which was escalated through the Group Risk committee and Assurance committee to the Board for approval.

<u>Climate scenario modelling considerations and limitations</u>

- Longer time horizons and the continuous evolution of climate science and associated models cause increased uncertainty on both impact and likelihood.
- As our understanding evolves, our mitigating activities will become more specific and targeted to specific timeframes.
- Arup plans to continually improve the data that feeds into our climate scenario modelling updates.
- Key risk and opportunity indicators will be leveraged to track progression.

<u>How Arup manages climate related risks</u>

The biggest climate risk relates to our low carbon and climate adaptation services and is owned by the services lead in the Climate Risk Coordination Group. However, all region boards, global portfolio leaders, and the members of the Operations Executive that reports to the Board, are actively engaged in identifying the risks and opportunities specific to their sectors and constituent businesses.

Climate risk management is achieved through pragmatic response plans whose development and implementation is overseen by the Global Sustainable Development Leader. The key activities conducted this reporting year to manage climate related risks and opportunities were in relation to:

1. Adequacy of company disclosure of climate risk and/or other ESG reporting: mitigation of this is risk is now in hand following the creation of the ESG Reporting team.
2. Skills planning: this is on-going, with monitoring of capability in all regions; we are operating in an increasingly competitive market, and finding suitable candidates is a challenge for all engineering firms. Decarbonisation and adaptation are recognised as priority skills by Arup University.
3. Project approaches: a baseline survey of projects identified how project teams are shaping the brief and re-defining deliverables through discussion with clients about climate risk, this was supported by guidance created by our legal team.
4. Sustainable procurement: we have established a global procurement function whose remit includes sustainable procurement looking at both environmental and social aspects (see below). This team has begun to engage with our key suppliers on emissions reduction to support our scope 3 reduction target and commitment.
5. Physical resilience of assets: physical risk review of the buildings we own or occupy, delivered by our in-house Risk and Resilience team using our proprietary tools.

Sustainable procurement

In recognition of the growing impact of, and risks and opportunities within, our supplier relationships, the Group has established a fully integrated global procurement function. This team is responsible for all aspects of end-to-end procurement and supply chain management, across all locations in which we operate - covering strategic sourcing and commercial value, performance management, sustainable and social supplier development, supplier risk & assurance and business controls, systems and processes.

We will put in place revised supplier codes of conduct, internal control processes and key policies (including a sustainable procurement policy) during FY 2024/25. These codes of conduct will set out core expectations of both our suppliers and of our members in how we engage, manage and reflect our organisational values and ethics in our supplier selection and management approaches.

Arup is also embracing and addressing social procurement. A notable example is our commitment to Indigenous Procurement in our Australian business, where a comprehensive program is in place to increase our spend with Indigenous owned and operated suppliers across our operations and projects. This is being enabled by senior level sponsorship, a program of education of our members, and the nomination of key experts and facilitators positioned locally across our business to promote and support matching our procurement opportunities to capable indigenous owned suppliers.

Ethics and integrity

Our commitment to ethical conduct and business integrity stems from our values, and a desire to act honourably and with integrity in all our business dealings. Arup's commitments and expectations are articulated in our Group Ethical Conduct Policy and Business Integrity Code of Practice. Both are available to our members on our intranet, and those who work with us have access externally on arup.com.

Within the reporting period the Ethics committee has continued to provide assurance to the Board on matters related to ethics. The committee is chaired by a Board representative and the composition of the committee is determined by the Board and includes regional representatives. Activities of the Ethics committee during the year have included: maintaining mandatory learning for members and monitoring completion; advising the Assurance committee of specific and general ethical risks and opportunities; making recommendations regarding the firm's operational processes, procedures and behaviours to raise awareness and promote a culture of ethical conduct and business integrity; keeping abreast of emerging and persistent ethical issues and the changing environment in which we work. The Ethics committee has formal communication lines with the Board via the Assurance committee and the Business Integrity Team, part of Arup's global legal team.

The Business Integrity Team maintains the Business Integrity Code of Practice and is custodian of Arup's due diligence programme, including controls relating to sanctions. The Team provides regular reports to senior management on due diligence metrics, themes and emerging issues; it also provides guidance and support to members regarding integrity issues and delivers targeted communications, training and workshops.

Our senior management are actively engaged in risk evaluation and the monitoring of controls. They receive, review and comment on regular business integrity reports, whose content includes risk management, due diligence, training, and communications.

Compliance with applicable sanctions is a key part of Arup's due diligence programme, and updates on developments under various sanctions regimes forms a critical part of these reports to senior management. In response to further sanctions imposed on Russia following its invasion of Ukraine, additional sanctions-related risk mitigation actions have been implemented. The effectiveness of those actions is monitored regularly by members of the Board.

A sanctions risk workshop and a Modern slavery risk workshop have been conducted as part of our risk management programme, and a combined workshop on bribery and corruption and the use of agents risk is currently being scheduled. An on-line fraud learning burst has recently been published, and further learning bursts on bribery and corruption and use of agents will follow.

Communications are an integral part of Arup's business integrity program. Podcasts by Arup members, including senior management, discussing specific business integrity-related issues such as due diligence, modern slavery, and bribery and corruption, are accessible to all Arup members. Business integrity awareness sessions have also been provided, where members are encouraged to share their concerns, suggestions, and questions.

Personal interest and conflict of interest

An online Personal Interests Register is maintained for nominated members, including statutory board directors and regional board members, to disclose and record any interests that could influence or could be perceived to influence the discharge of their role(s) and responsibilities. The Register is updated on a continual basis (i.e. when individual's circumstances change) and at least annually and is a standing item at Board meetings. The Board Chair determines any issues of potential conflict. Entries on the register can also be viewed by designated roles/functions within Arup for the purposes of quality assurance and good governance.

Board directors' potential external appointments are notified to the Chair in advance of acceptance and any actual, potential or perceived conflicts of interest are examined to determine if they should proceed and if any mitigating actions are required.

Speak Up

Arup's Speak-Up procedures enable concerns regarding unethical behaviour or improper conduct to be disclosed confidentially. Disclosures are received by designated, trained members. Investigations have been conducted for a number of disclosures within the reporting period. Disclosures are reported to the Ethics committee which in turn reports to the Board via the Assurance committee.

In the reporting period the Board has endorsed a recommendation to consolidate and evolve our Speak-Up Procedure, which is currently being addressed.

Modern slavery prevention

Our annual Modern Slavery and Human Trafficking Statement is published on arup.com. In the last financial year we have also developed and formalised a global Modern Slavery and Human Trafficking Policy.

We seek to anticipate, prevent and mitigate potential negative human rights impacts through our policy and processes, which underpin our commitment to responsible business practices.

Assurance

LRQA was commissioned by Arup to provide independent assurance of our GHG emissions inventory, Gender Split data and Community Engagement data for April 1, 2023- March 31, 2024 and April 1, 2022- March 31, 2023. This was done to a limited level of assurance and materiality of the professional judgement of the verifier using The Greenhouse Protocol – A Corporate Accounting and Reporting Standard (revised edition, Jan 2015) and ISO 14064 - Part 3 for GHG emissions and using Arup's methodologies for human capital data. LRQA's verification procedure is based on current best practice and is in accordance with ISAE 3000 and ISAE 3410. LRQA's independent assurance statement is accessible on arup.com.

Group policies

The Group has eight core policies which are formal declarations of principle to guide decision making. They are informed by our stakeholder engagement and provide direction for our business, translating our values into actions, and set clear expectations for and of our members. Further details on how the Board engages with stakeholders can be found below.

Group policies apply across all Group operations, they are set, reviewed and approved annually by the Board and implemented through regions and groups. Relevant senior leaders are assigned responsibility for developing plans to enable us to reach the aims set out while fulfilling applicable legal, regulatory and other requirements. However, all Board directors take an active and visible role in communicating the importance to our members of the policies' aims.

Climate, nature and environment

Key Board decisions: Agreed significant updates to the former Environment Policy to emphasise Climate and Nature aims and priorities, and to explicitly reference the Net Zero GHG Emissions Statement.

Key stakeholder considerations: Community and Society.
Regard to matters outlined in CA S.172 (1): a, d.

Equality, diversity, and inclusion

Key Board decisions: Continuing to target male to female ratios within our membership to be in a 40% to 60% range in either direction; maintaining diversity as a key consideration in Board appointments, leadership promotions and succession planning; engaging individually and collectively with Employee Resource Groups on Equity, Diversity and Inclusion.

Key stakeholder considerations: Current and future members.
Regard to matters outlined in CA S.172 (1): a, b.

Ethical conduct

Key Board decisions: Further development of our Speak Up confidential disclosure procedure.

Key stakeholder considerations: Members, Clients, Collaborators and Suppliers.

Regard to matters outlined in CA S.172 (1): a, b, c, e, f.

Health, safety and wellbeing

Key Board decisions: Approved the global wellbeing commitments; maintained management system certificated to Occupational Health and Safety Assessment Series ("OHSAS") 18001 or equivalent in our formal offices; in-depth review of our safety culture and health and safety training and competency arrangements, and the subsequently agreed related improvement programmes. See Health, safety and wellbeing above for further details.

Key stakeholder considerations: Members, Clients, Community and Society.
Regard to matters outlined in CA S.172 (1): a, b, c, d.

Quality

Key Board decisions: Worked with the Excellence committee to help deliver this key strategic priority; refreshed our global skills network programme; refreshed our global learning programme; completed research on operationalising the excellence mindset in an expanding membership; maintained a management system certificated to international standard ISO 9001 in our formal offices; maintained oversight of the Client relationship programme.

Key stakeholder considerations: Members, Clients, Collaborators and Suppliers, Community and Society.
Regard to matters outlined in CA S.172 (1): a, b, c, d, e.

Modern slavery and human trafficking

Key Board decisions: Approved the introduction of the Modern Slavery and Human Trafficking Policy.

Key stakeholder considerations: Members, Clients, Collaborators, Suppliers, and Society.
Regard to matters outlined in CA S.172 (1): a, b, c, d, e.

Information Security

Key Board decisions: Approved the introduction of the new Information Security Policy to formalise our information security stance to clients and key stakeholders, and to demonstrate tone from the top in line with the requirements of ISO27001 for Information Security Management certification.

Key stakeholder considerations: Members, Clients, Collaborators and Suppliers.
Regard to matters outlined in CA S.172 (1): a, b, c, e.

Sustainable development

Key board decisions: Continued commitment to contribute meaningfully to the UN Sustainable Development Goals, creating shared value for our clients and our communities whilst safeguarding our planet.

Key stakeholder considerations: Members, Clients Collaborators and Suppliers, and Community and Suppliers.
Regard to matters outlined in CA S.172 (1): a, b, c, d, e.

Section 172(1) statement

The Board considers collectively and individually that they have made decisions during the financial year to 31 March 2024 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).

The directors recognise that to progress our 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 Board is responsible for deciding our strategy and for overseeing its implementation. The Board recognises that a positive culture comes from the very top and the Board is responsible for ensuring that our purpose and values are adhered to and lived by the Arup members.
- Decision making – The composition of the Board is a mix of directors with extensive Arup backgrounds and external non-executive directors (as explained in the Governance report), providing a diverse set of skills, knowledge, experience, and competence, that are collectively key in the Board's decision making. The 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. Board decisions are typically reached on the basis of unanimity, with only rare exceptions to this.
- Our policies, outlined above, describe key decisions by the Board during the year and include references to the Board's decision making under CA Section 172(1). Also see below the reference to the Board's decision making around the profit-share payment. The outcomes of the decisions are described in the ESG section except for those in relation to the Quality policy which are outlined in the

Directors' report. See the Governance report for further information about the Board, its composition and its activities during the yar of reporting.

- Board reporting – To enable informed decision making, the Board receives 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 – The regular reporting to the Board includes updates on key decisions and the actions taken in respect of them.

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

Execution and performance

The Board delegates responsibilities in various areas to executive bodies. However, certain matters are reserved for the Board.

Day-to-day operational management is carried out by the Operations Executive that has overall responsibility for business operations and performance, the delivery of the annual business plans, the success and well-being of our members, delivering value and a high quality of service to our clients. The Operations Executive is collectively responsible for delivery of global targets agreed by the Board, as well as coordinating the activities of the region boards.

An internal performance report is published in-house every six months which provides an overview of the Group's performance across key areas, including our business performance and progress against the Arup strategy.

Region and Portfolio reviews are undertaken annually by a panel of the Board, typically including the Chair, COO and CFO engaging with the relevant leadership teams. This process includes reports on progress against the Arup strategy and in-depth discussions in key areas including clients, projects, risk, succession planning and diversity.

Profit–share payment; a key Board decision

Background: The profit-share is an important part of the members' total reward; it recognises the collective efforts of our global membership and provides eligible members with the opportunity to share in our financial success. Twice a year the Board decides on the value of the profit-share, with the potential payments typically made in June and November following confirmation of our full and half-year financial results respectively.

The Board made the difficult decision not to make an interim profit-share payment in relation to the first half of the 2023/24 financial year. Although the business had continued to be profitable, the six-month period had been challenging and the Board recognised the importance of ensuring a robust cash position to enable the Group to navigate the uncertain market conditions, increasing geopolitical tensions and slower investment experienced at that time. The decision was communicated via email from the Board Chair and further discussed at global member calls.

The hard work of Arup's members and the actions taken to get fit for the future contributed to stronger end to the 2023/24 financial year, and a profit-share payment relating to the second half of the financial year was made in June 2024.

Board discussion and stakeholder consideration and impact: The Board recognised that the profit-share decision would be unsettling and disappointing to members. However, they concluded that this was the right decision taking into account all of the relevant considerations at the time for the benefit of Arup and its members in the longer term.

Member and stakeholder engagement

Trustees

The owning Trusts are the sole shareholders of the Company. The directors of the Trustee companies, the Trustees, administer the trusts in the interests of each trust's beneficiaries; they appoint the Board to run Arup, and engage with the Board and with Arup's membership on trust and trustee activities.

Board engagement: The Board engages with the trustees in different ways, including reports to trustees' meetings; bi-annual joint board meetings; monthly (or more regular) Chair-to-Chair meetings; and joint working groups.

Priorities for 2024/2025: Working to evolve the governance arrangements at the top of the firm with greater clarity of roles and separation of responsibilities to enable independent oversight and effective execution.

Link to strategy: The Trustees are an important source of support to the directors in their steering of the Group and help to maintain long-wave thinking in the face of short-term pressures and beyond the terms of individual leaders.

Members

Everyone employed by Arup is a member. We are a people business, and our current and former members are the primary beneficiaries of the Trusts.

Board engagement: The Board engages with the members, directly or indirectly, in a number of different ways, including: reviewing and assessing the regular 'Working at Arup' survey; 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. Further information on our engagement with our members can be found above.

Priorities for 2024/2025: Expanding our focus on global skills networks; Continued work on the three-year Health, Safety and Wellbeing plan that was introduced in April 2024; Ensuring members' wellbeing; Retention.

Link to strategy: As a purpose-led business we aim for high levels of member engagement that in turn enable better solutions for clients and for the planet. We aim for Arup to be and be seen as a great employer, and for potential members to understand what we offer should they choose to develop their career here. Ensuring that those expectations are matched by the reality of experience that is provided helps us to retain the talent that we have invested in.

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 of our members is 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 their business, anticipate their needs, and offer solutions they value.

Board engagement: The Board sponsors client relationships and acts as a member and convener in partnerships and leading market organisations. The Board provides direction and oversight of Arup Managed Clients, a programme designed to shape our sustained 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 allows us to shape opportunities to suit our strengths, deliver value for our clients, and realise more sustainable outcomes.

Priorities for 2024/2025: Our Portfolio Leaders and Region Chairs have assumed a stronger role in shaping the direction of the programme to focus our investment in clients that match Arup's purpose and strategy, emphasising growth in the markets in which we can have the greatest impact with our clients. This means ensuring we are working with clients that will work with us to shape a better world. We aim to connect with clients to deliver shared value, ensure we have a client mix that can sustain our business growth and ability to influence in key markets, work to clear client engagement plans that 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 strategy through our integrated and annual business planning processes. The Arup Managed Client 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 with joint-venture partners, contractors, consultants, and industry organisations etc.

Board engagement: The Board has various engagement mechanisms including holding senior positions in industry organisations e.g., the Royal Academy of Engineering; attendance at industry events; sub-consultants and supplier engagement on sustainable development approaches; engagement on compliance with Modern Slavery and Human Trafficking legislation etc.

Priorities for 2024/2025: To work with suppliers and collaborators to ensure a continued focus on sustainable development and climate.

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

As part of our vision to shape a better world, Arup engages with many parts of society: those impacted or influenced by our work including end users and communities local to our projects; charities; future members; and those who we can engage with to extend our influence.

Our global Community Engagement programme is further described in the ESG section above.

The Board, together with the Trustees as part of their governance responsibilities for Ove Arup Partnership Charitable Trust, have oversight of the Community Engagement programme. The Community Engagement Steering Group is chaired by a Board member and includes a Trustee representative alongside region board members and other directors with relevant experience.

Board engagement: Senior positions, and participation, in policy setting, government and regulatory forums; partnership with influencers and wider societal engagement.

Priorities for 2024/2025: Continue the commitment to the Community Engagement programme to ensure further high impact activities, specifically in relation to: reducing inequities; providing access to sustainable and resilient infrastructure; and affordable, resilient, and safe shelter.

Link to strategy: The Community Engagement Strategy focuses on the most disadvantaged and vulnerable communities. It emphasises the importance of longer-term partnering with charities and NGOs to deliver positive impact at scale and help create a more inclusive and equitable society.

Further details on the stakeholder engagement, including outcomes and actions, can be found in the ESG section above.

On behalf of the Board

Martin James Ansley-Young

Company Secretary

31 October 2024

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

Governance report

Governance statement and arrangements

We apply our own corporate governance framework, that is based upon the same principles of good governance and long-term sustainable success as those reflected in the UK Corporate Governance Code 2018 (the "Code").

A governance framework is also in place for subsidiary companies in the Group to ensure that our values, polices and processes are adhered to, and that our members and business act in a clear, accountable and consistent manner.

Roles and responsibilities

The Board

The Board ensures the Group's long-term success, financial stability, unity, wellbeing, and sustainability. Directors are listed in the Directors' report.

Most Board members come from senior management, bringing diverse experience from across the Group's operations and sectors but without representing their operational areas. Two non-executive directors ("NED"s) offer external perspectives and constructive challenges; they are briefed on key topics by the Chair before meetings to ensure active participation.

All directors are expected to contribute actively, and ensure no single individual or group dominates decision-making, in line with the Code's principles. All directors also engage with individual offices and join the annual senior management meeting.

NEDs must dedicate sufficient time to their roles to fulfil their responsibilities effectively. The table below shows Board and committee membership and NED attendance for FY 2023/24.

Non-executive director board and committee attendance from 1 April 2023 – 31 March 2024

Member	Board	Assurance committee	Audit committee	Risk committee
Cordelia Chung	8/8	6/6	-	4/4
Hilde Tonne	7/8	-	5/5	-

The Chair manages the Board and acts on its behalf between meetings, fostering discussion, decision-making, and identifying strategic issues and ensures Board directors are appropriately informed on key matters. The COO handles many operational duties and chairs the Operations Executive, see the strategic report for further information.

The operational companies in the Group have delegated the day-to-day management of their operations to defined management teams including the region management boards and senior management. Certain matters are reserved for the Board only. Further information on how the directors of Arup Group Limited execute their responsibilities under Section 172(1) of the 2006 Companies Act is described in the Strategic report.

Board appointments and succession planning

The Trustees ensure the Board's composition aligns with our values and strategy.

