ARUP

Ove Arup Holdings Limited

Financial Statements and Reports

For the year ended 31 March 2024

Registration number: 7804146

Contents

Strategic report

The directors present their annual strategic report for Ove Arup Holdings 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").

The Group is a subsidiary of Arup Group Limited. Arup Group Limited with its subsidiaries is referred to as the "Arup Group". The Board of directors of Arup Group Limited are referred to as the "Arup Group Board".

No employees are directly employed by the Company.

Review of the business

These are the results for the Group for the financial year ended 31 March 2024. The results show a profit for the financial year of £42.6m (2023: £54.7m). The net assets as at 31 March 2024 are £311.9m (2023: £293.5m)

The performance and development of the Group is in line with the expectations of the directors. 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.

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. However, we have continued to successfully invest in those parts of the business which align with our strategy and our opportunity pipeline remains strong. Both the size of the operation and the business have remained broadly stable during the year, and the confirmed work for the Group at the end of the year is consistent with the size and the diversity of the Group.

Risk management and key performance indicators

As with any business, the Group faces risks and uncertainties in the course of operation. It is by way of timely identification, effective management and monitoring of these risks that we are able to deliver our strategy and strategic goals. The Arup Group Board is ultimately responsible for the oversight of risk across the Arup Group and that a robust risk management is maintained. Our risk framework includes the identification of risks and, where appropriate, controls to manage and mitigate risks. The risk framework enables the Arup Group Board to provide reasonable, and not absolute, assurance against material misstatement or loss. Regional Risk Committees are established in each of our key operating regions and consist of senior executive and business leaders who meet regularly to discuss and evaluate risks specific to their respective regions. By having localised committees, we can better understand region-specific risks and tailor our risk management strategies accordingly. Regional Risk Committees report to a 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 Group Risk Committee.

Statutory directors of the Company are members of the Arup Group Board, the Operations Executive, the Region Boards, the Regional Risk Committee or have direct connections to these bodies. The statutory directors are fully informed of the risk management strategies and activities by way of their roles, as risk management reports and management activities are communicated throughout the Arup Group via these governing bodies.

The principal area of risk and operating uncertainty for the Arup Group is its ability to continue to secure new projects and deliver the performance of existing projects in line with the management's objectives. To monitor these, Arup Group Board uses the following key performance indicators ("KPIs") which are monitored at Arup Group level:

- Revenue is a key indicator linked to the number of people that we employ (our "members") 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 – whether through its own contracts or as subconsultant to other Arup Group companies in support of their contracts – is key to the Group's ongoing commercial success. Moderate growth in revenue provides 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, potentially require a reduction in headcount. For the year ended 31 March 2024, revenue for the Group was £1,041.2m (2023: £1,033.6m).
- 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 ended 31 March 2024, profit before income tax for the Group was £50.9m (2023: £62.6m)

In the reporting period, we have continued to monitor the emerging risks, including the global economic outlook and the impact on growth, increasing technological disruption, climate related risks, and increased regulatory requirements. These themes are often interrelated, and an overall consequence is instability of markets. For Arup Group, this manifests most readily in uncertainty of opportunities and the likely volume of secured work and potential impact to on-going projects. An outcome of our increased attention on risk is the modification of the Arup Group Risk Management Framework to align with operational and management structures and ensure we are arranged to optimise our risk management approach, continue to mitigate and manage risks through effective internal controls, and remain agile to shifting dynamics.

Non-Financial Sustainability Information Statement ("NFSIS")

As a subsidiary, the Company is part of the group-level NFSIS report prepared by Arup Group Limited. Therefore, the directors have applied the available exemption to the Company under NFSIS regulations. The Arup Group level disclosure is included below:

Arup Group now falls into scope for the UK government'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.

Pillar	NFSIS	TCFD Requirement	NFSIS Section	Page
Governance	A	A) Describe the Arup Group Board's oversight of climate-related risks and opportunities.	Governance of climate related issues in Arup Group.	6
		B) Describe management's role in assessing and managing climate-related risks and opportunities.		7
Strategy	D	A) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Arup Group's identified climate related risks and opportunities.	4
	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 Group.	4
	F	C) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios.	Our business resilience to climate related risks.	4
Risk Management	B	A) Describe the organisation's processes for identifying and assessing climate-related risks.	How Arup Group identifies and assesses climate related risks.	7
		B) Describe the organisation's processes for managing climate-related risks.	Governance of climate related issues in Arup Group.	8
	C	C) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.		8
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 Group's climate related targets and performance.	6
	Not required	B) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas ("GHG") emissions, and the related risks.	Arup Group's energy use and emissions.	5
	G	C) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Arup Group's climate related targets and performance.	6

At Arup Group, 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. Doing so requires us to understand the impacts of climate related risks on our operations, supply chain, clients and services. This understanding enables us to integrate appropriate responses into our risk management, operations, business planning and strategy.

As a firm specialising in the planning, design and expert advice on the built environment – urban development, infrastructure networks, landscape and buildings we play a crucial role through mitigating climate change and, if it occurs, in shaping how our clients adapt to that new climate. Enhancing our understanding the role of climate change in our operations and that of our clients will better position us to deliver on our purpose.

Our Climate Scenario Analysis indicates that Arup Group's business model is largely resilient to the physical impacts of climate change. However, we recognise that there are more substantial risks and opportunities to our business in the medium to long-term due to different types of transitions, especially concerning changing policy and market conditions. Through our Climate and Sustainability Services portfolio and the work delivered through our key business lines, we believe the opportunities to our business outweigh the risks.