Potential executive director candidates are identified from the senior management population that is kept under regular review as part of succession planning. Candidates are discussed by the Board and the Trustees, and those short-listed are interviewed by a Nominations committee in order to make a recommendation for appointment by the unanimous decision of the Trustees.

NED candidates are identified through an external consultant and interviewed by the Trustees, who check their availability and potential conflicts of interest.

Board directors are normally appointed on three-year terms, the same timeframe as applied throughout the Group for individuals taking on a broad range of senior leadership responsibilities. Annual re-election is not required. It is expected that directors will typically serve for six to nine years, but with shorter or longer terms agreed as appropriate to balance fresh thinking with continuity and Board experience.

Chair appointments are handled by a Nominations committee of the Trustees. The Nominations committee consults with all Board directors and Trustees, and the Trustees discuss the outcome of that consultation and shortlist candidates for interview and formal assessment. The Nominations committee makes recommendations for appointment by the unanimous decision of the Trustees. The Chair is appointed for an initial three-year term, extendable up to five years. Alan Belfield completed his term on 31 March 2024, with Jerome Frost taking over on 1 April 2024.

Re-appointments are decided by the Trustees and based on performance appraisals and discussions, considering current and future Board composition.

Recent director changes

Alan Belfield, Tristram Carfrae and Dervilla Mitchell stepped down from the Board on 31 March 2024. Yuk Nin Andy Lee (Andy Lee) and Hilde Tonne were appointed on 1 April 2023. Andy Lee resigned on 24 April 2024.

The Trustees

The Trustees are current and former members drawn from two sources in broadly equal proportion, i.e.: former Board directors, one of whom is elected Trustee Chair; and current or (by exception) retired members of senior management nominated by our members. The composition of the Trustees reflects the diversity of the Group, but individual Trustees do not represent any particular part of the firm. Appointment terms are managed on a staggered basis to ensure some continuity of membership to provide both stability and efficiency.

David Whittleton resigned as Chair of the Trustees on 31 March 2024 on conclusion of his five-year term as Chair. Mahadev Raman, a current Trustee, took over as Chair on 1 April 2024.

Board activity

The Board holds four full meetings annually, along with two joint sessions with the Trustees. Additional short interim meetings are scheduled to handle urgent decisions, maintain momentum between full meetings, and set priorities. All Board directors are expected to attend every meeting throughout the year.

Key matters addressed by the Board include monitoring strategy progress, market outlook, key client and project issues, significant and emerging risks and their mitigation, oversight of operations and performance, investment funding and allocation, and profit-sharing arrangements and distribution. See section 172(1) Companies Act 2006 in the Strategic report.

Senior management succession planning

Senior management succession plans, providing a future pipeline of potential successors to key termed roles, are reviewed annually. Many of these appointments have been made on a termed basis which will continue to allow for flexibility, resilience and broader career development.

Board evaluation

Board directors are formally appraised by the Chair on an annual basis following the same process undertaken for all our members including feedback from a number of sources including the external evaluation and Trustees' review. Further to the appraisal, plans are agreed to address any individual skills development and / or training needs that will contribute towards more effective Board composition. The Chair is formally appraised by the Trustee Chair in the same way.

The Chair provides Trustees with feedback on individual Board directors' performance, and the Trustee Chair attends appraisals for directors nearing the end of their term. The appraisals, along with other inputs, are considered by the Trustees when deciding on potential re-appointments.

Every two to three years, the Trustees conduct a formal review of the Board to ensure effectiveness. In light of the significant external challenges and organisational changes in recent years, the Trustees decided to focus the 2023 review on the wellbeing of our members. The review was informed by a firm-wide wellbeing survey followed by focus group discussions with members. The results of the review were discussed with the Board at the July 2023 joint boards' meetings, and the actions proposed by the Group Board in relation to each of the recommendations made were reported at the January 2024 joint boards' meeting.

The Board intends to establish a regular evaluation of itself, and a pilot process started to be trialled during 2023.

Audit, risk and internal control

Governance

Arup's risk management framework is described in the Strategic report under Risk management. The Assurance committees (outlined below) support the Board in the management of risk and compliance focused activities and in identifying cross-dependencies, efficiencies and sharing of best practice across our compliance and internal control activities. Each of the constituent committees is responsible for ensuring that the key functions within their remit are discharged to a high standard, and for escalating relevant matters to the Board as appropriate.

Miriam Staley, Head of Risk and Assurance, is leading a three-year project to scope out a new internal audit function.

Assurance committee

The Assurance committee supports the Board in the management of risk and compliance focused activities and in identifying cross-dependencies, efficiencies and sharing of best practice across our compliance and internal control activities.

The Assurance committee engages with four primary committees – the Audit committee, the Ethics committee, the Health, Safety and Wellbeing committee and the Risk committee – to ensure that these key functions are discharged to a high standard. Each of these committees reports to the Assurance committee on the matters within its scope on a quarterly basis. Each of the constituent committees also reports to the Board on matters warranting direct escalation.

The committee is Chaired by Board member Fergal Whyte. Other members included Cordelia Chung (NED) and officers of the Board.

Audit committee

The committee is responsible for oversight and assurance of our statutory financial reporting and the external audit process; it receives a detailed report from the independent auditors on significant matters arising from the audit; and it recommends the Group Financial Statements and Reports to the Board for approval.

In FY 2023/24 the committee was chaired by David Thomlinson, who took on the role in July 2023. Alan Belfield acted as interim Chair, following the period between the resignation of the previous committee Chair, Tim Stone, on 31 March 2023, and David's appointment in July 2023. The committee's other members during the year included Hilde Tonne (NED), the Chair and COO, officers of the Board and senior members of the Finance team.

The Audit committee members have significant financial expertise and statutory reporting experience combine with extensive knowledge of the operations and finances of the Group and its constituent parts over many years, as well as hands on experience as project directors in delivering our professional design and engineering services earlier in their careers.

No member of the committee has direct responsibility for the management of professional services projects, the performance of which forms the core of the financial statements. The Chair of the committee holds meetings as appropriate with the auditors without members of senior management or the finance teams being present, to ensure that there are no barriers to the free disclosure of all relevant matters.

The committee met five times during the year of reporting allowing the committee to confirm the audit programme and agree audit approaches in key areas, to agree the principal accounting policies and accounting procedures, and to review the auditors' report and the Group Financial Statements and Reports. The committee also receives briefings on key matters relevant to its remit; this year these covered enhanced ESG reporting, including NFSIS compliance, and progress on the implementation of more systematically evidencable controls for work in progress.

A retendering process of the Company's auditors was undertaken in 2021 and concluded in early 2022, and the committee concluded to reappoint the Company's auditors, PricewaterhouseCoopers LLP ("PwC") (originally appointed in 2010). The appointment of the auditors is reviewed annually by the committee, and PwC were formally reappointed in October 2024 for the upcoming financial year. Given the unusual trust ownership structure of the firm, an extended tenure of external auditors can contribute to a more comprehensive understanding of our business, and therefore a more effective audit process, subject to maintaining an appropriately independent relationship. The performance and tenure of the auditors is kept under regular review by the committee and the CFO.

The committee receives a formal report from the auditor each year on its independence, covering corporate, business and individual relationships as well as identifying non-audit services, and confirms that there are no matters that would compromise an objective evaluation of the financial statements. The primary non-audit services are in relation to tax compliance and advisory work. There are no contingent fee arrangements in place, and the lead audit engagement partner is rotated at least every 10 years. The committee formally considered the position and confirmed that it was satisfied that the auditors remain sufficiently independent. All potential joint business relationships are reviewed to ensure that those which proceed are limited in size, thereby maintaining objectivity and independence.

Ethics committee

The committee is responsible for maintaining oversight of business integrity and ethical behaviours, including raising awareness and sharing experiences across all regions to enhance our ability to address ethical issues.

The committee was chaired by Dervilla Mitchell until her retirement from the Board in March 2024. Since April 2024 the committee has been chaired by Fergal Whyte (Global Ethics director), and its membership includes senior leadership representatives from across the firm.

The committee meets quarterly to receive reports on any ethical matters arising, to monitor mandatory training completion rates and to discuss topical ethical issues. The committee reports both to the Assurance committee and to the Board. The committee members engage with members periodically to raise awareness and reinforce the importance of this area. This includes global and regional communications, and hosting townhalls and discussion groups in our offices.

Ethics training is mandatory for all our members; this is monitored by the committee and non-compliance is followed up directly. Arup members are actively encouraged to raise any ethics-related queries and issues with their line manager; group leader; their regional ethics representative; the Ethics committee Chair; the business integrity team; their regional legal team; or the General Counsel. A 'Speak Up' procedure is fully operational across Arup and provides an additional mechanism for ethical concerns to be raised on a confidential (and if chosen, anonymous) basis. The volume and nature of Speak-Up disclosures are reported to the Ethics committee, see further details on this procedure in the Strategic report.

Health, safety and wellbeing committee

The committee is responsible for the leadership and development of our global approach to health, safety and wellbeing. It oversees the effectiveness of the firm's policies, strategies, initiatives and targets, ensuring that appropriate controls and mitigations are established. The committee conducts in depth reviews of specific risks. During the year of reporting, the committee conducted an in-depth review of our safety culture and our arrangements for design safety, training and competency and wellbeing.

The committee has been chaired during the year by James Pomeroy, Global Health and Safety Leader, and its other members include senior Leaders from the Health & Safety team, People team, Legal team, Corporate Services team, and region boards.

The committee meets six times a year, reviewing the implementation of the health, safety and wellbeing programme.

Risk committee

The Risk committee is responsible for oversight and assurance of our risk management process areas as identified and prioritised by the Board, together with the related control and mitigation measures, as well as in-depth reviews of specific risks arising from time to time. It regularly reviews and updates the framework to ensure a dynamic approach to risk management. Further details can be found under Risk management in the Strategic report.

Throughout the year, the committee has been chaired by the Group General Counsel, Margot Day. Its members also include Board members, the Head of Risk and Assurance, and senior managers from the Group.

The committee meets quarterly to review the implementation of the evolving group risk management framework and to address any concerns, whether escalated through management channels or otherwise. Reports from the committee are reviewed by the Assurance committee and the Board at their respective quarterly meetings.

Project delivery environment

Our global Arup Management System ("AMS") project delivery environment is our primary quality management tool providing a comprehensive set of procedures and checks to enable compliance and quality assurance. The AMS integrates our Quality, Health and Safety, and Environmental policies within our project delivery environment. Adherence to the AMS is overseen by the regional management teams, and its operation is audited annually by external bodies in each location. The AMS is certificated to ISO 9001, ISO 14001 and ISO 45001. The AMS is also regularly audited internally, and lessons learned and opportunities for improvement are incorporated, in line with the requirements of the standards.

Remuneration

The remuneration policy for the Board, including the Chair, and senior management is set in accordance with our global approach to reward for all of our members. It reflects our values and in particular our aim for reasonable prosperity of members.

The Trustees oversee and set the total remuneration of the Board, which includes salary, benefits and profit-share. A committee of the Trustees, the Board remuneration committee, develops policy and advises on Board remuneration for decision by the Trustees. The Board remuneration committee report provides further details of the responsibilities of the committee and our policies for Board remuneration.

The Senior Staff Remuneration executive is a committee of the Board that determines the remuneration of the senior management (excluding the Board itself).

The remuneration of the NEDs of the Board is determined by the Chair on the advice of the Global People Leader and is based on current market rates and the time commitment required. Reasonable expenses are also reimbursed but there are no additional benefits, and the NEDs are not beneficiaries of the profit-share.

The Board conducts an annual firm-wide review of gender pay parity, in addition to the gender pay gap reporting requirements in various countries in which we employ members. This enables the Board to assess the overall picture of gender pay parity across the Group and raise any areas of concern with senior management for further investigation, and correction of any disparities as appropriate.

During our annual pay review process, leaders across all offices reference a dashboard showing gender pay parity data for their teams. This enables them to see how the salary decisions they take will impact gender pay parity, helping to reduce unconscious bias in the process. Real-time data is supplemented with guidance and support from their local People support teams and all decisions are ultimately approved by the leader at the next level up.

Reviewing our governance

In September 2023 the Board and the Trustees agreed to work together to review and evolve our governance arrangements with the intent of clarifying leadership roles and the separation of responsibilities, enabling independent oversight and effective execution. Recommendations are being currently finalised, and are expected to be implemented in 2025.

On behalf of the Board

Martin James Ansley-Young

Company Secretary

31 October 2024

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

Board remuneration committee report

Committee Chair's introduction

On behalf of the Board remuneration committee (the "committee"), I am pleased to introduce our remuneration report for the financial year ended 31 March 2024. I welcome this opportunity to share with you an overview of the committee's activities during the past year, as well as the remuneration principles and policies that apply to the executive directors of the board of Arup Group Limited (the "Board" of "the Company"). As part of the firm's ongoing commitment to governance best practice, we are committed to making disclosures in relation to Board remuneration, using as a basis the provisions of the UK Corporate Governance Code 2018 (the "Code") as a recognised benchmark.

Over the past year we have experienced a changing business climate. Despite a challenging backdrop of geopolitical events, increasing inflation and a declining market for services in some geographies, the Group has been resilient in sustaining trading performance.

When determining the remuneration of the Board's executive directors, the committee continues to prioritise ensuring alignment to the same general principles applied to the broader membership. As per previous years, the salary review for the executive directors in April 2023 considered performance, external market benchmarking and salary forecasts, economic conditions and internal pay relativity, with increases awarded at a more moderate level compared to average Arup member pay rises within the relevant country.

A profit-share payment was delivered to eligible members in June 2023, relating to the second half of the 2022/23 financial year, and ratified by the Trustees for executive directors of the Board. However, in line with the Board's decision not to deliver an interim profit-share payment to members in November 2023, relating to the first half of the 2023/24 financial year, the Trustees also agreed that no profit-share payment should be made to the executive directors of the Board.

The committee continues to seek opportunities to ensure the remuneration policy for executive directors is clear, transparent and understood; and I am pleased to present our voluntary CEO pay ratio disclosure, building upon the disclosures made previously.

Ensuring our remuneration is free from discrimination continues to be a priority for Arup and for the committee. In addition to the actions taken to ensure pay is not affected by protected characteristics across our wider workforce, the committee also reviews the remuneration of the executive directors to ensure equity. Where we have men and women in the same country on the Board, they continue to receive the same level of pay.

The Committee

The Trustees determine Board remuneration. The Trustees are advised by the committee whose overarching purpose is to ensure the remuneration structure and policies reward the executive directors fairly, responsibly, and in line with our values. The Chair of the committee, Peter Bailey, was appointed to the committee in April 2020, and has served at its Chair since April 2021. As such, his experience fulfils the requirement under the Code of having 12 months' experience as a director on a remuneration committee, before acting as its Chair. The other members of the Committee during the year of reporting were: Tim Stone (Trustee), Trent Lethco (Trustee) and Diane Thornhill (People Leader). Tim Stone ceased to be a member of the committee upon his resignation on 22 May 2024. David Whittleton acted as an advisor to the committee until the conclusion of his term as Trustee Chair on 31 March 2024.

The committee operates within agreed terms of reference that are freely available to Group members, and without influence from the executive directors or other senior management. Its main responsibilities are to:

- Ensure the Group adheres to the highest standards of governance and best practice in remuneration matters.
- Design and administer the remuneration policy for executive directors.
- Implement such policies to ensure that remuneration: promotes the Group's values and culture; aligns with the delivery of its strategic goals and purpose; and helps to attract, motivate and retain high calibre individuals.

Remuneration outcomes

The Committee met three times in the year ended 31 March 2024 with full attendance at each meeting. Activities included:

- Reviewing internal pay relativities and gathering external market data for benchmarking executive director pay levels.
- Making proposals regarding the annual review of remuneration for the executive directors.
- Reviewing the effectiveness of the pay structure introduced to enable the Group to manage the unique termed nature of the Board role.
- Continuing to review the broader context for executive director remuneration decisions to ensure that:
    - The remuneration of our members, related policies, and the alignment of rewards with our values, are all appropriately reflected in executive director remuneration.
    - Overall reward levels are in line with, and appropriately competitive against, relevant local market practice.

Looking ahead to next year

During the coming year, the Committee's focus is expected to include the following areas:

- Ensuring that executive director remuneration continues to support our overall strategy, as well as the firm's values and purpose.
- Consideration of the implications on remuneration of changes to the composition of the Board as termed appointments end.
- Continuing to align our remuneration policy, practices and governance, more closely with the Code (or explaining why we choose not to).

The committee continues to engage with the Board in its work to ensure that the approach to remuneration taken across the Group is simple, coherent and consistent; and aligned with our aims, in particular *straight and honourable dealings and reasonable prosperity* of members.

On behalf of the Board remuneration committee.

Peter Anthony Bailey

Chair, Board remuneration committee

31 October 2024

Mahadev Raman

Chair, Trustees

31 October 2024

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

CEO equivalent pay ratio

Regulations for listed companies require them to publish the ratio of the pay of the CEO to that of United Kingdom employees. Arup Group Limited is not obliged to comply with these regulations; however, the committee has, since 2021, chosen to consider the regulations and provide a disclosure. The following table shows the ratio between the total pay and benefits of the Chair of Arup Group Limited and the members of the Group in the United Kingdom at the lower quartile, median and upper quartile pay level.

In general, we expect any variation in the total pay and benefits ratio year-on-year to be the result of the profit-share award received by the Chair. Members in less senior positions continue to have a greater portion of their pay delivered as fixed base salary, which allows for greater predictability when planning day to day finances. Our senior management, including the executive directors and the Chair, have a higher portion of their total remuneration structured as variable pay, given their role and ability to influence strategy and performance. The committee has therefore chosen to provide a total salary ratio as helpful context in addition to the total pay and benefits ratio.

Pay ratios

Year	Method		25th percentile ratio	50th percentile ratio	75th percentile ratio
2024	B[1]	Total pay and benefits[2]	15:1	11:1	8:1
		Total salary	14:1	11:1	8:1
2023	B[1]	Total pay and benefits[2]	19:1	14:1	11:1
		Total salary	15:1	11:1	8:1
2022	B[1]	Total pay and benefits[2]	23:1	16:1	13:1
		Total salary	15:1	11:1	9:1
2021	B[1]	Total pay and benefits[2]	20:1	15:1	11:1
		Total salary	13:1	10:1	7:1

1. The calculation methodology used reflects Option B, as defined under the relevant regulations. This uses the most recently published gender pay gap information to identify and select the Group members at the three quartiles on 5 April 2023, with the effective date of the calculation 31 March 2024. To ensure that the results are representative of the pay and benefits at these quartiles, the values for members immediately above and below the identified member at each quartile were also reviewed.
2. Total pay and benefits for our United Kingdom members includes base salary, any guaranteed cash allowance; profit-share payments; and the value of health, insurance and pension benefits on a full-time equivalent basis, taken across the full financial year ending 31 March 2024. The single total figure of remuneration for the financial year ended 31 March 2024 has been used for the Chair. No broadly applicable components of pay or benefits have been omitted. Overtime pay, where received by any of the members considered in this analysis, has been excluded from the calculation as it was not deemed to be material or guaranteed.

Total pay and benefits used to calculate the ratios

Year	UK members	25th percentile	50th percentile	75th percentile
2024	Total pay and benefits	£43,327	£57,125	£76,406
	Total salary	£37,500	£50,000	£67,000

There has been a reduction in the total pay and benefits ratio between 2023 and 2024. The primary reason for this is the lower profit-share in 2024 which impacts the total pay and benefits of the Chair to a greater extent due to the higher proportion of variable pay within their overall total pay and benefits. Over time the total pay and benefits ration remains low.