Arup Group's climate scenarios

The climate related risks and opportunities that were quantified were integrated into the climate element of our initial Double Materiality Assessment ("DMA"). To better understand the possible transition risks and opportunities to our business we undertook quantitative modelling and utilised two transition scenarios and one physical:

Transition scenario – Delayed transition – 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 high physical risks.

Transition scenario – Net zero – 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, the European Union and Japan have set legally binding targets to reach net zero for all GHGs.

Physical risk scenario – Arup Group 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 GHG 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 to Arup Group are 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 certainly will occur.

Timeframes

The identified timeframes below were the boundaries for how we have designed our climate scenario analysis. These timeframes are aligned to our accounting definition of short-term, medium-term is aligned to our business planning and long-term to widely accepted national targets. As financial and non-financial reporting converge, we have made this decision to align the impact of environment, social and governance ("ESG") related risks and opportunities to how we manage our business.

	From	To	Duration	Rationale
Short-term	2024	2025	0-1 year	Aligned to Arup Group's accounting definition of short-term.
Medium-term	2025	2030	1-5 years	Aligned to our business planning/strategy cycle.
Long-term	2030	2050	5-25 years	Aligned to Paris climate target commitments.

Climate scenario modelling considerations and limitations

- 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 Group 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.

Impact of Climate Related Risks and Opportunities to Arup Group

TCFD category	Risk/Opportunity	Potential impacts/outcomes for the business	Mode of impact	Anticipated timeframes	Likelihood of possible impact by scenario: Net zero	Likelihood of possible impact by scenario: 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 Group'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 Group 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 Group conducted a physical risk assessment of its property (i.e. 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 Arup Group's experience in operating with largely remote members during COVID-19, suggest that Arup Group as an organisation is, to a certain degree insulated from business impacts due to physical climate risks arising from climate change. No high risks were identified in terms of critical system-wide operational impacts.

From a transition risk perspective through improving on the climate risk register which was already in existence and modelling the transition risks and opportunities deemed to be most material to our business we found that:

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 Group could increase revenue from low-carbon and adaptation services if these services are grown in line with anticipated demand. Arup Group's definition of low carbon and adaptation services was informed by the EU taxonomy.
3. The most significant risks are failing to adequately invest in low-carbon and adaptation services or new technologies to meet changing client and regulatory demands. The financial implications of these risks grow after 2030.
4. Failure to achieve publicly committed net zero targets could result in Arup Group losing business to peers who are decarbonising at a more aggressive pace. We are also at risk of failing to maintain our alignment with our client's carbon emissions reduction targets.

Our business resilience to climate related risks

We judge 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. Arup Group's operations are not dependent on supply chains that are likely going to be impacted by climate change.

However, climate change is clearly a significant factor in our core business of offering professional services to clients within built environment. How our clients both public and private plan to adapt their business model to the effects of changing policy, legislation, and financial criteria as well as physical impacts are rapidly evolving. 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.

Emissions performance summary

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.

The total carbon footprint of the Arup Group, for the financial year ended 31 March 2024 amounts to 123,421 tonnes of carbon dioxide equivalent ("tCO2e"). This is broken down with 1,583 tCO2e attributed to our scope 1 and 2 emissions and 121,838 tCO2e attributed to our scope 3 footprint. Overall, our FY2023/24 emissions represent a combined absolute 31% decrease on our baseline. The firm has grown significantly over the period, this equates to a combined 43% 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 taken at reporting year end, in it we have all permanent employees and those on specific term contracts.

The Arup 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, business travel has 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 2024/2025 through planned office moves which will reduce use of fossil fuels as a heat source.

Scope 3 has decreased by 27% from the baseline year. Purchased goods and services (within scope 3) continue to be the majority of emissions at approximately 62% of the Arup 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. During the reporting year our procurement team continued to engage with key suppliers to collect more accurate scope 3 data. Over the last financial year, we have established that only 14% of our largest suppliers monitor and report their scope 1, 2 and 3 emissions, therefore our priority leading up to the financial year ended 31 March 2025 is 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 on avoiding an upward trend in our emissions going forward, as expectations for office working and business travel increase post the COVID-19 pandemic.

In the last reporting year, we undertook a comprehensive review of our GHG calculation methodologies and data collection processes. The data displayed in the table above differs to what was reported in previous years. To compare our emission 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 bucketing 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 on a monthly basis to support decision making and target monitoring.

LRQA carried out third-party verification of our new methodology's application of the GHG protocol for the financial year ended 31 March 2023 and 31 March 2024. Increasing the robustness and accuracy of our GHG reporting has been and will continue to be a priority as we progress on our net zero journey.

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. We will focus on our offices, travel, supply chain, and waste. To determine our priority areas and activities, we consider two factors, firstly, the Carbon Management Hierarchy of Avoid – Reduce – Replace – Offset, and secondly, we prioritise activities within our control and influence.

For scope 1 and 2, we will increase our renewable energy supply in our offices and transition to an electric fleet. Where we don't own an office, we will work with landlords to ensure we are on renewable tariffs and, where necessary, look for alternative suitable office space.

Our largest source of emissions is scope 3, 'Purchased Goods and Services', making it a critical priority for reduction. We have continued to engage with our supply chain and will expand this in the coming years. We expect the next phase to represent a large portion of our supplier spend and will offer more tailored support where necessary to help them transition to net zero. In relation to scope 3, 'Business Travel', we will continue to manage this activity and ensure there is a meaningful need to travel. Our performance against our public target will be monitored monthly through our global business travel dashboard. Regarding scope 3, 'Waste', we believe the first principle of reducing waste is to avoid purchasing where possible and incentivise sustainable and circular procurement options. We take country-specific action for waste to match local legislation, policy, guidance, and infrastructure availability.

As we progress on our net zero journey, Arup Group 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 Group 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 ("WGBC") Net Zero Buildings Commitment and Science Based Targets initiative ("SBTi"). 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 our "A Better Way" principles.

Arup Group's climate related targets and KPI's

Target	Target Rationale	Progress vs Target/KPI
Arup Group commits to reduce absolute scope 1 and scope 2 GHG emissions 30% by the financial year ended 31 March 2025 from the 31 March 2019 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 the financial year ended 31 March 2024 Arup Group achieved an 86% reduction on scope 1 and scope 2 GHG emissions from the 31 March 2019 baseline year.
Arup Group commits to reduce absolute scope 3 GHG emissions 30% by the financial year ended 31 March 2025 from the 31 March 2019 baseline year.		In the financial year ended 31 March 2024 Arup Group achieved an 27% reduction on scope 3 GHG emissions from the 31 March 2019 baseline year. [1]

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

Governance of climate related issues in Arup Group

Arup Group Board's role in overseeing climate related issues

Climate is one of seven focus risks prioritised by Arup Group 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 risk owner, there is 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 our three sub-risk channels (Assets, Supply Chain and Clients/Services). Their primary interface is with:

- The Risk Coordination committee which includes representatives from each region, responsible for local identification and implementation.
- The Operational executive which is chaired by our COO who also sits on the Arup Group Board, and is attended by our region chairs, our global portfolio leaders, as described above, who have responsibility for driving growth in our key business lines which include climate mitigation and adaptation services, and key corporate services leaders.

The Arup Group Board possesses extensive knowledge on the implications of climate change on the built environment and on business.

In January 2024 Arup Group Board received external training that related to climate risk and associated activities. The purpose of this was to discuss how Arup Group can meet the challenge of how a changing climate can impact our business. Directors' duties were discussed from both a compliance and fiduciary perspective, as well as the role of senior management in how these duties are discharged. In July 2024, the Risk committee approved the output of the climate scenario analysis.

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 global 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 and supply chains.
Global Climate and Sustainability Portfolio leader	Identifying and implementing actions to develop climate and sustainability services and capabilities.
Region management board	Setting targets, driving change and monitoring progress in regions.

A cross-functional Climate Risk Coordination Group was formed by the Climate Risk Owner to report to the Risk committee. The key objectives of the Climate Risk Coordination Group are:

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

The Climate Risk Owner maintains a comprehensive climate risk register globally which captures key risks in three channels: our clients and services, assets (people, property, investments), and supply chains.

The climate risk register was reviewed in January 2024, with inputs to the global risk register from our 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 Arup Group Board or management that are connected to how the business manages climate related risks and opportunities. Arup Group Limited is a trust owned firm and our profit is distributed to our stakeholders to share in the results of our collective efforts. Each member's share of the profit is determined on the same basis. We all have a role to play in how the business manages these risks and how we take advantage of any opportunities.

How Arup Group identifies and assesses climate related risks

The group climate risk register is integrated into Arup Group's overall group risk management framework using an aligned taxonomy where possible, this is to provide a comparable view on how Arup Group's climate risks are intertwined with other business priorities. After identifying a risk, 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.

Arup Group's Group Head of Risk and Assurance is responsible for monitoring the inherent and residual nature of our risks. Arup Group's Global Sustainable Development Leader manages climate risk through the development and active implementation of pragmatic and impactful response plans with SMART (specific, measurable, achievable, relevant and time-bound) actions.

The Climate Risk Coordination group that is set up to manage our climate risks includes representation from both the Risk and Audit committee and comprises of a finance representative, the Group Head of Risk and Assurance, Risk committee Chair, Climate Risk Owners and the Head of ESG Reporting.

Physical risk identification and assessment

Arup Group conducted a qualitative physical risk assessment focused on its property (i.e. offices) globally to evaluate the likelihood of property damage and disruption to operations from flood, wind, and seismic events.

As part of the physical risk identification process Arup Group utilised its own proprietary climate risk modelling tool, IRIS, to:

1. Quantify the hazard: the likelihood and intensity of the relevant hazard.
2. Quantify the exposure: the number of people, basic characteristics of the buildings, and typical building components in office occupancies in each asset.
3. Quantify the 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. Quantify the consequences: the consequences (e.g. duration of downtime) associated with the damage states considered in the vulnerability analysis.

Transition risks identification and assessment

Arup Group conducted a climate transition risk assessment to help us better understand and quantify how different transition scenarios over a range of time horizons could impact our business. The outcome of the analyses demonstrated that Arup Group has potential material transition risks but there are also clear financial opportunities to deliver on our purpose of shaping a better world in either 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 with an externally provided wider climate risk and opportunity database which is aligned to the TCFD recommendations and transition categories. The updated list was presented to the Climate Risk Coordination group where risks were discussed and prioritised. The top five risks and opportunities were agreed and modelled over the agreed timeframes and utilised agreed climate scenarios. This analysis was then integrated into the group risk management framework, escalated to the Group Risk committee, Assurance committee and finally Arup Group Board for approval.