The committee is satisfied that the median pay ratio reflects the total pay and benefit values for the Chair and the median United Kingdom member respectively. Also, it is consistent with the pay, reward and progression policies for our United Kingdom members, considering the diverse mix of roles, the levels of fixed and variable pay applicable to each grade, and our objective of delivering market competitive remuneration.

Board remuneration policy

This section of the report summarises the Board remuneration policy that is currently in operation. In line with the underlying principles for remuneration across Arup Group more broadly, the aim of the Board remuneration policy is to promote our values and culture, and long-term success through strong and sustainable performance.

The Committee keeps this policy under periodic review and once again, assessed the policy against the six themes set out in paragraph 40 of the Code: clarity; simplicity; risk; predictability; proportionality; and culture. The Committee concluded that:

- The policy is simple, appropriately designed and clear. It effectively reinforces the Group's culture, its aim of *straight and honourable dealings*, and long-term sustainable success. Importantly, it is also consistent with the remuneration policies in place across the Group as a whole.
- Fixed pay is predictable and calibrated to support our aim of *reasonable prosperity*. The Board allowance, payable during an individual's termed appointment to the Board, ensures that remuneration is proportionate to the additional responsibilities of this role. Eligibility for the global profit-share ensures an appropriate balance between pay certainty and driving behaviours that promote sustainable growth for the benefit of all stakeholders, without encouraging or rewarding excessive risk-taking.
- The Committee retains appropriate discretion to ensure that poor performance is not rewarded.

The Committee also reviewed the application of this policy during the financial year ended 31 March 2024 and confirmed that it operated as intended, particularly in the application of measures to protect the financial position of the firm and to ensure that we have a healthy, sustainable business into the future.

Whilst we do not consult directly with our broader membership on the remuneration policy, our members may discuss remuneration matters with the Trustees at any time.

Remuneration policy table

The table below summarises the main components of the reward package for executive directors of the Board:

Purpose and link to strategy	**Operation**	**Opportunity**	**Performance metrics**
Base pay: annual base salary and Board allowance			
To attract and retain high calibre individuals, and to recognise their responsibility to deliver our values, culture and strategy over the term of their appointment to the Board.	Base pay consists of annual base salary, plus an additional Board allowance. This allowance is paid in monthly instalments over the term of an individual's membership of the Board. After an individual's termed appointment to the Board ends, the allowance reduces, and annual base salary is reviewed and set in relation to the role to which they are subsequently appointed. Base pay is reviewed annually with any changes, if appropriate, effective in April. Factors considered include overall business performance; economic climate and market conditions; general increases awarded to the Group members and in the relevant market more broadly.	Average base pay increases are normally in line with those of Arup members in the relevant market. Larger increases may be given in situations where the committee considers this necessary, such as when there is a material change in the scope or responsibility of a role, where market conditions indicate a level of under-competitiveness that requires correction, or there is considered a risk to the attraction or retention of executive directors of the Board. The committee does not consider it appropriate to set a maximum pay level.	Not applicable.

Purpose and link to strategy	Operation	Opportunity	Performance metrics
Benefits			
To provide market competitive health and wellbeing benefits consistent with the role, driving engagement and providing security for the individual and their family.	Executive directors of the Board are entitled to benefits which may include the following, based on country of employment: private healthcare; annual health checks; insurances covering accident, income protection and life; and paid annual leave. The benefits offered may change from time to time to reflect changing circumstances, market practice, or consistency with other members in the relevant market.	Benefits will be provided at levels commensurate with market practice in the country of employment. We expect the value of benefits to fluctuate due to individual circumstances, insurance premiums and other external factors. There is no specific maximum benefit spend.	Not applicable.
Pension			
To provide an income after retirement through the provision of retirement savings during employment.	The Group offers executive directors of the Board: - Participation in the local pension plan in the country of their employment, or - The equivalent employer contribution to be taken as a cash allowance and paid in instalments, or - A combination of these arrangements to the same total value.	All executive directors of the Board receive employer pension contributions in line with the rest of the members in the country of their employment.	Not applicable.
Profit-share			
To embody the principles of our ownership structure, where our members are the drivers and the beneficiaries of our success. To reinforce the truly global nature of Arup Group, by being based on our collective success.	Eligible members in all Group locations participate in the profit-share. Any payments made to executive directors of the Board are determined based on base pay, allocated 'profit-shares' and the Group's financial performance. These payments are typically made twice per year in June and November, after review of full and half-year performance.	Consistent with all eligible members, executive directors of the Board are allocated 'profit-shares'. The level of allocation is subject to periodic review, both in the context of the operation of the profit-share across the Group, and to ensure an appropriate mix of fixed pay and pay at risk for executive directors of the Board reflecting their role in delivering the Group strategy.	Following each profit-share period, the Board determines the available profit-share fund for distribution to eligible members. The Trustees review the payments for the executive directors of the Board and have full discretion to vary or award no payment depending upon performance of the Board as assessed by the Trustees in the prior performance period. In the event of an overpayment the rules make provision for awards to be corrected and recouped as necessary.

Service contracts

Executive directors of the Board have signed rolling contracts in respect of their ongoing employment by the Group, terminable on six-months' notice by either the Group or the individual (unless local employment legislation requires a different duration, or in a limited number of instances due to a legacy 12 months' notice period). An executive director may be required to undertake 'garden leave' (where local employment legislation permits) during all or part of their notice period and may receive their base pay during the notice period. The firm may alternatively pay an equivalent amount of base pay in lieu of the executive director being required to work their notice period.

Eligibility for a payment under the profit-share upon termination of employment is not automatic and varies depending upon the basis of the termination. No payment will be made where an executive director resigns or is terminated for cause. In the event of retirement, redundancy or death in service, any payment will be pro-rated reflecting eligible service up to and including the date of termination. The approach for executive directors follows the same rules as for members, notwithstanding that any payment to the executive directors remains at the discretion of the Trustees.

As described in the base pay section of the table above, an individual's appointment as an executive director of the Board is a termed role, terminable at any time with immediate effect and without compensation for loss of office.

Summary of remuneration for other Group members

The approach to remuneration for the executive directors of the Board follows the same fundamental principles as for all members throughout the Group, aligned to our values, and supporting the right outcomes and our unique ownership structure, as outlined in the following table:

Base salary	Benefits and pension	Profit-share
We conduct an annual review of base salary for all members. In determining any increase to base salary, we consider comparable market rates, the contribution, skills, knowledge and experience of each individual, and the pay budget for each country in which we employ members. In setting pay budgets we assess how our pay levels are positioned relative to the market, review economic conditions and forecasts for market and wage growth, and consider the business context and affordability.	All members are eligible for benefits reflecting competitive market practice in the country in which they are employed. Typically, this includes a combination of health, wellbeing, insurance and retirement benefits.	All permanent members of the Group are eligible to participate in the profit-share. The profit-share reflects the importance of our highly collaborative culture to our ongoing success and enables all members to share in the financial success of the Group.

Directors' report

The directors present their annual Directors' report together with the audited financial statements for Arup Group Limited (the "Company") together with its subsidiaries (the "Group") for the year ended 31 March 2024 which was approved by the Board of directors (the "Board").

Introduction

This section contains the matters on which the directors are required to report each year which are not included elsewhere in this Financial statements and reports. Certain matters which are required to be reported on appear in other sections of this Financial Statement and reports, as set out in the table towards the end of this directors' report.

Fair, balanced and understandable

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

Principal activities

The Group practices in the field of design and consulting engineering services, in architecture and other related professional skills.

General information

The Company is a private limited company registered in England and Wales under company number 1312454 at registered address 8 Fitzroy Street, London, W1T 4BJ, United Kingdom.

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

Dividends

Any dividends have been disclosed in note 35 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:

Belfield, Alan James (resigned 31 March 2024)
Carfrae, Tristram George Allen (resigned 31 March 2024)
Chung, Cordelia
Coughlan, Paul Anthony
Cousins, Fiona Mary
Dedring, Isabel
Frost, Jerome Anthony
Hinkers, Eva Maria
Howard, Andrew Simon
Lee, Yuk Nin Andy (resigned 24 April 2024)
Mitchell, Dervilla Mary (resigned 31 March 2024)
Tonne, Hilde Merete
Whyte, Thomas John Fergal

Directors' remuneration

Directors' remuneration has been disclosed in note 8 to the financial statements.

Directors' indemnities

As permitted by the Company's Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by section 234 of the UK Companies Act 2006.

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

The 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 following the Audit committee's recommendation and the directors' resolution to re-appoint them in 2024.

Financial risk management

The Group's financial assets and liabilities comprises cash and cash equivalents, trade and other receivables, and other payables, lease liabilities and borrowings. The main purpose of which is to maintain adequate finance for the Group's operations. The Group is exposed to a number of financial risks and actively mitigates the risk of financial loss. The key aspects of these risks and mitigations are:

- Foreign exchange risk: where possible the Group matches its currency earnings with currency costs. Where this is not possible, appropriate derivative contracts may be used. There is no speculative use of financial instruments.
- Interest rate risk: the Group currently does not hedge interest rate risk, however the need to do so is regularly reviewed.
- Credit risk: the main exposure to credit risk is on contract assets, trade receivables and amounts due from Arup Group undertaking. Controls and procedures are in place to mitigate this risk.
- Liquidity risk: the Company does not have a bank account, however other Arup Group companies receive cash and make payments on behalf of the Company.

Note 2.4 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.

Research and development

The Group invests in a global research programme which underpins the strategy, with a particular focus on FY 2023/24 in creating research outcomes under six strategic themes aligned with our business strategy. This is managed by a professional research faculty within Arup University who select projects in partnership with the business aligned to the research themes, administer the robust use of funds, the research techniques utilised, and the communication of the research outcomes throughout the Group, and externally to our clients and collaborators.

In addition, the Group engages in research and development as required to complete projects during the normal course of business. Costs incurred in this project level research are immediately expensed to the income statement, whilst development costs are assessed for capitalisation against the criteria of International Accounting Standard ("IAS") 38 'Intangible Assets'.

Employees ("members")

The directors are responsible for assuring themselves that the adoption of the Group policies and their implementation by the management team enable the Company to fulfil all statutory duties and other legal requirements relevant to the members and prospective members.

All members and prospective members receive equal treatment regardless of factors including, but not limited to, age, disability, gender reassignment, marital or civil partner status, pregnancy or maternity, race, colour, nationality, ethnic or national origin, religion or belief, sex or sexual orientation. The Group is committed to the fair treatment of people with disabilities in relation to applications, training, promotion and career development. If an existing member becomes disabled, the company makes every effort to enable them to continue their employment and career development, and to arrange appropriate training, wherever practical.

The Group's policies, and commitments to our members and prospective members, are detailed in the Group policies, Our People and Diversity and inclusion sections, as outlined in the Strategic report.

The member and other stakeholder engagement section within the Strategic report provides details of the Company's engagement with members.

Cross-references to key statutory information

Information required to be part of this Directors' report can be found elsewhere in the Financial Statements and Reports as indicated in the table below, and is deemed to be incorporated into this report by reference:

Matter	Pages in these Financial Statements and Reports
Strategic report, specifically:	
- Likely future developments in the business of the Company	Page 7
- Non – Financial Sustainability Information Statement	Page 9
- Energy and emissions reporting	Pages 11 - 12
- Stakeholder engagement	Pages 21 - 23
- S.172 (1) Statement	Pages 20 - 21
- A description of the Company's member engagement practices	Pages 21 - 23
- Charitable donations	Page 16
Governance report, specifically:	
- Corporate Governance statements	Page 24
- Retirement and re-election of directors	Page 24
Remuneration committee report	Pages 29 - 34
Directors' Remuneration	Pages 66
Profit before taxation and profit after taxation	Page 43
Changes in asset values	Pages 45 - 46
Subsidiaries and associated undertakings	Pages 74 - 75

Statement of directors' responsibilities

The directors are responsible for preparing the Financial Statements and Reports in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework' ("FRS 101"), and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently.
- State whether applicable UK-adopted international accounting standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements..
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

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

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

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

Directors' confirmations

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

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

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.

On behalf of the Board

Martin James Ansley-Young

Company Secretary

31 October 2024

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

Independent auditors' report to the members of Arup Group Limited

Report on the audit of the financial statements

Opinion
In our opinion:

- Arup Group Limited's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2024 and of the group's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Financial Statements and Reports (the "Annual Report"), which comprise: the Consolidated balance sheet and Company balance sheet as at 31 March 2024; the Consolidated income statement, Consolidated statement of comprehensive income, Consolidated statement of changes in equity, Company statement of changes in equity and Consolidated statement of cash flows for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

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

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

Conclusions relating to going concern
Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the

company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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

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

Reporting on other information

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

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

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

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

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 March 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK employment and pension legislation and equivalent local laws and regulations applicable to significant components, 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 tax legislation and 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 Group and industry in which it operates and considering the risk of non-compliance of these laws and regulations.
- Understanding and evaluating management's controls designed to prevent and detect irregularities, including understanding the design and implementation of new controls implemented during the year post the occurrence of the fraud incident in one of the Group's subsidiaries reported in note 10;
- 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 minutes of meetings of those charged with governance;
- Assessing the results of management's and its expert's investigations into the fraud incident in one of the Group's subsidiaries reported in note 10, including whether there was any indication that the incident heightened the risk of management override of control across the group;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulation;

- Holding discussion with management and the Arup Group legal team, including consideration of known or suspected instances of non-compliance with laws and regulations, that could give rise to a material misstatement in the Group and Company financial statements;
- Designing audit procedures to incorporate unpredictability into our testing;
- Challenging assumptions and judgements made by management to its significant accounting estimates, in particular in relation to contract accounting, valuation of trade receivables and contract assets, litigation provisions, pensions and recoverability of investment in subsidiaries (Company only).

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Jonathan Sturges (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
31 October 2024

Consolidated income statement

For the year ended 31 March 2024

	Note	2024	2023
		£'m	£'m
Revenue	5	2,202.2	2,163.6
Other income	6	7.4	3.3
Employee benefit expense	7	(1,336.7)	(1,345.5)
Charges from sub-consultants and other direct project expenses		(429.8)	(469.7)
Depreciation and amortisation expense	13, 14 & 15	(86.1)	(85.8)
Accommodation		(42.2)	(33.4)
Communications and other overheads		(246.1)	(187.9)
Net (impairment losses) / reversal of impairment losses on financial and contract assets		(9.6)	4.9
		(2,150.5)	(2,117.4)
Operating profit	9	59.1	49.5
Comprising:			
– Operating profit before exceptional items		107.7	42.3
– Exceptional items	10	(48.6)	7.2
		59.1	49.5
Finance income	11	13.8	10.8
Finance costs	11	(26.8)	(19.6)
Share of loss of investments accounted for using the equity method	17	(2.2)	(1.8)
Profit before income tax		43.9	38.9
Income tax charge	12	(19.5)	(12.3)
Profit for the financial year		24.4	26.6
Profit / (loss) is attributable to:			
Owners of Arup Group Limited		24.7	26.7
Non-controlling interests		(0.3)	(0.1)
		24.4	26.6

All activities of the Group are derived from continuing operations in both the current and prior years. The above consolidated income statement should be read in conjunction with the accompanying notes.

Consolidated statement of comprehensive income

For the year ended 31 March 2024

	2024	2023
	£'m	£'m
Profit for the financial year	24.4	26.6
Other comprehensive (expense) / income		
Items that will not be reclassified to profit or loss		
Remeasurements of post-employment benefit obligations - net of tax	(25.1)	(21.0)
	(25.1)	(21.0)
Items that may be reclassified subsequently to profit or loss		
Currency translation differences - gains	6.3	9.9
Other comprehensive expense for the year - net of tax	(18.8)	(11.1)
Total comprehensive income for the year	5.6	15.5
Total comprehensive income / (expense) for the year is attributable to:		
Owners of Arup Group Limited	6.1	15.8
Non-controlling interests	(0.5)	(0.3)
	5.6	15.5

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

Registration number 1312454

Consolidated balance sheet

As at 31 March 2024

	Note	31 March 2024 £'m	31 March 2023 £'m
Assets			
Non-current assets			
Property, plant and equipment	13	317.2	301.6
Right-of-use assets	14	333.7	317.3
Intangible assets	15	12.4	8.9
Investments accounted for using the equity method	17	1.1	3.3
Deferred income tax assets	28	91.2	88.2
Financial assets at fair value through profit or loss	18	19.8	16.6
Net investments in subleases		0.1	0.1
Fulfilment contract assets	20	0.6	0.7
Other non-current assets		3.3	2.2
		779.4	738.9
Current assets			
Contract assets	20	214.4	204.7
Trade and other receivables	21	368.3	364.4
Current income tax receivables		16.0	18.3
Derivative financial instruments	22	-	0.0
Cash and cash equivalents	23	182.5	235.1
		781.2	822.5
Assets classified as held for sale	24	4.0	2.8
Total assets		1,564.6	1,564.2

	Note	31 March 2024	31 March 2023
Liabilities		£'m	£'m
Current liabilities			
Borrowings	25	1.1	1.0
Trade and other payables	26	221.9	275.9
Contract liabilities	20	280.1	265.1
Current income tax liabilities		35.0	29.6
Lease liabilities	14	43.4	38.3
Employee benefit liabilities	29	13.7	-
Derivative financial instruments	22	-	0.0
Provisions for other liabilities and charges	27	34.3	53.9
		629.5	663.8
Non-current liabilities			
Borrowings	25	30.0	40.0
Lease liabilities	14	345.4	326.9
Deferred income tax liabilities	28	7.0	20.2
Employee benefit liabilities	29	109.6	78.1
Provisions for other liabilities and charges	27	26.0	22.9
Other non-current liabilities		2.2	2.1
		520.2	490.2
Total liabilities		1,149.7	1,154.0
Net assets		414.9	410.2
Equity			
Share capital	30	0.1	0.1
Retained earnings		388.7	408.4
Currency reserves		25.7	-
Capital and reserves attributable to owners of Arup Group Limited		414.5	408.5
Non-controlling interests		0.4	1.7
Total equity		414.9	410.2

The above consolidated balance sheet should be read in conjunction with the accompanying notes. The financial statements on pages 43 to 103 were approved by the Board of directors on 24 October and signed on its behalf by:

Paul Anthony Coughlan

Director

31 October 2024

Registration number 1312454

Company balance sheet

As at 31 March 2024

	Note	31 March 2024 £'m	31 March 2023 £'m
Assets			
Non-current assets			
Investments in subsidiaries	16	173.8	159.8
Deferred income tax assets	28	0.7	-
		174.5	159.8
Current assets			
Trade and other receivables	21	164.1	162.6
Cash and cash equivalents	23	0.1	1.0
		164.2	163.6
Assets classified as held for sale	24	3.0	1.8
Total assets		341.7	325.2

	Note	31 March 2024 £'m	31 March 2023 £'m
Liabilities			
Current liabilities			
Borrowings	25	0.2	-
Trade and other payables	26	261.0	221.5
Current income tax liabilities		0.8	1.0
		262.0	222.5
Non-current liabilities			
Borrowings	25	30.0	40.0
Deferred income tax liabilities	28	0.8	-
		30.8	40.0
Total liabilities		292.8	262.5
Net assets		48.9	62.7
Equity			
Share capital	30	0.1	0.1
Retained earnings		48.8	62.6
Total equity		48.9	62.7

The Company's loss for the year was £13.8m (2023: profit of £7.0m) and its total comprehensive expense for the year was £13.8m (2023: income £7.0m).