How Arup Group manages climate related risks

The biggest risk in relation to our low carbon and climate adaptation services is owned by the services lead in the Climate Risk Coordination Group. However, all region boards and 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 as a result of transitioning to low carbon and climate adaptation solutions, as well as the wider implications of the focus on sustainable development.

Key activities conducted this reporting year to manage climate related risks and opportunities related to:

1. Inadequate company disclosure of climate risk and/or other ESG reporting: This is risk is now considered mitigated following the creation of the ESG Reporting team.
2. Skills planning: This is on-going, monitoring in all regions of capability, finding suitable candidates is a challenge for all engineering firms and we are operating in what is an increasingly competitive market. Decarbonisation and adaptation are recognised as priorities by Arup Group University Skills Networks and Learning team.
3. Project approaches: A baseline survey of projects detailed 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: Arup Group has created a global procurement function whose remit includes sustainable procurement looking at both environmental and social topics. This team has begun to engage with our key suppliers on the topic of emissions reduction to support our scope 3 reduction target and commitment.
5. Physical resilience of assets: A physical risk review was completed of the buildings we own or occupy in the financial year ended 31 March 2024 even though considered to be low or medium risk last year. This service was delivered by our in-house Risk and Resilience team using our proprietary tools.

Section 172(1) statement

The Board considers collectively and individually that they have made decisions during the financial year ending 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) of the Companies Act 2006 (“S.172(1)”).

Statutory directors of the Company are appointed from amongst the senior leadership grades of the firm, which enables them to oversee the activities of the Company whilst maintaining clear insight into the benefit and interest of the shareholder, in line with their duties under S.172(1).

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

How does it work in practice?

- Establishing the purpose, values, strategy, and culture – Arup Group 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 members.
- Decision making – The composition of the Board is a mix of directors with extensive Arup backgrounds, and a diverse set of skills, knowledge, experience, and competence, that are collectively key in the 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.

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

Execution and principal decisions

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

Entities within the Group have their own boards, with their own delegated authority to management on decision making. The principal decisions of these companies are outlined in their individual strategic reports.

Employee and other stakeholder engagement

Regular engagement with our stakeholders, listening to them and taking on board any feedback, is key to achieving the long-term success and sustainability of the Arup Group.

Members

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

Arup Group Board and the Board engagement – The Arup Group Board and the Board engage with the members, directly or indirectly, in a number of different ways, including 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. The directors of the Company are a direct part of the engagement by way of their roles in the Arup Group. In addition, management reporting to the Company's Board meetings contains relevant member updates, projects and contracts. This reporting enables the Board to perform their duties as directors.

Throughout the year, the directors and the United Kingdom, India, Middle East and Africa ("UKIMEA") Region Management board have engaged with members to emphasise global collaboration as a central theme across the Arup Group. In the UKIMEA region, members have increasingly worked with colleagues worldwide. This global teamwork has been crucial during a period of headcount reductions in the region, contributing to efficiencies and alleviating pressure on teams. Pulling together, our global teams have also contributed to sustainability efforts.

The UKIMEA Regional Engagement Group consists of member elected representatives spread geographically across the region and junior, mid-career and senior colleagues. The UKIMEA Regional Engagement Group provides a route for listening to and escalating the voices of our members to the UKIMEA Region Board to ensure members feel heard in an effective way. Topics have included feedback culture, flexibility at work and the recruitment and onboarding process.

Local workplace surveys were conducted in 2023 to monitor our building impacts and to retain our WELL and Fitwell accreditation across our UK sites.

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 and the retention of members.

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.

Arup Group Board and the Board engagement – The Arup Group Board and the Board sponsor client relationships and act as a member and convener in partnerships and leading market organisations - for example, World Economic Forum. The Arup Managed Clients programme is 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.

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

The UKIMEA Client Team works with the regional leadership to strengthen the governance of our client relationship management and better meet client needs. This includes updating our client relationship funding processes, ensuring our investment in client relationships match our strategy, and connecting client engagement activity to our purpose. This has contributed to improving the overall client experience. This process has also created better insights into our key clients and priorities and created data to track investment against financial progress with these clients.

Priorities for 2024/2025 – This year, 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 understand how we should 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 Group 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 including joint-ventures partners, contractors, consultants, and industry organisations etc.

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

We are pleased to welcome Paula Walsh as the new UKIMEA Region Chair. Paula, brings extensive experience and a collaborative approach to her new role. Her appointment signifies our commitment to maintaining strong regional leadership and fostering closer ties with our partners in the UKIMEA region.

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 Group 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.

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

Arup Group Board and the Board engagement – The Arup Group Board and the Board engage through the Arup Group's senior positions, and participation, in policy setting, government and regulatory forums, and partnerships with influencers and wider societal engagement. The directors of the Company are a direct part of the engagement by way of their roles in the Arup Group.

In the UKIMEA region during this financial year, activities supported included technical advice and stakeholder engagement on tackling homelessness and net zero social and affordable housing, structural engineering support to community facilities and mentoring disadvantaged students and individuals with refugee status.

Priorities for 2024/2025 – Continue the commitment to the Global 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.

On behalf of the Board

Martin James Ansley-Young

Director

31 October 2024

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

Directors' report

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

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

Principal activities

The Company is an intermediate holding company within the Arup Group. The Group practices in the field of design and consulting engineering services, architecture, project management and advisory services and other related professional skills.

Branches

The Group has registered branches in Abu Dhabi, Dubai, France, the Maldives, Oman and Peru. The Group also has a branch in Qatar which has ceased to trade and will de-register in due course.