The above Company balance sheet should be read in conjunction with the accompanying notes. The financial statements on pages 43 to 103 were approved by the Board of directors on 24 October and signed on its behalf by:

Paul Anthony Coughlan

Director

31 October 2024

Consolidated statement of changes in equity

For the year ended 31 March 2024

	Attributable to owners of Arup Group Limited					
	Share capital	Currency reserve	Retained earnings	Total	Non-controlling interests	Total equity
	£'m	£'m	£'m	£'m	£'m	£'m
Balance as at 1 April 2022	0.1	-	392.6	392.7	2.0	394.7
Profit / (loss) for the financial year	-	-	26.7	26.7	(0.1)	26.6
Remeasurement of post-employment obligations	-	-	(28.0)	(28.0)	-	(28.0)
Remeasurement of post-employment obligations - tax	-	-	7.0	7.0	-	7.0
Currency translation differences – gains / (losses)	-	-	10.1	10.1	(0.2)	9.9
Other comprehensive expense for the year	-	-	(10.9)	(10.9)	(0.2)	(11.1)
Total comprehensive income / (expense) for the year	-	-	15.8	15.8	(0.3)	15.5
Dividends	-	-	-	-	-	-
Total transactions with owners, recognised directly in equity	-	-	-	-	-	-
Balance as at 31 March 2023	0.1	-	408.4	408.5	1.7	410.2
Reclassifications of reserves	-	19.3	(19.3)	-	-	-
Profit / (loss) for the financial year	-	-	24.7	24.7	(0.3)	24.4
Remeasurement of post-employment obligations	-	-	(33.5)	(33.5)	-	(33.5)
Remeasurement of post-employment obligations - tax	-	-	8.4	8.4	-	8.4
Currency translation differences - gains / (losses)	-	6.4	-	6.4	(0.1)	6.3
Other comprehensive income / (expense) for the year	-	6.4	(25.1)	(18.7)	(0.1)	(18.8)
Total comprehensive income /.(expense) for the year	-	6.4	(0.4)	6.0	(0.4)	5.6
Dividends	-	-	-	-	(0.9)	(0.9)
Total transactions with owners, recognised directly in equity	-	-	-	-	(0.9)	(0.9)
Balance as at 31 March 2024	0.1	25.7	388.7	414.5	0.4	414.9

During the year ended 31 March 2024, the Company has reclassified historic reserves reflecting exchange differences which arose from translating the financial statements of foreign subsidiaries into the presentation currency.

Company statement of changes in equity

For the year ended 31 March 2024

	Share capital	Retained earnings	Total equity
	£'m	£'m	£'m
Balance as at 1 April 2022	0.1	55.6	55.7
Profit for the financial year	-	7.0	7.0
Total comprehensive income for the year	-	7.0	7.0
Balance as at 31 March 2023	0.1	62.6	62.7
Loss for the financial year	-	(13.8)	(13.8)
Total comprehensive expense for the year	-	(13.8)	(13.8)
Balance as at 31 March 2024	0.1	48.8	48.9

Consolidated statement of cash flows

For the year ended 31 March 2024

	Note	2024	2023
		£'m	£'m
Cash flows from operating activities			
Cash generated from operations	31	115.6	24.9
Net cash (outflow) / inflow on exceptional items	10	(47.5)	7.2
Interest paid		(24.1)	(17.4)
Income tax paid - net		(4.0)	(5.6)
Net cash generated from operating activities		40.0	9.1
Cash flows from investing activities			
Purchases of property, plant and equipment	13	(48.2)	(31.7)
Proceeds from sale of property, plant and equipment		0.3	0.5
Purchases of intangible assets	15	(5.0)	(4.2)
Loans granted to related parties		-	(0.0)
Proceeds from sale of assets held at fair value through profit and loss		-	1.8
Interest received		13.7	9.3
Net cash used in investing activities		(39.2)	(24.3)
Cash flows from financing activities			
Proceeds from borrowings	25	30.0	40.0
Principal elements of lease payments		(41.7)	(46.8)
Repayments of borrowings		(40.0)	(50.0)
Dividends paid to non-controlling interests		(0.9)	-
Net cash used in financing activities		(52.6)	(56.8)
Net decrease in cash and cash equivalents		(51.8)	(72.0)
Cash and cash equivalents at the beginning of the year	23	235.1	307.1
Exchange (losses) / gains on cash and cash equivalents		(0.8)	0.0
Cash and cash equivalents at the end of the year	23	182.5	235.1

Notes to the financial statements

For the year ended 31 March 2024

1. Incorporation

Arup Group 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

Group

The Group's consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. These financial statements have been prepared under the historical cost convention, except for financial assets and liabilities and plan assets under defined benefit pension plans that are measured at fair values at the end of each reporting period, as explained in the accounting policies.

For the year ended 31 March 2024, the Group has presented currency reserve and retained earnings as separate items on the balance sheet and the statement of changes in equity. For the year ended 31 March 2023, these items had been presented within retained earnings. As the reclassification was not material, the Group has not restated the comparatives but it has reclassified the reserves as at 1 April 2023 in the statement of changes in equity.

For the year ended 31 March 2024, long service leave has been presented within employee benefit liabilities. For the year ended 31 March 2023 this item was presented within provisions for other liabilities and charges. As the reclassification was not material, the Group has not restated the comparatives.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Arup Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the preparation of the consolidated financial statements are disclosed in note 4.

Company

The Company's financial statements have been prepared in accordance with FRS 101 and the Companies Act 2006. These financial statements have been prepared under the historical cost convention, except for financial assets and liabilities that are measured at fair values at the end of each reporting period, as explained in the accounting policies.

The Company has not presented an income statement or statement of comprehensive income as permitted by Section 408(3) of the Companies Act 2006.

The loss for the year was £13.8m (2023: profit of £7.0m) and total comprehensive expense for the year was £13.8m (2023: income £7.0m).

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3, 'Business Combinations';
- Paragraph 33(c) of IFRS 5, 'Non-current Assets Held for Sale and Discontinued Operations';
- IFRS 7, 'Financial Instruments: Disclosures';
- Paragraphs 91 to 99 of IFRS 13, 'Fair Value Measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15, 'Revenue from Contracts with Customers';
- The requirements of paragraph 52, paragraph 58, the second sentence of paragraph 89 and paragraphs 90, 91 and 93 of IFRS 16, 'Leases';
- Paragraph 38 of IAS 1, 'Presentation of Financial Statements' comparative information requirements in respect of:
  - 79(a)(iv) of IAS 1, 'Presentation of Financial Statements' (reconciliation of the number of shares outstanding at the beginning and end of the period);
  - 73(e) of IAS 16, 'Property, Plant and Equipment' (reconciliation of the carrying amount at the beginning and end of the period);
  - 118(e) of IAS 38, 'Intangible Assets' (reconciliation of the carrying amount at the beginning and end of the period); and
  - 76 and 79(d) of IAS 40, 'Investment Property' (reconciliation of the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1:
  - 10(d) (statement of cash flows);
  - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements);
  - 16 (statement of compliance with IFRSs);
  - 38A (requirement for minimum of two primary statements including cash flow statements);
  - 38B-D (additional comparative information);
  - 40A-D (requirements for a third statement of financial position);
  - 111 (cash flow statement information); and
  - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows';
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation); and

- IAS 24 (disclosure of related party transactions entered into between two or more members of a group providing that the parties are wholly owned by the group).

2.2. Going concern

The directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. Management have performed analysis on future projections of financial performance and cashflow and even after considering the downside scenario, it is satisfied that the 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. The Group also has access to its existing banking facilities. Management are therefore satisfied it has sufficient financial resources and, as such, these 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 2024 that have a material impact on the Group and Company.

New standards, amendments and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for reporting periods ending 31 March 2024 and have not been early adopted by the Group and Company. These standards are not expected to have a material impact on the Group and Company 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 Group and 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

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in British pound sterling (£), which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

Impairment of non-financial assets

At each balance sheet date, the Group assesses whether there is objective evidence that an asset or group of assets is impaired. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and value in use.

Financial assets

Classification

The Group classifies its financial assets in the following categories:

- those to be measured subsequently at fair value through profit or loss ("FVPL");
- those to be measured subsequently at fair value through other comprehensive income ("FVOCI"); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded either in profit or loss or in other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

Recognition and derecognition

Purchases and sales of financial assets are recognised on trade date being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset.

Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in communications and other overheads together with foreign exchange gains and losses and impairment losses.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Impairment of financial assets

Assets carried at amortised cost

The Group applies the simplified approach for IFRS 9, 'Financial Instruments' when measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. The expected loss rates are based on payment profiles of sales over a period of 36 months for the three preceding financial years (excluding the current financial year) and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on the customers' ability to settle the receivables.

Revenue

The Group practices in the field of design and consulting engineering services, in architecture and other related professional skills.

Revenue represents the value of work performed on contracts in the year. For contracts on which revenue exceeds fees rendered, the excess is included as contract assets. 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.

No element of financing is present. Sales are made with a credit term of 30 days (on average across the Group), which is consistent with market practice.

Employee benefits

Global profit-share scheme

The Group recognises a liability and an expense for the global profit-share scheme, based on a formula that takes into consideration the employees' salary and grade.

Long service leave

In Australia, employees who work 10 years with a company are entitled to additional annual leave called long service leave. Long service leave covers all unconditional entitlements where employees have completed more than 10 years service and where employees are entitled to pro-rata payments in certain circumstances. The Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. Provision is made for the cost of this leave with the majority of the provision presented as current and the remainder as non-current.

Short-term employee benefit obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave that are expected to be settled within 12 months after the end of the period are measured at nominal value. The liability for annual leave is recognised in accrued expenses within trade and other payables.

Pension obligations

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method (see note 29).

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds is used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

For defined contribution plans, the Group pays contributions to publicly or privately administrated pension insurance plans on a mandatory contractual or voluntary basis. The Group has no further payment obligation once the contributions have been paid.

The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in the future payments is available.

Service milestones

The Group has a discretionary scheme in place to recognise long service employment milestones. Arup members are entitled to a cash benefit and / or additional paid leave once they reach the various milestones. The liabilities for long service leave are not expected to be settled wholly within 12 months after the end of the qualifying period. They are therefore measured as the present value of the expected future payments to be made in respect of service provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future salary levels, experience of employee departures, local retirement age and typical periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in assumptions are recognised in profit and loss.

Exceptional items

Exceptional items comprise items of income, expense and cash flow that are material in amount and outside the normal course of business, or relate to events which do not frequently recur. They merit separate disclosure in the financial statements in order to provide a better understanding of the Group's underlying financial performance.

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 Group operates and generates taxable income.

Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and impairment. Cost comprises the purchase price after discounts plus all directly attributable costs of bringing the asset to working condition for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives as follows:

Freehold property	50 years
Leasehold improvements	Duration of the lease
Furniture, fittings & IT hardware	3 - 10 years
Motor vehicles	3 - 10 years

Investment properties are accounted for using the cost model. The accounting treatment is in line with that of freehold and leasehold property shown above.

Intangible assets

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

Customer contracts were identified as part of the purchase price allocation exercise on the acquisition of an indirect subsidiary in a prior year. These are amortised over the life of the projects.

Intellectual property is held at amortised cost. It is considered to have an indefinite life as, in future years, there is no foreseeable limit to the period over which they will be used to generate net cash inflows for the Group. This is assessed annually.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Development costs are capitalised when they meet the criteria of IAS 38. Whilst still in development, such assets are considered to have indefinite life and are reviewed each year for impairment.

Investments in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses.

Fulfilment contract assets

The Group has recognised assets in relation to costs to fulfil long-term consultancy service contracts. These costs were incurred prior to being awarded the contracts and are amortised on a straight line basis over the contract terms.

Contract assets and liabilities

Contract costs

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 Group accounts for all pre-contract costs in accordance with IFRS 15. Costs incurred before it becomes probable that a contract will be obtained are charged to expenses, unless they meet the definition of a fulfilment cost.

Contract liabilities

Contract liabilities represent fees 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 recognised at fair value.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Assets classified as held for sale

Assets that are expected, at the balance sheet, to be sold within 12 months are presented as assets classified as held for sale.

Trade payables

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

Provisions for other liabilities and charges

Provisions for other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Property provision

The Group is required to perform dilapidation repairs on leased properties prior to the properties being vacated at the end of their lease term. Provision for such costs is made where a legal obligation is identified and the liability can be reasonably quantified.

Legal claims

As a part of the ordinary business activities of the Group, claims may arise in relation to work undertaken by an entity within the Group. Professional indemnity insurance and / or project insurance policies are ordinarily taken out to substantially cover any claim that may arise from time to time. This is disclosed further in note 4.

Onerous contracts

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.

Leases

(i) The Group's leasing activities and how these are accounted for

The Group leases various offices, equipment and vehicles. Rental contracts are typically made for fixed periods of 1 year to 5 years, but may have extension options as described in (ii) below.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of property for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

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

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

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

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

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. Right-of-use buildings are not revalued.

Short-term leases are leases with a lease term of 12 months or less. The Group applies the short-term lease recognition exemption to those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the low-value assets recognition exemption to leases of assets below US$5,000. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in the income statement.

(ii) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

(iii) Variable lease payments

The Group has not entered into leases with variable payments tied to the performance of the business. The Group has annual rent reviews for any property leases where the extension option has been taken.

Joint arrangements

Under IFRS 11 'Joint Arrangements' investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

The agreements in relation to the Group's joint arrangements require unanimous consent from all parties for all relevant activities. Where the joint arrangement partners are entitled to their share of the assets and are jointly and severally liable for the liabilities incurred by the joint arrangement, these arrangements are classified as joint operations. The Group recognises its direct right to the jointly held assets, liabilities, revenues and expenses.

Where the joint arrangement partners have rights to the net assets of the arrangement, it is considered a joint venture and equity accounted.

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.

Derivative financial instruments

Derivatives are classified as an asset or liability. The full fair value of a derivative is classified as a non-current asset or liability if the remaining maturity of the item is more than 12 months or as a current asset or liability if the maturity of the items is less than 12 months.

3. Financial risk management

3.1. Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to manage certain risk exposures.

Risk management is carried out by a central treasury department ("Group Treasury") under policies approved by the Board of directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investment of excess liquidity.

a) Market risk

i) Foreign exchange risk

The Group operates in a number of territories internationally. Each business undertakes a large proportion of its commercial transactions within its local market and in its local functional currency. Foreign exchange risk arises from commercial transactions undertaken in currencies other than the local functional currency, from financial assets and liabilities denominated in currencies other than the local functional currency and on the Group's investments in foreign operations.

Group policy is for each business to undertake commercial transactions in its own functional currency whenever possible. When this is not possible, the Group manages its foreign currency exchange risk from future commercial transactions using appropriate derivative contracts arranged by Group Treasury. Cash flows are reviewed on a monthly basis throughout the duration of projects and the future cover is amended as appropriate.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. A proportion of the currency exposure arising from the net assets of the Group's foreign operations is managed through borrowings denominated in the relevant foreign currencies.

The Group's primary exposure to foreign exchange risk on unhedged financial assets and liabilities arises mainly in respect of movements between British pound sterling ("GBP") and euro ("EUR"), Chinese renminbi ("RMB") and Australian dollar ("AUD").

	Profit before tax (decrease) / increase	Profit before tax (decrease) / increase
	2024	2023
	£'m	£'m
GBP/RMB exchange rate – increase 10%	(1.0)	(0.6)
GBP/RMB exchange rate – decrease 10%	1.2	0.7
GBP/EUR exchange rate – increase 10%	(0.9)	(0.6)
GBP/EUR exchange rate – decrease 10%	1.0	0.8
GBP/AUD exchange rate – increase 10%	(0.4)	0.0
GBP/AUD exchange rate – decrease 10%	0.4	(0.0)

The carrying amounts of financial assets and liabilities are denominated in the following currencies:

2024

Financial assets	GBP	USD	AUD	EUR	HKD	CAD	Other	Total
	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Cash and cash equivalents	54.9	16.0	14.8	8.6	11.4	6.1	70.7	182.5
Trade receivables	89.1	69.8	35.7	30.5	14.8	13.6	44.8	298.3
Derivative financial assets	-	-	-	-	-	-	-	-
Financial assets at FVPL	0.5	19.3	-	-	-	-	-	19.8
Other receivables	4.2	2.4	3.2	4.4	10.1	0.4	6.4	31.1
	148.7	107.5	53.7	43.5	36.3	20.1	121.9	531.7

Financial liabilities	GBP	USD	AUD	EUR	HKD	CAD	Other	Total
	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Borrowings	(31.1)	-	-	-	-	-	-	(31.1)
Trade payables	(14.9)	(6.0)	(2.3)	(2.3)	(3.0)	(1.6)	(1.5)	(31.6)
Accrued expenses	(52.2)	(25.9)	(23.6)	(9.9)	(13.8)	(7.5)	(11.9)	(144.8)
Other payables	(3.5)	(0.5)	(0.2)	(3.1)	(1.2)	(0.3)	(0.7)	(9.5)
Derivative financial liabilities	-	-	-	-	-	-	-	-
Lease liabilities	(209.7)	(46.4)	(37.2)	(16.7)	(30.8)	(9.8)	(38.2)	(388.8)
	(311.4)	(78.8)	(63.3)	(32.0)	(48.8)	(19.2)	(52.3)	(605.8)

2023

Financial assets	GBP	USD	AUD	EUR	HKD	CAD	Other	Total
	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Cash and cash equivalents	54.2	72.0	18.6	17.0	9.7	8.7	54.9	235.1
Trade receivables	70.3	73.5	29.1	26.2	14.9	14.2	39.6	267.8
Derivative financial assets	0.0	-	-	-	-	-	-	0.0
Financial assets at FVPL	0.5	16.1	-	-	-	-	-	16.6
Other receivables	2.6	31.4	1.3	2.9	2.3	0.3	8.7	49.5
	127.6	193.0	49.0	46.1	26.9	23.2	103.2	569.0

Financial liabilities	GBP	USD	AUD	EUR	HKD	CAD	Other	Total
	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Borrowings	(41.0)	-	-	-	-	-	-	(41.0)
Trade payables	(20.0)	(7.3)	(1.6)	(2.4)	(3.8)	(1.2)	(4.5)	(40.8)
Accrued expenses	(63.8)	(35.8)	(29.3)	(12.7)	(16.5)	(7.8)	(20.8)	(186.7)
Other payables	(1.6)	(1.0)	(0.2)	(3.4)	(0.3)	(0.4)	(6.6)	(13.5)
Derivative financial liabilities	(0.0)	-	-	-	-	-	-	(0.0)
Lease liabilities	(195.2)	(57.7)	(39.8)	(18.1)	(8.8)	(10.8)	(34.8)	(365.2)
	(321.6)	(101.8)	(70.9)	(36.6)	(29.4)	(20.2)	(66.7)	(647.2)

ii) Interest rate risk

There is no material exposure to interest rate risk. Therefore, no interest hedging is currently undertaken by the Group.

b) Credit risk

Credit risk is the risk that the Group will suffer financial loss as a result of counterparties defaulting on their contractual obligations.

For contract assets and trade and other receivables, concentration of credit risk is very limited due to the Group's broad customer base. An assessment of credit quality of the customer is made where appropriate using a combination of external rating agencies, past experience and other factors. In circumstances where credit information is unavailable or poor, the risk is mitigated primarily by the use of advance payments resulting in positive cash flows. Exposure and payment performance are monitored closely both at individual project and client level, with a series of escalating debt recovery actions taken where necessary. In view of current economic circumstances, additional management attention is focused on the recovery of debtors.

For cash and cash equivalents, cash investments are held with banks with a minimum credit rating of A3 / P2.

c) Liquidity risk

The Group funds its activities primarily through cash generated from its operations and also maintains committed bank facilities. The liquidity risk is managed with reference to short-term and long-term cash flow forecasts and the maturity of the bank facilities. These facilities contain financial covenants. Throughout the year the Group maintained robust headroom against its covenants and is expected to do so into the foreseeable future.