General information

The Company is a private limited company registered in England and Wales under company number 7804146 at registered address 8 Fitzroy Street, London, W1T 4BJ, United Kingdom. The Company's parent company is Arup Group Limited registered in England and Wales under company number 1312454.

Future developments

The Group will continue to operate in similar markets. 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; Arup Group's reputation and our ability to attract good quality projects and clients; the diversification of the business by service, business sector and geography; actual and projected results and cashflow; sufficiency of access to financial resources; and Arup Group's ability to attract and retain highly talented members.

Despite the challenges posed by a slower global economy, we continue to adapt to the evolving business landscape. Our business has seized growth opportunities in renewable energy, water, technology, building retrofits, and transport. This progress comes even as we navigate a macroeconomic environment marked by high interest rates, reduced government spending, and geopolitical instability. The business was in a robust financial position at the year end and our future workload remains strong.

Dividends

Any dividends paid or declared in the financial year have been disclosed in note 31 to the financial statements.

Directors

The directors of the Company during the year and up to the date of signing these Financial Statements and Reports were as follows:

Martin James Ansley-Young
Tristram George Allen Carfrae (Resigned 31 March 2024)
Paul Anthony Coughlan
Jerome Anthony Frost (Appointed 1 April 2024)

Directors' remuneration

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

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

Directors' indemnities

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

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

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

Independent auditors

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

Financial risk management

The Group's financial assets and liabilities comprise cash and cash equivalents, trade and other receivables, lease liabilities, and trade and other payables. 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 undertakings. Controls and procedures are in place to mitigate this risk. Cash investments are held with banks with a minimum credit rating of A-3/P2.
- Liquidity risk: the Group does not have a bank account, however other Arup Group companies will receive cash and make payments on behalf of the Company.

Notes 2 and 3 to the financial statements provide further information on accounting for exchange rate differences.

Going concern

These financial statements have been prepared on the going concern basis. Note 2 in the notes to the financial statements provides further information.

Governance

Arup Group applies their own corporate governance framework that is based upon the same principles of good governance and long-term sustainable success as those reflected in the UK Corporate Governance Code 2018. As a subsidiary operating within the Arup Group, the Company adopts and applies Arup Group's corporate governance framework to ensure that Arup Group's values, policies and processes are adhered to, and its members and businesses act in a clear, accountable and consistent manner.

This is implemented through a series of measures including:

- The Company adheres to Arup Group's eight core policies which are updated and adopted on an annual basis and apply across the business in the day-to-day operations. The policies are publicly available on Arup.com;
- A Business Integrity Code of Practice has been adopted and communicated to members which includes measures to recognise and prevent bribery, corruption, modern slavery and human trafficking;
- All directors (and members) must undertake compulsory code of conduct training and health and safety training on a triennial basis to reinforce ethical behaviour and a high standard of behaviour;
- The Board is appointed by the parent company to achieve a balance of local business knowledge and skills based on professional expertise and tenure with the Company;
- Regular board meetings are held for operating subsidiaries;
- Agendas are set between the company secretary and the chair of the Board to a planned timetable of matters that need to be addressed throughout the financial year;
- Governance and compliance reviews are included at board meetings of the Company;
- Each subsidiary company within the Arup Group keeps a register of directors' interests which is reviewed and updated at every board meeting. Subsidiary directors often hold cross-directorships within the Arup Group so all subsidiary company articles of association contain express provisions that directors may hold such positions without it being considered a conflict of interest; and
- A mandatory statutory directors' duties training module was introduced during 2021 for all statutory directors of Arup Group including the Company, in addition the module is supplemented by a Company specific induction by the company secretary.

Research and development

The Group invests in a Global research programme which underpins the strategy, with a particular focus on 2023/2024 in creating research outcomes under 6 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

Since 1979 Arup has been owned by Trusts for the benefit of our members. The directors are responsible for assuring themselves that the adoption of the Arup 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 Group makes every effort to enable them to continue their employment and career development, and to arrange appropriate training, wherever practical.

Arup Group's policies, and commitments to our members and prospective members, are detailed in the strategic report of the Arup Group Limited financial statements, which can be found on Arup.com.

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

Streamlined Energy and Carbon Report ("SECR")

As a subsidiary, the Company is part of the group-level SECR report prepared by Arup Group Limited. Therefore, the directors have applied the available exemption to the company under SECR regulations.

Arup Group Limited 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. Arup Group Limited's reported emissions are included in the below table:

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:

- We continue to prioritise future net zero carbon ready buildings when planning office moves, and moved two major offices to all electric buildings, reducing gas consumption.
- Retrofit activities and moves to more efficient office space and reduce gas use has 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 Group Limited's GHG accounting processes. Arup Group Limited'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.

Stakeholder engagement and S.172(1) statement

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

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;
- Make judgements and accounting estimates that are reasonable and prudent; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

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.