Surplus cash is invested by Group Treasury in interest bearing current accounts, term deposits and money market deposits through instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts.

The table below analyses the Group's non-derivative financial liabilities and net settled derivative financial liabilities by relevant maturity groupings based on the remaining period between the balance sheet date and the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	On demand or within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cashflows	Carrying amount of liability
As at 31 March 2024	£'m	£'m	£'m	£'m	£'m	£'m
Bank loan	-	30.0	-	-	30.0	30.0
Loan from related party	1.1	-	-	-	1.1	1.1
Derivative financial instruments	-	-	-	-	-	-
Trade and other payables excluding non-financial liabilities	185.9	-	-	-	185.9	185.9
Lease liabilities	64.9	62.5	165.6	256.9	549.9	388.8

	On demand or within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cashflows	Carrying amount of liability
As at 31 March 2023	£'m	£'m	£'m	£'m	£'m	£'m
Bank loan	-	-	40.0	-	40.0	40.0
Loan from related party	1.0	-	-	-	1.0	1.0
Derivative financial instruments	0.0	-	-	-	0.0	0.0
Trade and other payables excluding non-financial liabilities	241.0	-	-	-	241.0	241.0
Lease liabilities	48.9	43.6	113.6	230.4	436.5	365.2

3.2. Capital risk management

The Group is a long-term business, held in trust for the principal benefit of its employees. This ownership model means that it is not readily able to raise equity externally. The Group's objectives when managing capital (defined as net debt plus equity) are to safeguard its ability to continue as a going concern, provide returns for its employees and to avoid debt funding.

3.3. Fair value estimation

The fair value hierarchy prioritises the inputs used to measure fair value into three broad levels. These have been defined as follows:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's financial assets and liabilities that are measured at fair value at the balance sheet date. There were no items classified as Level 3 at the balance sheet dates.

	2024			2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets	£'m	£'m	£'m	£'m	£'m	£'m
Financial assets at FVPL						
Derivative financial instruments:						
– Foreign exchange contracts	-	-	-	-	0.0	-
US listed securities	19.3	-	-	16.1	-	-
Unlisted equity securities	-	-	-	-	-	0.5
Total assets	19.3	-	-	16.1	0.0	0.5

	2024			2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Liabilities	£'m	£'m	£'m	£'m	£'m	£'m
Financial liabilities at FVPL						
Derivative financial instruments:						
– Foreign exchange contracts	-	-	-	-	(0.0)	-
Total liabilities	-	-	-	-	(0.0)	-

Level 1 financial instruments

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the reporting date and yield curves derived from quoted interest rates matching the maturities of the foreign exchange contracts.

Level 3 financial instruments

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- quoted market prices or dealer quotes for similar instruments;
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to the present value; and
- other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

3.4. Offsetting financial assets and financial liabilities

	Gross amounts recognised financial assets	Gross amounts of recognised financial liabilities set off in the balance sheet	Net amounts of financial assets presented in the balance sheet
As at 31 March 2024	£'m	£'m	£'m
Cash and cash equivalents	301.7	(119.2)	182.5
Credit balance	(119.2)	119.2	-
	182.5	-	182.5

	Gross amounts recognised financial assets	Gross amounts of recognised financial liabilities set off in the balance sheet	Net amounts of financial assets presented in the balance sheet
As at 31 March 2023	£'m	£'m	£'m
Cash and cash equivalents	427.6	(192.5)	235.1
Credit balance	(192.5)	192.5	-
	235.1	-	235.1

The Group has a cash pooling arrangement with its principal bank. The arrangement allows for cash to be pooled together across certain entities within the Group. A consequence of this arrangement is that any cash balance within the pooling group that is showing as overdrawn is offset against those with positive cash balances. At the balance sheet date, this results in a net positive cash balance being presented in the Group financial statements.

Disclosure on the offsetting relating to the Group's deferred income tax assets and liabilities is in note 28.

4. Critical accounting estimates and judgements

The Group and Company make estimates and assumptions concerning the future. The resulting accounting estimates may not, by definition, equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Group

Contract accounting (estimates and judgements)

The Group's revenue accounting policy (note 2) is central to how the Group values the work it has carried out in each financial year. This policy requires forecasts to be made on the current percentages complete and the projected outcomes of projects. The key estimates and judgements in determining the revenue and profitability of projects within the Group's financial statements are:

- Percentage completion: usually calculated by taking salary expense incurred as a percentage of forecasted salary expense. Estimation is required in determining the forecasted salary expense;
- Profitability of a project: project teams use their judgement to estimate the costs to complete a project. These include an assessment of the need for additional contingencies to cover potential unknown expenses;
- Modifications: where a modification to a contract occurs, judgement is made on whether the modification is distinct, or intrinsically connected to the original contract. Where it is not distinct, the original project is reforecasted for the additional income and costs to complete; and

- Pain / gain share: where the Group engages with another joint operator to provide a service to a client, there are additional risks regarding work outside of the Group's direct control. Project teams use their judgement to estimate their share of any pain and include this in their cost to complete forecasts. Gain share is only recognised in forecast income once it is virtually certain.

While those estimates are based on professional judgements, subsequent events may mean that calculations based on these estimates 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 2024 and are satisfied that it is reasonable to include these contingencies. There is a specific combination of contracts that require significant accounting estimates for which, as at 31 March 2024, contingencies totalling £24.9m have been forecast. These contingencies reflect management's best estimate of outflows or the cost of remediation of work done to 31 March 2024. However, there is uncertainty in respect of the extent and magnitude of the associated costs included in the contingencies, most notably whether the amounts recognised will be fully utilised. Management have estimated a range of outcomes from £19.3m up to a maximum of £34.0m relating to the recorded position at the balance sheet date. Based on the information available as at 31 March 2024, management does not consider there to be any significant risks of material change to the estimates that feed into contract accounting within the next financial year on the other remaining contracts.

Forecasted income represents income that has been agreed with the client. Fees from modifications are only recognised once they have been agreed with the client.

Measuring the outcome of the performance obligations can take time due to the multi-year lifespan of the Group's contracts. Where the project is forecasted to make a profit, the Group recognises revenue only to the extent of the costs incurred until the project reaches 50% complete on a standard risk project and 95% complete on a high risk project. Management have reviewed projects across the Group and have used their judgement to establish these percentages. Once a project reaches 50% / 95% complete, so long as it is not categorised as onerous, profit is recognised in line with its percentage completion.

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

The Group 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 Group 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 20 and 21 for the net carrying amounts of contract assets and trade receivables and their associated impairment provisions.

Defined benefit pension schemes (estimates and judgements)

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost / (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

An estimate of the sensitivity to changes in key assumptions is disclosed in note 29.

Legal claims (estimates and judgements)

From time to time the Group receives claims from clients with regards to work performed on projects. The Group has professional indemnity insurance in place for such situations. Significant judgement is required to determine whether a provision should be put in place for these claims. Accounting estimates are made to value these claims utilising both internal and external sources as well as the result of past experience. Assumptions are used in making these estimates and as such subsequent events may mean that they prove to be inaccurate, with an adjustment made in a future year. The Group 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 seriously prejudice the position of the Group.

Lease accounting (judgements)

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). In light of the impact COVID-19 has had on office occupancy as a result of employees working from home, where a lease has the option to extend, management have made the judgement that it will not be extended unless there is evidence otherwise.

As at 31 March 2024, potential future cash outflows of £340.9m (undiscounted) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). As at 31 March 2024, potential future cash savings of £32.2m (undiscounted) have been excluded from the lease liability because it is not reasonably certain that the leases will be terminated.

Company

Investment in subsidiaries (estimates and judgements)

The Company holds investments in subsidiaries at cost. On an annual basis management of the Company uses judgement to assess whether there is objective evidence that the carrying value of the investments needs to be considered for impairment. When a triggering event occurs, estimation is used to project the future returns from the investment and an impairment is made if this falls below the carrying value of the asset.

Impairment of trade and other receivables (judgements)

Due to the nature of the Company, it has a significant receivable due from Group undertakings. When assessing impairment, management have considered inter-group agreements and historical experience. As a result of this the expected credit loss is deemed to be immaterial.

5. Revenue

Group

The total revenue recognised in the year that was included in contract liabilities at the beginning of the year was £247.7m (2023: £310.7m).

The total revenue recognised in the year from performance obligations satisfied (or partially satisfied) in previous years was £1,750.9m (2023: restated £1,783.5m). The revenue recognised for the year ended 31 March 2023 has been restated (from £1,252.2m) to correct for errors in the calculation of some company's external revenue and revenue from contract assets, and an error in the elimination of revenue from internal projects.

The aggregate amount of the transaction price allocated to long-term contracts that are partially or fully unsatisfied at the balance sheet date is £1,561.5m (2023: £1,705.6m). The Group expects that this will be recognised over the next 1 to 10 years.

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

	2024	2023
	£'m	£'m
Revenue by destination		
United Kingdom	686.0	777.1
Americas	489.7	355.7
Asia	427.6	475.9
Australasia	314.9	300.3
Europe	233.2	217.9
Middle East & Africa	50.8	36.7
	2,202.2	2,163.6

6. Other income

	2024	2023
	£'m	£'m
Research and development credit	7.0	-
Government grants	0.4	3.4
Gain on disposal of indirect subsidiaries	-	3.8
Gain on investment in financial assets at FVPL	-	0.8
Fair value loss on financial assets at FVPL	-	(0.3)
Loss on disposal of financial assets at FVPL	-	(4.4)
	7.4	3.3

For the year ended 31 March 2023, a research and development credit of £4.5m was presented within communications and other overheads.

7. Employee benefit expense

	2024	2023
Group	£'m	£'m
Wages and salaries	1,013.7	952.6
Global profit-share scheme	27.3	133.2
Social security costs	99.9	99.8
Pension contributions	84.7	80.6
Headcount reduction costs (note 10)	23.6	1.8
Other staff costs	87.5	77.5
	1,336.7	1,345.5

Average monthly number of people employed

	Number	Number
Engineering and technical staff	14,807	14,136
Administrative staff	2,933	2,810
	17,740	16,946

The Company has no employees (2023: nil).

8. Directors' remuneration

Group

The directors' remunerations were as follows:

	2024	2023
	£'m	£'m
Aggregate remuneration	6.5	8.0
Aggregate contributions paid to defined contribution schemes	0.2	0.3

As at 31 March 2024, £0.6m of the aggregate remuneration was accrued and not paid (2023: £1.4m).

Number of directors accruing pension benefits under:	Number	Number
Defined benefit schemes	2	2

The highest paid director:	£'m	£'m
Remuneration excluding contributions paid to pension schemes	0.7	0.9
Contributions paid to defined contribution schemes	0.1	0.0
	0.8	0.9

No directors were employees of the Company and no directors received any remuneration for services to the Company (2023: nil).

9. Operating profit

Group

	2024	2023
	£'m	£'m
This is stated after charging:		
During the year, the Group obtained the following services from the Company's auditors:		
– Audit of Company and consolidated financial statements	0.8	0.6
Fees payable for other services:		
– Audit of the Company's subsidiaries, pursuant to legislation	2.7	2.5
– Other audit related assurance services	0.0	0.0
– Tax compliance services	0.1	0.4
– Tax advisory services	0.0	0.0
– Other advisory services	0.0	0.0
Loss on disposal of property, plant and equipment	0.3	0.4
Loss on disposal of intangible assets	0.0	0.0
Loss on exchange from trading activities	8.9	5.5
Research and development costs	35.0	34.4
Amortisation of intangible assets	1.3	0.9
Amortisation of fulfilment costs	0.1	0.2
Depreciation of property, plant and equipment	29.3	29.3
Depreciation of right-of-use assets	55.5	55.6

10. Exceptional items

	2024	2023
	£'m	£'m
Fraud incident and associated costs	(25.4)	-
Headcount reduction costs	(23.6)	-
Government grants	0.4	3.4
Gain on disposal of indirect subsidiaries	-	3.8
	(48.6)	7.2

Exceptional items in financial year to 31 March 2024

Fraud incident and associated costs:

During the year ended 31 March 2024 an incident of fraud occurred, committed by an external third party which management believe was a social engineering led attack. On discovering it, management reported the incident and the loss to the police and took steps to investigate and respond to the incident. This included engaging third-party experts to perform a detailed independent investigation and reviewing the facts surrounding the incident, the financial control environment and financial records. Following completion of this review, management are satisfied that this was an isolated incident. Management also took steps to confirm the integrity of the Company's systems and they believe these were not compromised, nor was any personal or project information disclosed or accessed. This has been recognised in communications and other overheads.

Headcount reduction costs:

During the year ended 31 March 2024, the Group undertook a reshaping programme to reflect anticipated forward workload, business size, shape and skillsets. This has been recognised in employee benefit expense in the income statement.

Government grants:

Arup Singapore Private Limited (£0.2m) and Arup International Consultants (Shanghai) Co. Limited (£0.2m) received government subsidies during the year ended 31 March 2024. This is presented within other income in the income statement.

Exceptional items in financial year to 31 March 2023

Gain on disposal of indirect subsidiaries:

During the year ended 31 March 2023, Ove Arup Ventures Limited diluted its investment in Neuron Operations Limited. This has been treated as a disposal of a subsidiary and resulted in a gain of £3.8m for the Group. The remaining investment in Neuron Operations Limited is presented as financial assets at fair value through profit or loss in the balance sheet.

Government grants:

Ove Arup & Partners Hong Kong Limited (£2.5m), Arup Singapore Private Limited (£0.4m) and Arup International Consultants (Shanghai) Co. Limited (£0.5m) received government subsidies during the year ended 31 March 2023. This is presented within other income in the income statement.

11.Net finance costs

Group

	2024	2023
	£'m	£'m
Interest expense on borrowings	(12.0)	(6.7)
Lease liabilities	(12.2)	(10.5)
Fair value losses on financial instruments	-	(1.0)
Net finance costs on net post-employment benefit liabilities	(2.3)	(1.2)
Other finance costs	(0.3)	(0.2)
Total finance costs	(26.8)	(19.6)
Interest receivable on short-term bank deposits	13.7	9.3
Fair value gains on financial instruments	-	1.0
Net finance income on net post-employment benefit liabilities	0.0	-
Other interest receivable	0.1	0.5
Total finance income	13.8	10.8
Net finance costs	(13.0)	(8.8)

12.Income tax charge

Group

(a) Analysis of total income tax charge

	2024	2023
	£'m	£'m
Current income tax		
– Current income tax on profits for the year	35.6	29.9
– Adjustment in respect of prior years	(7.0)	7.2
Total current income tax	28.6	37.1
Deferred income tax (note 28)		
– Origination and reversal of temporary differences	(19.4)	(15.7)
– Effect of changes in tax rates	(0.5)	(0.3)
– Over / (under) provision of deferred income tax in respect of prior years	10.8	(8.8)
Total deferred income tax	(9.1)	(24.8)
Total income tax charge	19.5	12.3

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

The tax assessed for the year is higher (2023: higher) than the amount computed at the standard rate of corporation tax in the UK 25% (2023: 19%). The differences are explained below:

	2024	2023
	£'m	£'m
Profit before income tax	43.9	38.9
Profit before income tax multiplied by the standard rate of corporation tax in the UK	11.1	7.4
Effects of:		
Income not subject to tax	(0.3)	(3.7)
Expenses not deductible for tax purposes	8.3	7.4
Research and development tax credits	(0.8)	0.3
Impact of non-UK tax	(2.2)	0.4
Tax decrease arising from non-UK tax suffered	(0.5)	(0.4)
Utilisation of tax losses for which no deferred income tax asset was recognised	(1.0)	(1.2)
Remeasurement of deferred income tax - change in tax rates	(0.5)	(0.3)
Adjustment in respect of prior years	3.8	(1.6)
Unrelieved losses carried forward on which no deferred income tax is recognised	1.3	3.1
Other	0.3	0.9
Total tax charge	19.5	12.3

(c) Factors affecting current and future income tax charges

In the Spring Budget 2021, the Government announced that from 1 April 2023 the main rate of UK corporation tax rate will increase from 19% to 25%. This new rate was substantively enacted on 24 May 2021 and therefore its impact has been reflected in the measurement of deferred taxes in the financial statements.

On 11 July 2023, Finance (No.2) Act 2023 was enacted in the UK, introducing a global minimum effective tax rate of 15%. The legislation implements a domestic top-up tax and a multinational top-up tax, which will be effective for the Group's financial year beginning 1 April 2024. A Pillar 2 Effective Tax Rate (ETR) is calculated for every jurisdiction in which the Group operates and, under the legislation, the group is liable to pay a top-up tax for the difference between the Pillar Two ETR for each jurisdiction and the 15% minimum rate. An assessment of the potential exposure to Pillar 2 income taxes has been performed, based on our 2023 data, and no Pillar 2 income taxes are expected to arise for most jurisdictions in which the Group operates. It is anticipated that the Group may, in some jurisdictions, incur additional tax liabilities, but the effect on the reported tax charge is reasonably estimated to be immaterial. The Group has applied the exemption under the IAS 12 'Income Taxes' amendment for recognising and disclosing information about deferred tax assets and liabilities related to top-up income taxes.

13.Property, plant and equipment

Group

	Freehold land & property	Leasehold property & improvements	Furniture, fittings & IT hardware	Motor vehicles	Total
	£'m	£'m	£'m	£'m	£'m
Cost					
Balance at 1 April 2022	228.8	127.2	114.9	1.0	471.9
Additions	-	7.9	23.7	0.1	31.7
Disposals	(4.9)	(19.3)	(22.8)	(0.2)	(47.2)
Adjustment for exchange differences	0.7	1.3	0.9	(0.0)	2.9
Balance at 31 March 2023	224.6	117.1	116.7	0.9	459.3
Additions	-	29.6	18.7	0.0	48.3
Disposals	-	(1.5)	(11.3)	(0.0)	(12.8)
Adjustment for exchange differences	(0.5)	(1.8)	(2.7)	(0.1)	(5.1)
Balance at 31 March 2024	224.1	143.4	121.4	0.8	489.7
Accumulated depreciation					
Balance at 1 April 2022	25.2	61.6	85.4	0.7	172.9
Charge for the year	4.6	9.9	14.7	0.1	29.3
Disposals	(3.9)	(19.2)	(22.0)	(0.2)	(45.3)
Adjustment for exchange differences	0.1	0.2	0.5	(0.0)	0.8
Balance at 31 March 2023	26.0	52.5	78.6	0.6	157.7
Charge for the year	4.3	9.9	15.0	0.1	29.3
Disposals	-	(1.5)	(10.7)	(0.0)	(12.2)
Adjustment for exchange differences	(0.0)	(0.6)	(1.7)	(0.0)	(2.3)
Balance at 31 March 2024	30.3	60.3	81.2	0.7	172.5
Net book value at 31 March 2024	193.8	83.1	40.2	0.1	317.2
Net book value at 31 March 2023	198.6	64.6	38.1	0.3	301.6

Included within freehold land & property are investment properties that have a net book value at 31 March 2024 of £2.9m (2023: £2.9m).

Company

The Company had no property, plant and equipment (2023: nil).

14. Leases

Group

(i) Amounts recognised in the balance sheet

	2024	2023
	£'m	£'m
Right-of-use assets		
Buildings	331.9	315.5
Equipment	1.4	1.3
Vehicles	0.4	0.4
Other	0.0	0.1
	333.7	317.3
Lease liabilities		
Current	43.4	38.3
Non-current	345.4	326.9
	388.8	365.2

Additions to the right-of-use assets during the financial year to 31 March 2024 were £69.1m (2023: £41.9m). The movement in right-of-use assets is further impacted by depreciation (disclosed below), adjustments for exchange differences and disposals.

(ii) Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

	2024	2023
	£'m	£'m
Depreciation charge of right-of-use assets		
Buildings	54.7	54.6
Equipment	0.4	0.5
Vehicles	0.3	0.4
Other	0.1	0.1
	55.5	55.6
Interest expense (included in finance costs)	12.2	10.5
Expense relating to short-term leases (included in communications and other overheads)	2.6	2.7
Expense relating to leases of low-value assets (included in communications and other overheads)	0.2	0.1

The total cash outflow for leases in the year ended 31 March 2024 was £53.8m (2023: £57.3m). As at 31 March 2024, future cash outflows (undiscounted) for leases not yet commenced but which the Group was committed to were £67.1m (2023: £63.5m).

Company

The Company had no leases (2023: nil).

15.Intangible assets

Group

	Customer contracts	Intellectual property	Development costs	Goodwill	Computer software	Total
	£'m	£'m	£'m	£'m	£'m	£'m
Cost						
Balance at 1 April 2022	1.2	0.6	-	3.3	12.4	17.5
Additions	-	-	3.7	-	0.5	4.2
Disposals	-	-	-	-	(4.4)	(4.4)
Adjustment for exchange differences	-	0.0	(0.0)	0.2	0.1	0.3
Balance at 31 March 2023	1.2	0.6	3.7	3.5	8.6	17.6
Additions	-	-	4.7	-	0.3	5.0
Disposals	-	-	-	-	(0.7)	(0.7)
Adjustment for exchange differences	(0.1)	(0.0)	(0.0)	(0.1)	(0.3)	(0.5)
Balance at 31 March 2024	1.1	0.6	8.4	3.4	7.9	21.4
Accumulated amortisation						
Balance at 1 April 2022	1.1	0.0	-	-	11.2	12.3
Charge for the year	0.1	0.1	-	-	0.7	0.9
Disposals	-	-	-	-	(4.4)	(4.4)
Adjustment for exchange differences	-	0.0	-	-	(0.1)	(0.1)
Balance at 31 March 2023	1.2	0.1	-	-	7.4	8.7
Charge for the year	0.0	0.0	0.7	-	0.5	1.3
Disposals	-	-	-	-	(0.7)	(0.7)
Adjustment for exchange differences	(0.1)	(0.0)	(0.0)	-	(0.2)	(0.3)
Balance at 31 March 2024	1.1	0.1	0.7	-	7.0	9.0
Net book value at 31 March 2024	0.0	0.5	7.6	3.4	0.9	12.4
Net book value at 31 March 2023	0.0	0.5	3.7	3.5	1.2	8.9

An impairment assessment has been performed on goodwill. For the year ended 31 March 2024 no impairment was required (2023: no impairment).

Company

The Company has no intangible assets (2023: nil).

16. Investments in subsidiaries

The Company owns ordinary and preference shares in the companies noted below. These companies were all wholly owned subsidiary undertakings of the Company at 31 March 2024 and 2023 (unless otherwise stated), and their results are consolidated into the Group financial statements.

A listing of registered addresses and principal activities can be found in note 36.

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

Indirect holdings	**Country / countries of incorporation**
AAC, Inc. (49% holding)	Canada
Acorn Technology Systems Inc.	United States
Arup Advisory HK Limited	Hong Kong
Arup Advisory Sdn. Bhd. (30% holding)	Malaysia
Arup Advisory, Inc.	United States
Arup Architecture US, Inc.	United States
Arup Associates Limited	England and Wales
Arup Australia Advisory & Digital Pty Ltd	Australia
Arup Australia Projects Pty Ltd	Australia
Arup Australia Pty Ltd	Australia
Arup Australia Services Pty Ltd	Australia
Arup Brasil Consultoria Ltda. (dissolved 16/02/2023)	Brazil
Arup Business Services HK Limited	Hong Kong
Arup B.V.	Netherlands
Arup (Cambodia) Limited	Cambodia
Arup Canada, Inc.	Canada
Arup China Limited	Hong Kong
Arup Colombia S.A.S.	Colombia
Arup Consultores Internacionales México S. de R.L. de C.V.	Mexico
Arup Corporate Finance Limited	England and Wales
Arup Deutschland GmbH	Germany
Arup d.o.o. Beograd (Vracar)	Serbia
Arup East Africa Limited	Kenya
Arup Gulf Limited	England and Wales
Arup Hong Kong Limited	Hong Kong
Arup India Private Limited	India
Arup Ingeniería y Consultoría México, S. de R.L. de C.V.	Mexico
Arup International Consultants (Shanghai) Co. Limited	China
Arup International Projects Limited	England and Wales
Arup IP Limited	England and Wales
Arup IP Management Limited	England and Wales
Arup Ireland Partner Limited	Ireland
Arup Ireland Properties Limited	Ireland
Arup Italia S.r.l.	Italy
Arup Jururunding Sdn. Bhd. (30% holding)	Malaysia
Arup Latin America, S.A.	Spain
Arup Limited	England and Wales
Arup Macau Limited	Macao
Arup Maldives Limited	England and Wales

Arup (Mauritius) Ltd (30% holding)	Mauritius
Arup Mühendislik ve Müşavirlik Limited Şirketi	Türkiye
Arup New Zealand Limited	New Zealand
Arup North America Limited	England and Wales
Arup Peru Limited	England and Wales
Arup Philippines Limited	England and Wales
Arup Polska sp. z o.o.	Poland
Arup Projects A Pty Ltd (dissolved 28/05/2024)	Australia
Arup Pty Limited	Australia
Arup QLD Pty Ltd	Australia
Arup Riyadh Metro Limited	England and Wales
Arup Services B.V.	Netherlands
Arup Services New York Limited	England and Wales
Arup Singapore Private Limited	Singapore
Arup Taiwan Limited	Taiwan
Arup Technology Solutions US, Inc.	United States
Arup Texas, Inc.	United States
Arup Treasury Limited	England and Wales
Arup USA, Inc.	United States
Arup US, Inc.	United States
Arup Vietnam Limited	Vietnam
Babylon Investment Unlimited Company	Ireland
Broomco (148355) Ltd (dissolved 05/07/2023)	Luxembourg
eFleet Integrated Service Limited	England and Wales
Energy Future Inc. (incorporated 04/04/2023)	United States
Fitzroy Comp, Inc.	United States

Fitzroy Insurance Services Limited	Guernsey
Fitzroy Property Limited	England and Wales
Oasys Limited	England and Wales
OASYS Software Technology (Shanghai) Limited	China
Ovarpart Nominee Limited	England and Wales
Ove Arup India Holdings Limited	England and Wales
Ove Arup & Partners Danmark A/S	Denmark
Ove Arup & Partners Hong Kong Limited	England and Wales
Ove Arup & Partners International Limited	England and Wales
Ove Arup & Partners Ireland Limited	Ireland
Ove Arup & Partners Japan Limited	England & Wales
Ove Arup & Partners Korea Limited	South Korea
Ove Arup & Partners Limited	England and Wales
Ove Arup & Partners Scotland Limited	Scotland
Ove Arup & Partners, P.C. (0% holding)	United States
Ove Arup & Partners, S.A.U	Spain
Ove Arup (Thailand) Limited	Thailand
PT Arup Indonesia	Indonesia
PT Arup Kinematika Indonesia (67% holding; 2023: 0% holding; previously PT Rekacipta Kinematika)	Indonesia
Redcliffe Wharf Limited	England and Wales
Scotstoun Property Limited	England and Wales
Shelbourne Plaza (Block C) Management Company Limited (78% holding)	Ireland
Williamsburg Investment Unlimited Company	Ireland

Company

Movement of investment	Cost	Investment impairment	Net book value
	£'m	£'m	£'m
Balance as at 1 April 2022	304.1	(148.6)	155.5
Additions / recapitalisations	2.0	-	2.0
Reversal of investment impairments	-	2.3	2.3
Balance as at 31 March 2023	306.1	(146.3)	159.8
Additions / recapitalisations	14.0	-	14.0
Reversal of investment impairments	-	-	-
Balance as at 31 March 2024	320.1	(146.3)	173.8

The directors believe that the carrying values of the investments are supported by their underlying net assets. No reasonable change in key assumptions is expected to result in a material change in the net book value of investments in the 12 months from the balance sheet date.

17.Investments accounted for using the equity method

Group

	2024	2023
	£'m	£'m
Balance at the beginning of the financial year	3.3	1.2
Additions	-	3.8
Share of loss	(2.2)	(1.8)
Adjustment for exchange differences	-	0.1
Balance at the end of the financial year	1.1	3.3

Company

The company had nil investments accounted for using equity method (2023: nil).

18.Financial assets at fair value through profit or loss

Group	2024	2023
	£'m	£'m
Balance at the beginning of the financial year	16.6	21.8
Additions	0.9	0.8
Disposals	(1.0)	(6.8)
Change in fair value	3.6	(0.3)
Adjustment for exchange differences	(0.3)	1.1
Balance at the end of the financial year	19.8	16.6

An indirect subsidiary of the Company has a non-qualified deferred compensation arrangement (note 29). At 31 March 2024, this was valued at £19.3m (2023: £16.0m).

Company

The Company had no financial assets at fair value through profit or loss (2023: £3k).

19.Financial instruments

Group

Financial instruments by category:	2024			2023		
	Financial assets at amortised cost	Financial assets at FVPL	Total	Financial assets at amortised cost	Financial assets at FVPL	Total
Assets as per balance sheet	£'m	£'m	£'m	£'m	£'m	£'m
Derivative financial instruments	-	-	-	-	0.0	0.0
Financial assets at FVPL	-	19.8	19.8	-	16.6	16.6
Trade and other receivables excluding prepayments and corporation tax	329.4	-	329.4	288.4	-	288.4
Cash and cash equivalents	182.5	-	182.5	235.1	-	235.1
	511.9	19.8	531.7	523.5	16.6	540.1

	2024			2023		
	Other financial liabilities at amortised cost	Financial liabilities at FVPL	Total	Other financial liabilities at amortised cost	Financial liabilities at FVPL	Total
Liabilities as per balance sheet	£'m	£'m	£'m	£'m	£'m	£'m
Borrowing (excluding finance lease liabilities)	(31.1)	-	(31.1)	(41.0)	-	(41.0)
Lease liabilities	(388.8)	-	(388.8)	(365.2)	-	(365.2)
Derivative financial instruments	-	-	-	-	(0.0)	(0.0)
Trade and other payables excluding non-financial liabilities	(185.9)	-	(185.9)	(241.0)	-	(241.0)
	(605.8)	-	(605.8)	(647.2)	(0.0)	(647.2)

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

20.Contract assets and liabilities

Contract assets	2024	2023
	£'m	£'m
Contract assets	221.1	207.8
Loss allowance	(6.7)	(3.1)
	214.4	204.7

The change in contract asset value depends on invoicing schedules and percentage completion of projects.

Movement in loss allowance	2024	2023
	£'m	£'m
Balance at the beginning of the financial year	3.1	7.9
Increase in allowance for expected credit losses	4.8	1.4
Decrease in allowance for expected credit losses	(1.0)	(6.6)
Adjustment for exchange differences	(0.2)	0.4
Balance at the end of the financial year	6.7	3.1

The average expected loss rate for contract assets was 3.1% (2023: 1.5%).

	2024	2023
	£'m	£'m
Contract liabilities	280.1	265.1

Fulfilment contract assets	2024	2023
	£'m	£'m
Non-current asset recognised for costs incurred to fulfil a contract	1.5	1.4
Accumulated amortisation of costs incurred to fulfil a contract	(0.8)	(0.7)
Adjustment for exchange differences	(0.1)	0.0
Net non-current asset recognised for costs incurred to fulfil a contract	0.6	0.7

Company

The Company has no contract assets and liabilities (2023: nil).

21. Trade and other receivables

Group

	2024	2023
	£'m	£'m
Trade receivables - net	298.3	267.8
Other receivables	31.1	49.5
Prepayments and accrued income	38.9	47.1
	368.3	364.4

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

Trade receivables	2024	2023
	£'m	£'m
Trade receivables	318.6	283.5
Loss allowance	(20.3)	(15.7)
	298.3	267.8

Ageing analysis	2024			2023		
	Cost	Loss allowance	Expected loss rate	Cost	Loss allowance	Expected loss rate
	£'m	£'m	%	£'m	£'m	%
Current	177.8	(2.4)	1.3	160.9	(0.5)	0.3
Past due less than 3 months	104.7	(1.0)	1.0	88.2	(1.0)	1.1
3 months to 6 months	12.3	(1.3)	10.6	12.5	(1.3)	10.4
Greater than 6 months	23.8	(15.6)	65.5	21.9	(12.9)	58.9
	318.6	(20.3)		283.5	(15.7)	

Movement in loss allowance	2024	2023
	£'m	£'m
Balance at the beginning of the financial year	15.7	20.7
Increase in loss allowance	8.3	3.3
Unused amounts reversed	(2.3)	(5.5)
Receivables written off as uncollectible	(0.5)	(3.0)
Adjustment for exchange differences	(0.9)	0.2
Balance at the end of the financial year	20.3	15.7

Company

	2024	2023
	£'m	£'m
Amounts due from Arup Group undertakings	163.9	162.3
Other receivables	0.2	0.3
	164.1	162.6

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 with a rate in the range of 2-8.25% (2023: 1-8.25%).

The Group 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 (2023: nil).

22.Derivative financial instruments

Group

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

	2024	2024	2023	2023
	Assets	Liabilities	Assets	Liabilities
	£'m	£'m	£'m	£'m
Forward foreign exchange contracts - held for trading	-	-	0.0	(0.0)
Total	-	-	0.0	(0.0)
Less non-current portion:				
Forward foreign exchange contracts - held for trading	-	-	-	-
Current portion	-	-	0.0	(0.0)

The notional principal amounts of the outstanding foreign exchange contracts at 31 March 2024 and 31 March 2023 are as follows:

	2024	2024	2023	2023
	Sell	Buy	Sell	Buy
	£'m	£'m	£'m	£'m
Forward contracts to purchase SGD, sell GBP	-	-	3.0	(3.0)
Forward contracts to purchase CAD, sell GBP	-	-	1.2	(1.2)
Forward contracts to purchase GBP, sell SGD	-	-	0.9	(0.9)
Spot contracts to purchase GBP, sell KWD	-	-	0.3	(0.3)

The Group has reviewed all contracts for embedded derivatives and does not have any such instruments.

Company

The Company had no derivative financial instruments (2023: nil).

23.Cash and cash equivalents

Group

	2024	2023
	£'m	£'m
Cash at bank and in hand	77.9	48.1
Short-term bank deposits	104.6	187.0
	182.5	235.1

Company

	2024	2023
	£'m	£'m
Cash at bank and in hand	0.1	1.0
	0.1	1.0

The Group operates a cash pooling arrangement to centralise funds and enable optimal cash management. The Company is part of this multiple unit group and recognises its own cash pooling in its financial statements. The cash pooling arrangement is managed by a related party within the Group and balances are settled periodically.

24.Assets classified as held for sale

The Group and Company own leasehold land with a net book value of £3.0m (2023: £1.8m). At 31 March 2024, the Company expected to dispose of this asset within 12 months and it is therefore classified as held for sale.

The Group owns freehold property with a net book value of £1.0m (2023: £1.0m). At 31 March 2024, the Group expected to dispose of this asset within 12 months and it was therefore transferred from property, plant and equipment to assets classified as held for sale.

25.Borrowings

Group

	2024	2023
Current	£'m	£'m
Loan with related party	1.1	1.0
	1.1	1.0
Non-current		
Bank loan	30.0	40.0
	30.0	40.0

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant.

The Group has borrowed £1.1m (2023: £1.0m) in one loan (2023: one loan) from Bidgreat Limited, a company owned by a controlling party (note 34). The loans bear a market rate of interest based on the UK Base Rate. The loan is repayable on demand.

Company

	2024	2023
Current	£'m	£'m
Bank overdraft	0.2	-
	0.2	-
Non-current		
Bank loan	30.0	40.0
	30.0	40.0

On 24 June 2020 the Company extended its £100m Revolving Credit Facility for a further five years. The facility reduced by £25m in two instalments, £12.5m in June 2022 and £12.5m in June 2023. The facility has an option to extend, subject to the bank's approval, for a further two years. During the year ended 31 March 2024, the Group took up its first option to extend. At the date the financial statements were approved the facility extends to June 2026. At the balance sheet date it bears a market floating rate of interest based on SONIA. At 31 March 2024 the drawn amount was £30.0m (2023: £40.0m).

26. Trade and other payables

Group

	2024	2023
	£'m	£'m
Trade payables	31.6	40.8
Accrued expenses	144.8	186.7
Other payables	9.5	13.5
Tax & social security costs	36.0	34.9
	221.9	275.9

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

Company

	2024	2023
	£'m	£'m
Amounts owed to Arup Group undertakings	259.1	220.8
Accrued expenses	2.0	0.7
	261.0	221.5

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 with a rate in the range of 2-8.25% (2023: 1-8.25%).

27.Provisions for other liabilities and charges

Group

2024	Property	Employee benefits	Legal claims	Onerous contract	Other	Total
	£'m	£'m	£'m	£'m	£'m	£'m
Current	5.0	-	18.2	11.1	-	34.3
Later than one year and no later than two years	2.3	-	-	5.1	-	7.4
Later than two years and no later than five years	3.0	-	-	2.6	-	5.6
Later than five years	12.9	-	-	0.1	-	13.0
Non-current	18.2	-	-	7.8	-	26.0
Reconciliation of movement						
Balance at the beginning of the financial year	16.1	10.8	30.8	19.1	-	76.8
Reclassification from / (to) trade and other payables	-	-	0.1	(0.2)	-	(0.1)
Reclassification to employee benefit liabilities	-	(10.8)	-	-	-	(10.8)
Provisions charged to the income statement	-	-	18.2	5.0	-	23.2
Provisions released to the income statement	(2.9)	-	(1.5)	(3.8)	-	(8.2)
Additional liability recognised	10.7	-	-	-	-	10.7
Provisions utilised	(0.2)	-	(28.8)	-	-	(29.0)
Adjustment for exchange differences	(0.5)	-	(0.6)	(1.2)	(0.0)	(2.3)
Balance at the end of the financial year	23.2	-	18.2	18.9	0.0	60.3

2023	Property	Employee benefits	Legal claims	Onerous contract	Other	Total
	£'m	£'m	£'m	£'m	£'m	£'m
Current	4.4	7.8	30.8	10.9	-	53.9
Later than one year and no later than two years	2.6	0.7	-	4.9	-	8.2
Later than two years and no later than five years	3.0	2.0	-	3.2	-	8.2
Later than five years	6.1	0.3	-	0.1	-	6.5
Non-current	11.7	3.0	-	8.2	-	22.9

Reconciliation of movement						
Balance at beginning of the financial year	14.2	10.6	14.7	-	-	39.5
Reclassification from trade and other payables	-	-	-	8.5	-	8.5
Provisions charged to the income statement	1.4	2.2	29.0	10.9	-	43.5
Provisions released to the income statement	(0.4)	-	(12.4)	(0.1)	-	(12.9)
Provisions utilised	-	(1.6)	-	-	-	(1.6)
Additional liability recognised	0.6	-	-	-	-	0.6
Adjustment for exchange differences	0.3	(0.4)	(0.5)	(0.2)	-	(0.8)
Balance at end of the financial year	16.1	10.8	30.8	19.1	-	76.8

Company

The Company had no provisions for other liabilities and charges (2023: nil).

28.Deferred income tax

Group

Arup Group Limited and its subsidiaries operate tax groups in some jurisdictions, meaning groups of entities are taxed as a single entity. As a consequence, the deferred tax assets and liabilities of these entities have been offset in the consolidated financial statements.