On behalf of the Board

Martin James Ansley-Young

Director

31 October 2024

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

Independent auditors' report to the members of Ove Arup Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- Ove Arup Holdings 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 employment legislation and pension legislation, 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 the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate results and potential management bias in accounting estimates and judgements. Audit procedures performed by the engagement team included:

- Gaining an understanding of the legal and regulatory framework applicable to the Group and industry in which it operates and considering the risk of non-compliance of these laws and regulations. We held discussions with management and the Group's legal counsel, 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;
- 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 financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulation.
- 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 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	1,041.2	1,033.6
Other Income	6	7.0	-
Employee benefit expense	7	(533.2)	(518.5)
Charges from sub-consultants and other direct project expenses		(242.0)	(266.0)
Depreciation and amortisation expense	13, 14 & 15	(34.8)	(31.2)
Accommodation		(30.4)	(21.1)
Communications and other overheads		(148.8)	(138.7)
Net (impairment losses) / reversal of impairment losses on financial and contract assets		(0.4)	7.5
		(989.6)	(968.0)
Operating profit	9	58.6	65.6
Comprising:			
– Operating profit before exceptional items		76.9	65.6
– Exceptional items	10	(18.3)	-
		58.6	65.6
Finance income	11	8.6	6.7
Finance costs	11	(16.3)	(9.7)
Profit before income tax		50.9	62.6
Income tax charge	12	(8.3)	(7.9)
Profit for the financial year		42.6	54.7

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	42.6	54.7
Other comprehensive (expense) / income		
Items that will not be reclassified to profit or loss		
Remeasurements of post-employment benefit obligations - net of tax	(25.0)	(21.0)
	(25.0)	(21.0)
Items that may be reclassified subsequently to profit or loss		
Currency translation differences - gains	0.8	1.0
Other comprehensive expense for the year - net of tax	(24.2)	(20.0)
Total comprehensive income for the year	18.4	34.7

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

Registration number 7804146

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	14	59.2	40.4
Right-of-use assets	15	296.4	247.9
Intangible assets	13	6.9	3.6
Deferred income tax assets	24	37.0	30.0
		399.5	321.9
Current assets			
Contract assets	18	45.7	42.9
Trade and other receivables	19	449.8	436.4
Current income tax receivables		7.9	5.3
Cash and cash equivalents	20	53.2	48.0
		556.6	532.6
Total assets		956.1	854.5

	Note	31 March 2024 £'m	31 March 2023 £'m
Liabilities			
Current liabilities			
Borrowings	21	1.0	1.0
Trade and other payables	22	95.0	112.8
Contract liabilities	18	106.2	99.8
Current income tax liabilities		3.5	1.9
Lease liabilities	15	9.4	7.1
Employee benefit liabilities	25	1.2	-
Provisions for other liabilities and charges	23	7.3	3.8
		223.6	226.4
Non-current liabilities			
Lease liabilities	15	334.6	273.1
Deferred income tax liabilities	24	0.2	0.3
Employee benefit liabilities	25	75.5	57.3
Provisions for other liabilities and charges	23	10.3	3.9
		420.6	334.6
Total liabilities		644.2	561.0
Net assets		311.9	293.5
Equity			
Share capital	26	19.6	19.6
Retained earnings		278.0	266.3
Currency translation reserve		14.3	7.6
Total equity		311.9	293.5

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

The financial statements on pages 20 to 70 were approved by the Board of directors on 25 October 2024 and signed on its behalf by:

Martin Ansley-Young

Martin James Ansley-Young
Director
31 October 2024

Registration number 7804146

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	60.6	60.6
		60.6	60.6
Current assets			
Trade and other receivables	19	1.2	1.1
		1.2	1.1
Total assets		61.8	61.7

	Note	31 March 2024 £'m	31 March 2023 £'m
Liabilities			
Current liabilities			
Borrowings	21	1.0	1.0
Trade and other payables	22	0.1	0.0
		1.1	1.0
Total liabilities		1.1	1.0
Net assets		60.7	60.7
Equity			
Share capital	26	19.6	19.6
Retained earnings		41.1	41.1
Total equity		60.7	60.7

The Company's loss and total comprehensive expense for the year was £0.0m (2023: profit and total comprehensive income £6.6m).

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

The financial statements on pages 20 to 70 were approved by the Board of directors on 25 October 2024 and signed on its behalf by:

Martin James Ansley-Young

Director

31 October 2024

Consolidated statement of changes in equity

For the year ended 31 March 2024

	Share capital	Currency translation reserve	Retained earnings	Total equity
	£'m	£'m	£'m	£'m
Balance as at 1 April 2022	19.6	6.6	232.6	258.8
Profit for the financial year	-	-	54.7	54.7
Remeasurement of post-employment obligations	-	-	(28.0)	(28.0)
Remeasurement of post-employment obligations - tax	-	-	7.0	7.0
Currency translation differences - gains	-	1.0	-	1.0
Other comprehensive income/(expense) for the year	-	1.0	(21.0)	(20.0)
Total comprehensive income for the year	-	1.0	33.7	34.7
Balance as at 31 March 2023	19.6	7.6	266.3	293.5
Reclassification of reserves	-	5.9	(5.9)	-
Profit for the financial year	-	-	42.6	42.6
Remeasurement of post-employment obligations	-	-	(33.3)	(33.3)
Remeasurement of post-employment obligations - tax	-	-	8.3	8.3
Currency translation differences - gains	-	0.8	-	0.8
Other comprehensive income/(expense) for the year	-	0.8	(25.0)	(24.2)
Total comprehensive income for the year	-	0.8	17.6	18.4
Balance as at 31 March 2024	19.6	14.3	278.0	311.9

Company statement of changes in equity

For the year ended 31 March 2024

	Share capital £'m	Retained earnings £'m	Total equity £'m
Balance as at 1 April 2022	19.6	34.5	54.1
Profit for the financial year	-	6.6	6.6
Total comprehensive income for the year	-	6.6	6.6
Balance as at 31 March 2023	19.6	41.1	60.7
Loss for the financial year	-	(0.0)	(0.0)
Total comprehensive expense for the year	-	(0.0)	(0.0)
Balance as at 31 March 2024	19.6	41.1	60.7