The offset amounts are as follows:

2024	£'m
Deferred income tax assets	
– Gross deferred income tax assets	106.3
– Offsetting through operation of tax groups	(15.1)
Deferred income tax assets in the balance sheet	91.2
Deferred income tax liabilities	
– Gross deferred income tax assets	(22.1)
– Offsetting through operation of tax groups	15.1
Deferred income tax liabilities in the balance sheet	(7.0)

	2024	2023
Deferred income tax assets	£'m	£'m
– deferred income tax assets to be recovered after more than 12 months	78.4	70.3
– deferred income tax assets to be recovered within 12 months	27.9	17.9
	106.3	88.2
Deferred income tax liabilities		
– deferred income tax liabilities to be recovered after more than 12 months	(21.2)	(20.2)
– deferred income tax liabilities to be recovered within 12 months	(0.9)	(0.0)
	(22.1)	(20.2)
Deferred income tax assets - net	84.2	68.0

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

	2024	2023
	£'m	£'m
Balance at the beginning of the financial year	68.0	37.8
(Under) / over provision of deferred income tax in respect of prior years	(10.3)	8.8
Transfers between current and deferred income tax	0.5	(1.1)
Deferred income tax credited to the income statement	19.5	16.0
Deferred income tax credit relating to components of other comprehensive income	8.4	7.0
Adjustment for exchange differences	(1.9)	(0.5)
Balance at the end of the financial year	84.2	68.0

Deferred income tax liabilities	Impact of change in accounting standards	Rollover relief	Accelerated tax depreciation	Temporary differences on leases	Other	Total
	£'m	£'m	£'m	£'m	£'m	£'m
At 1 April 2022	0.2	7.6	8.1	2.8	3.4	22.1
(Credited) / charged to the income statement	-	(0.1)	(0.2)	(2.2)	0.5	(2.0)
Adjustment for exchange differences	-	0.0	0.4	0.0	(0.3)	0.1
At 31 March 2023	0.2	7.5	8.3	0.6	3.6	20.2
(Credited) / charged to the income statement	(0.1)	-	1.1	0.9	0.2	2.1
Adjustment for exchange differences	(0.0)	0.1	(0.2)	(0.0)	(0.1)	(0.2)
At 31 March 2024	0.1	7.6	9.2	1.5	3.7	22.1

Deferred income tax assets	Unutilised tax depreciation	Retirement benefit obligations	Provisions	Tax losses	Temporary differences on leases	Other	Total
	£'m	£'m	£'m	£'m	£'m	£'m	£'m
At 1 April 2022	6.4	13.3	19.0	4.3	10.5	6.4	59.9
(Charged) / credited to the income statement	(3.3)	(4.7)	(1.2)	15.7	(1.8)	16.9	21.6
Credited to other comprehensive income	-	7.0	-	-	-	-	7.0
Adjustment for exchange differences	0.1	(0.0)	(0.1)	(0.2)	0.0	(0.1)	(0.3)
At 31 March 2023	3.2	15.6	17.7	19.8	8.7	23.2	88.2
(Charged) / credited to the income statement	(0.9)	(4.6)	4.9	10.0	1.1	0.8	11.3
Credited / (charged) to other comprehensive income	-	8.9	(0.5)	-	-	-	8.4
Adjustment for exchange differences	(0.0)	(0.3)	(0.8)	(0.7)	(0.1)	0.3	(1.6)
At 31 March 2024	2.3	19.6	21.3	29.1	9.7	24.3	106.3

Company

	2024	2023
	£'m	£'m
Deferred income tax assets		
– deferred income tax assets to be recovered within 12 months	0.7	-
	0.7	-
Deferred income tax liabilities		
– deferred income tax liabilities to be recovered within 12 months	(0.8)	-
	(0.8)	-
Deferred income tax liabilities - net	(0.1)	-

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

	2024	2023
	£'m	£'m
Balance at the beginning of the financial year	-	-
Deferred income tax charged to the income statement	(0.1)	-
Balance at the end of the financial year	(0.1)	-

Deferred income tax liabilities	Other	Total
	£'m	£'m
At 1 April 2022	-	-
Charged to the income statement	-	-
At 31 March 2023	-	-
Charged to the income statement	0.8	0.8
At 31 March 2024	0.8	0.8

Deferred income tax assets	Unutilised tax depreciation	Tax losses	Total
	£'m	£'m	£'m
At 1 April 2022	-	-	-
Credited to the income statement	-	-	-
At 31 March 2023	-	-	-
Credited to the income statement	0.0	0.7	0.7
At 31 March 2024	0.0	0.7	0.7

29.Employee benefit liabilities

2024	Defined benefits	Long service leave	Service milestones	Deferred compensation	Total
	£'m	£'m	£'m	£'m	£'m
Current	-	7.0	6.7	-	13.7
Non-current	76.9	4.1	9.3	19.3	109.6
	76.9	11.1	16.0	19.3	123.3

2023	Defined benefits	Long service leave	Service milestones	Deferred compensation	Total
	£'m	£'m	£'m	£'m	£'m
Current	-	-	-	-	-
Non-current	62.1	-	-	16.0	78.1
	62.1	-	-	16.0	78.1

29.1. Long service leave

	2024	2023
	£'m	£'m
Reconciliation of movement:		
Balance at the beginning of the financial year	-	-
Reclassification from provisions and other charges	10.8	-
Employee benefits charged to the income statement	2.4	-
Employee benefits released to the income statement	(0.1)	-
Employee benefits utilised	(1.7)	-
Adjustment for exchange differences	(0.3)	-
Balance at the end of the financial year	11.1	-

For the year ended 31 March 2023, long service leave was presented within provisions for other liabilities and charges. For the year ending 31 March 2024, this has been reclassified to employee benefit liabilities.

29.2. Service milestones

Reconciliation of movement	2024	2023
	£'m	£'m
Balance at the beginning of the financial year	-	-
Employee benefits charged to the income statement	16.0	-
Balance at the end of the financial year	16.0	-

For the year ended 31 March 2024, the Group introduced a new scheme to recognise the service of employees. The new service awards are in the form of both cash rewards and paid leave after 5, 10, 20, 30, 40 and 50 years of eligible service.

29.3. Deferred compensation

During the year ending 31 March 2021 a non-qualified deferred compensation arrangement ("Arrangement") was recognised in an indirect US subsidiary of the Company. This Arrangement is a 'Rabbi Trust' which is a non-qualified defined contribution pension scheme. This Arrangement is principally for the highest compensated employees within Group subsidiaries in the US and enables them to obtain tax advantages by deferring a percentage of their compensation.

Unlike most common defined contribution pension schemes where settlement happens almost simultaneously with the services rendered, contributions are held in trust by the company until the elected distribution event. While held in trust, contributions represent a financial asset to the company and are measured at fair value through profit and loss (note 18). The matching liability is included in employee benefit liabilities.

29.4. Defined benefits

	2024	2023
Balance sheet obligations for:	£'m	£'m
– Defined pension benefits	(76.9)	(62.1)
Liability in the balance sheet	(76.9)	(62.1)
Income statement charge for:		
– Defined pension benefits	(3.0)	(1.9)
Remeasurement losses for:		
– Defined pension benefits	(33.3)	(28.0)

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

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

	2024	2023
Balance sheet obligations for:	£'m	£'m
Present value of funded obligations	(758.5)	(760.6)
Fair value of plan assets	688.0	704.7
Deficit of funded plans	(70.5)	(55.9)
Present value of unfunded obligations	(6.4)	(6.2)
Total deficit of defined benefit pension plans	(76.9)	(62.1)

The Group includes one material defined benefit retirement scheme that is registered in the UK (the "Scheme") and managed by the Scheme trustees – see below for further details. The valuation position of the Scheme was assessed at 31 March 2024 by qualified independent actuaries for the purposes of IAS 19, 'Employee Benefits'.

The Group also has an immaterial funded scheme in Philippines and unfunded schemes in Japan, Mauritius, India, Ireland, Dubai and Indonesia. As these schemes are not material to the Group, no additional disclosures are included within these consolidated financial statements apart from the summaries below.

29.5. Defined benefit retirement schemes

UK registered scheme

Ove Arup & Partners International Limited ("OAPIL") operated a UK registered contributory pension scheme, which had a defined benefit and a defined contribution section, for employees. On 31 March 2010, the scheme was closed to new members. With effect from 30 June 2010 the future accrual of benefits for existing members ceased. OAPIL replaced this scheme with a personal pension plan for employees with effect from 1 July 2010. All contributions for the new plan are held and managed by Scottish Equitable plc (a subsidiary of Aegon). OAPIL has no ongoing liability to the funds held by Aegon in respect of the employees.

For the pension scheme, which closed on 30 June 2010, contributions were made in accordance with the rules of the scheme and the advice of independent qualified actuaries on the basis of triennial valuations. The most recent valuation was at 31 March 2022 using the projected unit credit method. The actuarial valuation at 31 March 2022 showed a funding level of 84.5% on an ongoing basis based on a market value of assets of £964m at that date. The most significant assumptions made by the actuary in carrying out this valuation were the assumption for the discount rate of the gilt curve plus 1.6% pa (net of investment management expenses) at 31 March 2022 reducing linearly to an assumed return over the gilt curve of 0.5% pa by 31 March 2038. A special employer's contribution of £21.7m was made during the year to 31 March 2024 (2023: £21.3m). OAPIL is expected to make a contribution of £20.6m by 31 March 2025. The weighted average duration of the defined benefit obligation is around 13 years (significantly reduced from previous years due to the increase in corporate bond yields during the year to March 2023).

The next actuarial valuation will be carried out as at 31 March 2025.

The valuation position of this scheme was reassessed at 31 March 2024 by a qualified independent actuary for the purposes of IAS 19 'Employee Benefits'.

The scheme holds no assets that are issued or owned by OAPIL.

Management assessed the expected return on scheme assets based on a review of past returns and professional advice on the level of future returns.

Philippines funded scheme

Ove Arup & Partners Hong Kong Limited - Philippines branch operates a retirement benefit scheme in the Philippines which requires an actuarial valuation yearly. As at 31 March 2024 the net scheme assets were valued at £0.01m (2023: £0.1m) which is held within other non-current assets. The actuarial loss for the year on this scheme was £0.2m (2023: £0.04m) which has been recorded in the statement of comprehensive income.

Unfunded schemes

Japan unfunded scheme

Ove Arup & Partners Japan Limited provides a retirement allowance to employees. Provision is made in accordance with the advice of independent qualified actuaries. The most recent valuation was at 31 March 2024 using the projected unit credit method. The most significant assumptions made by the actuary in carrying out this valuation were that the discount rate would be 1.5% (2023: 1.2%) per annum and that salary inflation would be 5.5% (2023: 5.5%) per annum. There was a benefit payment for the year to 31 March 2024 of £0.2m (2023: £0.08m). The pension liability recognised in the financial statements was £3.5m (2023: £4.0m).

Ireland unfunded scheme

Ove Arup & Partners Ireland Limited is providing a retirement allowance to 20 retired employees for their lifetime. The pension liability recognised in the financial statements was £0.7m (2023: £0.7m).

Mauritius unfunded scheme

Arup (Mauritius) Ltd provides a retirement allowance to its employees. Provision is made in accordance with the advice of independent qualified actuaries. The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligations were carried out at 31 March 2024. The pension liability recognised in the financial statements was £0.2m (2023: £0.2m).

India unfunded scheme

Arup India Private Limited ("AIPL") provides a retirement allowance 'gratuity' to its employees. Gratuity is payable to all eligible employees of AIPL in terms of provisions of the Payment of Gratuity Act. Valuations in respect of gratuity have been carried out by an independent actuary, as at the balance sheet date, under the projected unit credit method. The pension liability recognised in the financial statements was £0.2m (2023: £0.2m).

Dubai unfunded scheme

Arup Gulf Limited operates an end of service benefit plan. Provision is made in accordance with the advice of independent qualified actuaries. The most recent valuation was at 31 March 2024 using the projected unit credit method. The most significant assumptions made by the actuary in carrying out this valuation were that the discount rate would be 5.1% (2023: 4.9%) per annum and that salary inflation would be 4.0% (2023: 3.2%) per annum. There was a benefit payment for the year to 31 March 2024 of £0.03m (2023: £0.1m). The pension liability recognised in the financial statements was £1.3m (2023: £1.1m).

Indonesia unfunded scheme

PT Arup Indonesia provides a retirement allowance to its employees. Provision is made in accordance with the advice of independent qualified actuaries. The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligations were carried out at 31 March 2024. The pension liability recognised in the financial statements was £0.01m (2023: £0.01m).

Further disclosure on the Scheme (UK)

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

	2024	2023
	£'m	£'m
Present value of funded obligations	(758.5)	(760.6)
Fair value of plan assets	688.0	704.7
Deficit of funded plans	(70.5)	(55.9)

The movement in the defined benefit liability over the year is as follows:

	Present value of obligation	Fair value of plan assets	Total
	£'m	£'m	£'m
At 1 April 2022	(1,011.2)	963.8	(47.4)
Administration expenses	-	(0.8)	(0.8)
Interest (expense) / income	(27.4)	26.3	(1.1)
	(1,038.6)	989.3	(49.3)
Remeasurements:			
– Return on plan assets, excluding amounts included in interest income	-	(274.0)	(274.0)
– Loss from change in demographic assumptions	(8.0)	-	(8.0)
– Gain from change in financial assumptions	285.6	-	285.6
– Experience losses	(31.5)	-	(31.5)
	246.1	(274.0)	(27.9)
Contributions:			
– Employers	-	21.3	21.3
Payments from plans:			
– Benefit payments	31.9	(31.9)	-
At 31 March 2023	(760.6)	704.7	(55.9)
Administration expenses	-	(0.8)	(0.8)
Interest (expense) / income	(36.4)	34.2	(2.2)
	(797.0)	738.1	(58.9)
Remeasurements:			
– Return on plan assets, excluding amounts included in interest income	-	(37.1)	(37.1)
– Gain from change in demographic assumptions	10.5	-	10.5
– Gain from change in financial assumptions	3.8	-	3.8
– Experience losses	(10.5)	-	(10.5)
	3.8	(37.1)	(33.3)
Contributions:			
– Employers	-	21.7	21.7
Payments from plans:			
– Benefit payments	34.7	(34.7)	-
At 31 March 2024	(758.5)	688.0	(70.5)

The significant actuarial assumptions were as follows:

	2024	2023
	%	%
Discount rate	4.9	4.9
Salary growth rate	N/A	N/A
Retail Price Index inflation	3.3	3.4
Consumer Price Index inflation	2.7	2.8
Pension growth rate:		
Pre 88 Guaranteed Minimum Pension	0.0	0.0
Post 88 Guaranteed Minimum Pension	2.2	2.2
NGMP accrued before 1 October 2006 (5%LPI)	3.1	3.1
Pension accrued after 30 September 2006 (2.5%LPI)	2.1	2.1

Mortality %

98% (males) and 98% (females) S3NA table using core CMI 2023 projections with S=7.0 and A=0.0 allowing for LTR of 1.00% per annum and 20% weight to W2022 and W2023 parameters. (2023: 107% (males) and 102% (females) S3 "Light" table using core CMI 2021 projections with S=7.0 and A=0.0 allowing for LTR of 1.00% per annum and 10% weight to W2020 and W2021 parameters).

Cash commutation

20% (2023: 25%) of members' pensions assumed to be taken as cash on current terms.

Assumed life expectations on retirement

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience.

These assumptions translate into an average life expectancy in years for a pensioner retiring at age 65.

	2024	2023
	Years	Years
Retiring at the end of the financial year:		
Male	21.6	22.2
Female	24.2	24.2
Retiring 20 years after the end of the financial year:		
Male	22.5	23.1
Female	25.3	25.3

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

2024	Increase in assumption	Decrease in assumption
Impact on defined benefit obligation of a 50 basis point change:	%	%
Discount rate	(5.8)	6.5
Inflation rate	4.4	(4.4)

2023	Increase in assumption	Decrease in assumption
Impact on defined benefit obligation of a 50 basis point change:	%	%
Discount rate	(5.9)	6.5
Inflation rate	4.1	(4.1)

	2024	2023
	%	%
Mortality assumption with a LTR of 1.25% per annum	0.5	0.6

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

The assets in the scheme at 31 March were:

	2024	2023
	£'m	£'m
Global equities	129.8	105.6
DGF / hedge funds	64.5	86.1
Gilts and corporate bonds	107.7	109.8
Alternate credit	62.5	44.1
Liability driven investment	246.2	310.8
Property investments	34.0	36.3
Short duration credit	34.1	-
Cash and net current assets	9.2	12.0
	688.0	704.7

The Scheme invests in pooled funds which are not quoted on an active market and are rated as level 2 in the fair value hierarchy.

Defined benefit membership data	2024	2023
	Number	Number
Deferred pensioners	3,181	3,269
Pensioners / dependents	1,693	1,626
	4,874	4,895

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

29.6. Post-employment benefit liabilities – risks

Through its defined benefit pension scheme the Group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The retirement benefit liabilities of the scheme are calculated using a discount rate set with reference to corporate bond yields. If the scheme's assets underperform this yield, this will create a deficit. The scheme hold a significant proportion of equities, which are expected to outperform corporate bonds in the long term while exposing the Group to greater volatility and valuation risk in the short term.

Changes in bond yields

A decrease in corporate bond yields will increase the scheme's liabilities. This would be partially offset by an increase in the value of the scheme's bond holdings.

Inflation risk

Some of the Group pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the scheme against extreme inflation). Whilst some of the scheme's assets are real in nature and so loosely correlated with inflation (e.g. equities, index-linked gilts), some of the scheme's assets are not expected to move in line with inflation (e.g. corporate bonds) and therefore an increase in inflation is likely to also increase the deficit.

Life expectancy

The majority of the scheme's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the scheme's liabilities.

Credit risk

The scheme invests in pooled investment vehicles and are therefore exposed to direct credit risk in relation to the solvency of the investment manager and custodian of those funds.

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled funds being ring-fenced from the investment managers, the regulatory environments in which the pooled fund managers operate and diversification of the scheme's investments across a number of pooled funds. The scheme's Trustees, with the help of their advisers, carry out due diligence checks prior to the appointment of any new investment manager or fund, and monitor for changes to the operating environment of the existing investments either through reports from the investment consultants or questioning in meetings with the managers. Due to their nature pooled funds are unrated.

Currency risk

The scheme is also subject to currency risk indirectly because they invest in overseas investments. This is particularly the case in the global equity funds which has approximately 50% of the currency risk hedged. If the hedged / unhedged allocation lies more than 5% away from the 50% / 50% split, on a weekly basis the investment manager will be required to rebalance the split for that region. The managers of the bonds funds, diversified growth funds and hedge funds will vary the degree to which they hedge currency risk. Currency risk is accepted where this facilitates overseas investments, taking into account the risks and expected reward.

Counterparty risk

The scheme is exposed to collateral management and counterparty risk in relation to the derivative instruments used within its investment arrangements. The collateral requirement and counterparty exposure will be managed by the scheme's investment manager and regularly monitored by the relevant Trustees.

30. Share capital

Group and Company

	2024	2023
Issued, called up and fully paid:	£'m	£'m
65 (2023: 65) voting shares of £1 each	0.0	0.0
120,000 (2023: 120,000) equity shares of £1 each	0.1	0.1
	0.1	0.1

31. Cash generated from operations

Group	2024	2023
	£'m	£'m
Profit after income tax	24.4	26.6
Adjustments for:		
Exceptional items	48.6	(7.2)
Income tax expense	19.5	12.3
Depreciation of property, plant and equipment	29.3	29.3
Depreciation of right-of-use assets	55.5	55.6
Amortisation of intangible assets	1.3	0.9
Amortisation of fulfilment contract assets	0.1	0.2
Loss on disposal of property, plant and equipment	0.3	0.4
Loss on disposal of intangible assets	0.0	0.0
Fair value (gains) / losses on financial assets at FVPL	(3.6)	0.3
Finance costs – net	13.0	8.8
Share of loss of investments accounted for using equity method	2.2	1.8
Non-cash employee benefit expense	16.0	-
Net (impairment losses) / reversal of impairment losses on financial and contract assets	9.6	(4.9)
Other non-cash items	13.7	(6.0)
Unrealised currency translation (gains) / losses	(1.8)	9.9
Loss on disposal of financial assets	-	4.4
Changes in working capital:		
– Contract assets	(13.5)	6.6
– Trade and other receivables	(37.3)	(25.3)
– Contract liabilities	15.0	(45.4)
– Trade and other payables	(55.1)	(22.1)
– Employee benefit liabilities	0.1	-
– Pension deficit funding	(21.7)	(21.3)
	115.6	24.9

Net debt

	2024	2023
	£'m	£'m
Cash and cash equivalents	182.5	235.1
Borrowings	(31.1)	(41.0)
Lease liabilities	(388.8)	(365.2)
	(237.4)	(171.1)

Net debt reconciliation

	Borrowings	Lease liabilities	Subtotal	Cash and cash equivalents	Total
	£'m	£'m	£'m	£'m	£'m
Net debt as at 1 April 2022	(51.0)	(365.1)	(416.1)	307.1	(109.0)
Financing cash flows	10.0	46.8	56.8	(72.0)	(15.2)
Interest expense	(0.0)	(10.5)	(10.5)	-	(10.5)
Interest payments	0.0	10.5	10.5	-	10.5
New leases	-	(39.7)	(39.7)	-	(39.7)
Adjustments for exchange differences	-	(7.2)	(7.2)	0.0	(7.2)
Net debt as at 31 March 2023	(41.0)	(365.2)	(406.2)	235.1	(171.1)
Financing cash flows	9.9	41.7	51.6	(51.8)	(0.2)
Interest expense	(0.1)	(12.2)	(12.3)	-	(12.3)
Interest payments	0.1	12.2	12.3	-	12.3
New leases	-	(59.0)	(59.0)	-	(59.0)
Adjustments for exchange differences	-	(6.3)	(6.3)	(0.8)	(7.1)
Net debt as at 31 March 2024	(31.1)	(388.8)	(419.9)	182.5	(237.4)

32. Contingent liabilities

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

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

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

The Company has bank bond facilities for the issuance of performance and contractual related bonds for subsidiary undertakings. The facilities are supported by a corporate guarantee.

In June 2023, the High Court judged that amendments made to the Virgin Media Limited defined benefit pension scheme were invalid because the scheme's actuary did not provide the associated Section 37 certificate necessary. The High Court's decision had wide ranging implications, affecting other schemes that were contracted-out on a salary-related basis, and made amendments between April 1997 and April 2016.

The Court of Appeal upheld the 2023 High Court ruling in July 2024 and there are plans to progress investigations into any potential impact for the Company's defined benefit pension scheme.

As detailed investigations are yet to be progressed, OAPIL considers that the amount of any potential impact on the defined benefit obligation cannot be confirmed and / or measured with sufficient reliability at the 31 March 2024 year end. For the year ended 31 March 2024 this is considered a contingent liability at the 31 March 2024 year end. It will be reviewed again at the 31 March 2025 year end when further clarity is expected to be available.

33.Related parties

Group

The following transactions and year-end balances were carried out with other entities in the Group:

The Group has a loan from Bidgreat Limited, a related party associated with a Trust company (see note 34), of £1.1m (2023: £1.0m). There were no repayments made during the year ended 31 March 2024 (2023: nil).

The Group has a loan to a joint venture, Artus Air Limited, of £0.5m (2023: £0.5m). There were no repayments received during the year ended 31 March 2024 (2023: nil). There was an interest income of £0.01m (2023: £0.01m).

The Group has non-current liabilities to Oaserv Pty Limited, a related party associated with a Trust company (see note 34), of £2.0m (2023: £2.1m). There were no repayments during the year ended 31 March 2024 (2023: nil), the movement arose as a result of foreign exchange differences.

Key management compensation

Key management includes the directors, the company secretary and the officers of the board. The compensation paid or payable to key management for employee services is shown below:

	2024	2023
	£'m	£'m
Aggregate remuneration	9.1	11.2
Aggregate contributions paid to defined contribution schemes	0.3	0.4
	9.4	11.6

As at 31 March 2024, £0.7m of the aggregate remuneration was accrued and not paid (2023: £1.7m).

Company

The Company had no transactions with related parties (2023: nil).

34.Controlling party

The Company is owned by Ove Arup Partnership Employee Trust, Ove Arup Partnership Charitable Trust and The Arup Service Trust. The controlling party is Ove Arup Partnership Charitable Trust.

35.Dividends

As at the date of the financial statements the directors do not recommend a dividend for the year ended 31 March 2024 (2023:nil). No dividend was paid in the year ended 31 March 2024 (2023: nil).

36.Registered addresses of investments in subsidiaries

Name of investment	Registered address	Principal activities
AAC, Inc.	121 Bloor Street East, Suite 900, Toronto ON M4W 3M5, Canada	Architecture services
Acorn Technology Systems Inc.	Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware, 19801, USA	Transportation industry technology solutions
Arup Advisory HK Limited	Level 5, Festival Walk, 80 Tat Chee Avenue, Kowloon Tong, Kowloon, Hong Kong	Design and consulting engineering services, in architecture and other related professional skills
Arup Advisory Sdn. Bhd.	Level 26, 1Powerhouse, No. 1, Persiaran Bandar Utama, Bandar Utama, 47800 Petaling Jaya, Selangor, Malaysia	Design and consulting engineering services, in architecture and other related professional skills
Arup Advisory, Inc.	Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware, 19801, United States	Design and consulting engineering services, in architecture and other related professional skills
Arup Americas Inc.	28 Liberty Street, New York, NY10005, United States	Intermediate holding company
Arup Architecture US, Inc.	28 Liberty Street, New York, NY 10005, United States	Architecture services
Arup Associates Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Dormant company
Arup Australia Advisory & Digital Pty Ltd	C/- Boroughs, Level 6, 77 Castlereagh Street, Sydney NSW 2000, Australia	Design and consulting engineering services, in architecture and other related professional skills
Arup Australia Projects Pty Ltd	C/- Boroughs, Level 6, 77 Castlereagh Street, Sydney NSW 2000, Australia	Design and consulting engineering services, in architecture and other related professional skills
Arup Australia Pty Ltd	C/- Boroughs, Level 6, 77 Castlereagh Street, Sydney NSW 2000, Australia	Design and consulting engineering services, in architecture and other related professional skills
Arup Australia Services Pty Ltd	C/- Boroughs, Level 6, 77 Castlereagh Street, Sydney NSW 2000, Australia	Design and consulting engineering services, in architecture and other related professional skills
Arup Brasil Consultoria Ltda.	Alameda Vicente Pinzon, No. 173, 7th floor, Vila Olímpia, São Paulo, Estado de São Paulo, 04547-130, Brazil	Dissolved 16/02/2023
Arup Business Services HK Limited	Level 5, Festival Walk, 80 Tat Chee Avenue, Kowloon Tong, Kowloon, Hong Kong	Provision of corporate support services
Arup B.V.	Naritaweg 118, Beta Building, 1043 CA, Amsterdam, Netherlands	Design and consulting engineering services, in architecture and other related professional skills
Arup (Cambodia) Limited	#C-7, Floor 8th, Vimean Ahha Street, Kien Klaing Village, Sangkat Chroy Chongva, Khan Chroy Chongva, Phnom Penh, Cambodia	Design and consulting engineering services, in architecture and other related professional skills
Arup Canada, Inc.	121 Bloor Street East, Suite 900, Toronto ON M4W 3M5, Canada	Design and consulting engineering services, in architecture and other related professional skills

Arup China Limited	Level 5, Festival Walk, 80 Tat Chee Avenue, Kowloon Tong, Kowloon, Hong Kong	Design and consulting engineering services, in architecture and other related professional skills
Arup Colombia S.A.S.	Calle 72 No 10-07 Oficina 1106, Bogota, 11-01-11, Colombia	Design and consulting engineering services, in architecture and other related professional skills
Arup Consultores Internacionales México S. de R.L. de C.V.	Calle Presidente Masarik 111, Piso 1, Col. Polanco V Sección Miguel Hidalgo, Distrito Federal, C.P.11560, Mexico	Design and consulting engineering services, in architecture and other related professional skills
Arup Corporate Finance Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Transaction advice services and consulting engineering services
Arup Deutschland GmbH	Joachimstaler Straße 41, 10623, Berlin, Germany	Design and consulting engineering services, in architecture and other related professional skills
Arup d.o.o. Beograd (Vracar)	Kneginje Zorke 77/4, Belgrade, 11000, Serbia	Design and consulting engineering services, in architecture and other related professional skills
Arup East Africa Limited	9th Floor, Williamson House, 4th Ngong Avenue, PO Box 40111 - 00100, Nairobi, Kenya	Design and consulting engineering services, in architecture and other related professional skills
Arup Gulf Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Design and consulting engineering services, in architecture and other related professional skills
Arup Hong Kong Limited	Level 5, Festival Walk, 80 Tat Chee Avenue, Kowloon Tong, Kowloon, Hong Kong	Design and consulting engineering services, in architecture and other related professional skills
Arup International Consultants (Shanghai) Co. Limited	Units 3001-20, Floor 30, Tower A, THREE itc, No. 183 Hongqiao Road, Xuhui, Shanghai Municipality, China	Design and consulting engineering services, in architecture and other related professional skills
Arup India Private Limited	Jet Prime, 5th Floor, Suren Road, Off Western Express Highway, Andheri (East), Mumbai, 400093, India	Design and consulting engineering services, in architecture and other related professional skills
Arup Ingeniería y Consultoría México, S. de R.L. de C.V.	Calle Presidente Masarik 111, Piso 1, Col. Polanco V Sección Miguel Hidalgo, Distrito Federal, C.P.11560, Mexico	Design and consulting engineering services, in architecture and other related professional skills
Arup International Projects Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Design and consulting engineering services, in architecture and other related professional skills
Arup IP Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Intellectual property
Arup IP Management Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Intellectual property
Arup Ireland Partner Limited	50 Ringsend Road, Dublin 4, D04 T6X0, Ireland	Dormant company
Arup Ireland Properties Limited	50 Ringsend Road, Dublin 4, D04 T6X0, Ireland	Property holdings
Arup Italia S.r.l.	Corso Italia 1, 20122, Milano, Italy	Design and consulting engineering services, in architecture and other related professional skills

Arup Jururunding Sdn. Bhd.	Level 26, 1Powerhouse, No. 1, Persiaran Bandar Utama, Bandar Utama, 47800 Petaling Jaya , Selangor, Malaysia	Design and consulting engineering services, in architecture and other related professional skills
Arup Latin America, S.A.	Calle Alfonso XI, 12, 28014, Madrid, Spain	Design and consulting engineering services, in architecture and other related professional skills
Arup Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Design and consulting engineering services, in architecture and other related professional skills
Arup Macau Limited	Avenida Dr. Mario Soares, Finance and IT Center of Macau, 10-C & D, Macau, China	Design and consulting engineering services, in architecture and other related professional skills
Arup Maldives Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Design and consulting engineering services, in architecture and other related professional skills
Arup (Mauritius) Ltd	Bagatelle Office Park, Bagatelle, Moka, Mauritius	Design and consulting engineering services, in architecture and other related professional skills
Arup Mühendislik ve Müşavirlik Limited Şirketi	Nispetiye Mah. Baslık Sok. , MM Plaza Apt. No. 3/4, Besiktas, Istanbul, Turkey	Design and consulting engineering services, in architecture and other related professional skills
Arup New Zealand Limited	RSM New Zealand , RSM House, Level 2, 62 Highbrook Drive, Highbrook, Auckland, 1010, New Zealand	Design and consulting engineering services, in architecture and other related professional skills
Arup North America Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Design and consulting engineering services, in architecture and other related professional skills
Arup Partner Pty Limited	C/- Boroughs, Level 6, 77 Castlereagh Street, Sydney NSW 2000, Australia	Dormant company
Arup Peru Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Design and consulting engineering services, in architecture and other related professional skills
Arup Philippines Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Design and consulting engineering services, in architecture and other related professional skills
Arup Polska sp. z o.o.	ul. Inflancka 4, 00-189, Warszawa, Poland	Design and consulting engineering services, in architecture and other related professional skills
Arup Projects A Pty Ltd	C/- Boroughs, Level 6, 77 Castlereagh Street, Sydney NSW 2000, Australia	Dormant company
Arup Pty Limited	C/- Boroughs, Level 6, 77 Castlereagh Street, Sydney NSW 2000, Australia	Design and consulting engineering services, in architecture and other related professional skills
Arup (Pty) Ltd	5 Parks Boulevard, Oxford Parks, Dunkeld, Johannesburg, 2196, South Africa	Design and consulting engineering services, in architecture and other related professional skills
Arup QLD Pty Ltd	Level 4, 108 Wickham Street, Fortitude Valley, Brisbane QLD 4006, Australia	Design and consulting engineering services, in architecture and other related professional skills

Arup Riyadh Metro Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Design and consulting engineering services, in architecture and other related professional skills
Arup Services B.V.	Naritaweg 118, Beta Building, 1043 CA, Amsterdam, Netherlands	Design and consulting engineering services, in architecture and other related professional skills
Arup Services New York Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Design and consulting engineering services, in architecture and other related professional skills
Arup Singapore Private Limited	182 Cecil Street, #06-01 Frasers Tower, Singapore , 069547, Singapore	Design and consulting engineering services, in architecture and other related professional skills
Arup Taiwan Limited	4F.-1, No. 1, Songgao Rd., Xinyi Dist., Taipei City , 110404, Taiwan	Design and consulting engineering services, in architecture and other related professional skills
Arup Technology Solutions US, Inc.	Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware, 19801, USA	Technology host
Arup Texas, Inc.	1999 Bryan Street, Suite 900, Dallas TX 75201, United States	Design and consulting engineering services, in architecture and other related professional skills
Arup Treasury Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Group treasury
Arup USA, Inc.	155 Federal Street, Suite 700 Boston MA 02109, United States	Design and consulting engineering services, in architecture and other related professional skills
Arup US, Inc.	C T Corporation, 28 Liberty Street, New York NY 10005, United States	Design and consulting engineering services, in architecture and other related professional skills
Arup Vietnam Limited	F/17, Etown Central, No.11, Doan Van Bo Street, Ward 13, District 4, Ho Chi Minh City, Vietnam	Design and consulting engineering services, in architecture and other related professional skills
Babylon Investment Unlimited Company	50 Ringsend Road, Dublin 4, D04 T6X0, Ireland	Dormant company
Broomco (141) GmbH	Joachimstaler Straße 41, 10623, Berlin, Germany	Design and consulting engineering services, in architecture and other related professional skills
Broomco (92854) Limited	50 Ringsend Road, Dublin 4, D04 T6X0, Ireland	Dormant company
Broomco (148355) Ltd. (Dissolved 05/07/2023)	7, Avenue Gaston Diderich, Luxembourg, L - 1420, Luxembourg	Dissolved 05/07/2023
eFleet Integrated Service Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Lessor of electric busses
Energy Future Inc.	Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware, 19801, USA	Energy storage
Fitzroy Comp, Inc.	Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware, 19801, USA	Holding company
Fitzroy Insurance Services Limited	PO Box 230, Heritage Hall, Le Marchant Street, St Peter Port, Guernsey, GY1 4HY, Channel Islands	Insurance services

Fitzroy Property Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Property holdings
Neuron Digital Limited	Room 512, 5/F, New Mandarin Plaza Tower B, 14 Science Museum Road, Tsim Sha Tsui East, Hong Kong	Provider of digital software
Oasys Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Agent
OASYS Software Technology (Shanghai) Limited	3rd Floor Southwest Section, No. 2123 Pudong Avenue, China (Shanghai) Pilot Free Trade Zone, 200135, China	Provider of computer software
Ovarpart Nominee Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Investment holding company
Ove Arup Holdings B.V.	Naritaweg 118, Beta Building, 1043 CA, Amsterdam, Netherlands	Intermediate holding company
Ove Arup Holdings IP Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Intermediate holding company
Ove Arup Holdings Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Intermediate holding company
Ove Arup Holdings Private Limited	9 Raffles Place, #26-01 Republic Plaza, 048619, Singapore	Intermediate holding company
Ove Arup India Holdings Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Intermediate holding company
Ove Arup International (Holdings) Limited	Level 5, Festival Walk, 80 Tat Chee Avenue, Kowloon Tong, Kowloon, Hong Kong	Intermediate holding company
Ove Arup International Holdings Private Limited	9 Raffles Place, #26-01 Republic Plaza, 048619, Singapore	Intermediate holding company
Ove Arup Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Intermediate holding company
Ove Arup & Partners Danmark A/S	Axeltorv 2 K, 1609 , København V, Denmark	Design and consulting engineering services, in architecture and other related professional skills
Ove Arup & Partners Hong Kong Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Design and consulting engineering services, in architecture and other related professional skills
Ove Arup & Partners International Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Design and consulting engineering services, in architecture and other related professional skills
Ove Arup & Partners Ireland Limited	50 Ringsend Road, Dublin 4, D04 T6X0, Ireland	Design and consulting engineering services, in architecture and other related professional skills
Ove Arup & Partners Japan Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Design and consulting engineering services, in architecture and other related professional skills
Ove Arup & Partners Korea Limited	9F, B-Dong, Pine Avenue Building, 100 Eulji-Ro, Jung-Gu, Seoul, 04551, South Korea	Design and consulting engineering services, in architecture and other related professional skills
Ove Arup & Partners Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Design and consulting engineering services, in architecture and other related professional skills

Ove Arup & Partners Scotland Limited	10 George Street, Edinburgh, Scotland, EH2 2PF, United Kingdom	Design and consulting engineering services, in architecture and other related professional skills
Ove Arup & Partners, P.C.	600 N 2nd St, North 2nd Street, Suite 401, Harrisburg, Dauphin County PA 17101, United States	Engineering and consultancy services
Ove Arup & Partners, S.A.U	Calle Alfonso XI, 12 , 28014, Madrid, Spain	Design and consulting engineering services, in architecture and other related professional skills
Ove Arup (Thailand) Limited	No. 88 The PARQ Building, 7th Floor, Unit 7W14-16, Ratchadaphisek Road, Khlong Toei Sub-District, Khlong Toei District, Bangkok, 10110, Thailand	Design and consulting engineering services, in architecture and other related professional skills
Ove Arup Ventures Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Investment holding company
PT Arup Indonesia	19th Floor, #03-05 Talavera Office Park, Jl. Letjen TB Simatupang Kav. 22-26, South Jakarta, DKI Jakarta, 12430, Indonesia	Design and consulting engineering services, in architecture and other related professional skills
PT Rekacipta Kinematika	19th Floor, #03-05 Talavera Office Park, Jl. TB Simatupang Kav. 22 - 26, Cilandak, Jakarta Selatan, 12430, Indonesia	Design and consulting engineering services
Redcliffe Wharf Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Property holdings
Scotstoun Property Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Property holdings
Shelbourne Plaza (Block C) Management Company Limited	50 Ringsend Road, Dublin 4, D04 T6X0, Ireland	Dormant company
Williamsburg Investment Unlimited Company	50 Ringsend Road, Dublin 4, D04 T6X0, Ireland	Dormant company