Consolidated statement of cash flows

For the year ended 31 March 2024

	Note	2024 £'m	2023 £'m
Cash flows from operating activities			
Cash generated from / (used in) operations	27	37.4	(18.4)
Cash outflow on exceptional items	10	(18.3)	-
Interest paid		(13.0)	(1.9)
Income tax paid		(1.1)	(1.4)
Net cash generated from / (used in) operating activities		5.0	(21.7)
Cash flows from investing activities			
Purchases of property, plant and equipment	14	(27.8)	(11.5)
Proceeds from sale of property, plant and equipment		0.3	0.2
Purchases of intangible assets	13	(4.1)	(3.4)
Loans granted to related parties	29	(96.1)	(121.4)
Loan repayments received from related parties	29	130.8	170.3
Interest received		3.8	-
Net cash generated from investing activities		6.9	34.2
Cash flows from financing activities			
Principal elements of lease payments	15	(6.6)	(12.9)
Proceeds from loan granted by related parties		0.2	9.6
Loan repayments paid to related parties		-	(5.5)
Net cash used in financing activities		(6.4)	(8.8)
Net increase in cash and cash equivalents		5.5	3.7
Cash and cash equivalents at the beginning of the year		48.0	44.0
Exchange (losses) / gains on cash and cash equivalents		(0.3)	0.3
Cash and cash equivalents at the end of the year		53.2	48.0

Notes to the financial statements

For the year ended 31 March 2024

1. Incorporation

Ove Arup Holdings Limited is a private 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. 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.

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 2024 in the statement of changes in equity.

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 £0.0m (2023: profit £6.6m) and total comprehensive expense for the year was £0.0m (2023: income £6.6m).

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 access to adequate resources to continue in operational existence for the foreseeable future. The Group and Company continue to meet their day-to-day working capital requirements through their cash reserves and other financial support available within the Arup Group. The directors have also considered other factors which could have an adverse impact on the Group and Company's going concern assessment. The directors have obtained assurance of financial support from Arup Group Limited and other relevant entities within the Arup Group, for a period of at least 12 months from the date of approving the financial statements. Management have performed analysis on future projections of financial performance and cashflow and even after considering the downside scenario, it is satisfied that Arup Group can take sufficient mitigating action, where necessary, to ensure that resources remain sufficient over the forecasting period and that it has adequate resources to continue operations and provide financial support to the Group and Company for a period of 12 months from the date of approving these financial statements. As such, the Group and Company's financial statements have been prepared on the going concern basis.

2.3 Changes in accounting policies and disclosures

New standards, amendments and interpretations

There are no amendments to accounting standards, or IFRS Interpretations Committee ("IFRIC") interpretations that are effective for the year ended 31 March 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 entity in the current or future reporting periods or on foreseeable future transactions.

2.4 Accounting policies

The following are the significant accounting policies applied by the 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 pound sterling (£), which is the Company's functional and presentation currency.

The Group's functional currency is pound sterling. The financial statements are presented in pound sterling (£), which is the Group's presentation currency.

Transactions and balances

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

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. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. 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 Company is an intermediate holding company within the Arup Group. The Group practices in the field of design and consulting engineering services, architecture, project management and advisory services 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.

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 25).

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:

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

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.

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 reviewed each year for impairment.

Investments in subsidiaries

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

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

Trade receivables

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

Cash and cash equivalents

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

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.

Onerous contract provision

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 and equipment. 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 Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

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

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the 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.

Deferred income tax

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

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

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

3. Financial risk management

3.1 Financial risk factors

Arup 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. Arup 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. Arup 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 Arup Group board of directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Arup Group 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 international territories. 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.

Arup 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 Euro and pound sterling, Danish Krone and pound sterling, Kuwaiti Dinars and pound sterling, Omani Rials and pound sterling, Qatari riyal and pound sterling.

At 31 March 2024, if pound sterling had changed against the currencies listed below by 10% with all the other variables remaining constant the impact would be as follows:

	Profit after tax (decrease) / increase	Profit after tax (decrease) / increase
	2024	2023
	£'m	£'m
GBP / Euro - 10% increase	(0.2)	(0.2)
GBP / Euro - 10% decrease	0.3	0.2
GBP / DKK - 10% increase	(0.0)	(0.0)
GBP / DKK - 10% decrease	0.0	0.0
GBP / KWD - 10% increase	(0.2)	(0.1)
GBP / KWD - 10% decrease	0.2	0.1
GBP / OMR - 10% increase	(0.1)	0.2
GBP / OMR - 10% decrease	0.1	(0.2)
GBP / QAR - 10% increase	(0.3)	(0.0)
GBP / QAR - 10% decrease	0.4	0.1

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

2024	GBP	INR	AED	USD	Other	Total
	£'m	£'m	£'m	£'m	£'m	£'m
Cash and cash equivalents	41.8	2.5	5.4	1.3	2.2	53.2
Trade receivables	88.9	1.6	2.2	4.5	7.4	104.6
Amounts owed by Arup Group undertakings	300.1	4.0	-	2.6	0.1	306.8
Other receivables	3.9	0.4	0.6	0.2	1.2	6.3
	434.7	8.5	8.2	8.6	10.9	470.9

2024	GBP	INR	AED	USD	Other	Total
	£'m	£'m	£'m	£'m	£'m	£'m
Borrowings	(1.0)	-	-	-	-	(1.0)
Trade payables	(14.8)	0.3	(0.1)	(0.7)	(0.4)	(15.7)
Amounts owed to Arup Group undertakings	(0.5)	-	-	(1.6)	(3.1)	(5.2)
Accrued expenses	(50.7)	0.3	(0.4)	(0.6)	(0.5)	(51.9)
Other payables	(3.0)	2.2	(0.3)	(0.1)	(0.7)	(1.9)
Lease liabilities	(342.9)	(0.8)	(0.1)	-	(0.2)	(344.0)
	(412.9)	2.0	(0.9)	(3.0)	(4.9)	(419.7)

2023	GBP	INR	AED	USD	Other	Total
	£'m	£'m	£'m	£'m	£'m	£'m
Cash and cash equivalents	31.4	0.9	9.5	4.8	1.4	48.0
Trade receivables	70.1	1.3	0.8	5.5	4.5	82.2
Amounts owed by Arup Group undertakings	309.0	-	-	-	-	309.0
Other receivables	2.2	0.3	0.3	0.1	2.5	5.4
	412.7	2.5	10.6	10.4	8.4	444.6

2023	GBP	INR	AED	USD	Other	Total
	£'m	£'m	£'m	£'m	£'m	£'m
Borrowings	(1.0)	-	-	-	-	(1.0)
Trade payables	(20.0)	0.2	(0.0)	(1.7)	(0.7)	(22.2)
Amounts owed to Arup Group undertakings	(0.1)	-	-	(0.2)	(0.5)	(0.8)
Accrued expenses	(63.1)	(0.2)	(0.6)	(1.3)	(2.4)	(67.6)
Other payables	(1.5)	-	-	-	-	(1.5)
Lease liabilities	(279.5)	(0.5)	(0.2)	-	-	(280.2)
	(365.2)	(0.5)	(0.8)	(3.2)	(3.6)	(373.3)

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 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 A-3 / P2.

c) Liquidity risk

The Group funds its activities primarily through cash generated from its operations. The liquidity risk is managed with reference to short-term and long-term cash flow forecasts.

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 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 cash flows	Carrying amount of liability
As at 31 March 2024	£'m	£'m	£'m	£'m	£'m	£'m
Loan from related party	1.0	-	-	-	1.0	1.0
Trade and other payables excluding non-financial liabilities	68.4	-	-	-	68.4	68.4
Lease liabilities	22.4	22.9	80.8	346.7	472.8	344.0

	On demand or within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount of liability
As at 31 March 2023	£'m	£'m	£'m	£'m	£'m	£'m
Loan from related party	1.0	-	-	-	1.0	1.0
Trade and other payables excluding non-financial liabilities	90.9	-	-	-	90.9	90.9
Lease liabilities	16.0	20.9	72.0	242.9	351.8	280.2

3.2 Capital risk management

The Arup Group is a long-term business, held in trust for the principal benefit of its employees. This ownership model means that it is not 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.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or raise or pay-back intra-group debt.

The Arup Group manages capital to ensure an appropriate balance between investing in employees, clients and profit.

At 31 March 2024 the Group had no external borrowings (2023: nil).

3.3 Fair value estimation

The Group has no financial instruments at fair value by the valuation method (2023: nil). No further fair value estimation disclosure is provided.

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 percentage complete and the projected outcomes of projects. The key estimates and judgements relating to determining the revenue and profitability of projects within the Group's financial statements are:

- Percentage completion: usually calculated by taking actual 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 the estimates made are based on professional judgements, subsequent events may mean that estimates calculated prove to be inaccurate, with a consequent effect on the reported result.

Projects may contain contingencies in their accounting estimates. These contingencies are for potential additional costs that may be required to complete the project. Such costs are only included when they are deemed more likely than not. Management have reviewed ongoing projects as at 31 March 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. Assuming 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 non-onerous project reaches 50% / 95% complete, profit is recognised in line with its percentage completion.

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

The 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 18 and 19 for the net carrying amounts of contract assets and trade receivables and their associated impairment provisions.

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

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 25.

Legal claims (estimates and judgements)

From time to time the Group receives claims from clients with regards to work performed on projects. Professional indemnity insurance and / or project insurance policies are in place for such situations. Significant judgement is required to determine whether a provision liability 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 £308.4m (2023: £430.5m) (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 £30.0m (2023: £23.5m) (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.

5. Revenue

Group

The total revenue recognised in the year that was included in contract liabilities at the beginning of the year was £88.9m (2023: £117.6m).

The total revenue recognised on internal and external projects in the year from performance obligations satisfied (or partially satisfied) in previous years was £644.4m (2023: restated £719.7m). The revenue recognised in the year from performance obligations satisfied (or partially satisfied) in previous years for the year ended 31 March 2023 has been restated (from £662.4m) to include revenue on internal projects which were previously excluded.

The aggregate amount of the transaction price allocated to long-term contracts that are partially or fully unsatisfied at the balance sheet date is £407.4m (2023: £210.2m). 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*	697.5	730.8
Europe	88.6	76.0
Asia*	82.0	83.4
Americas	64.8	63.5
Middle East & Africa*	55.8	21.8
Australasia	52.5	58.1
	1,041.2	1,033.6

*The revenue by destination for year ended 31 March 2023 have been adjusted to reflect the geographical split. The total revenue remains unchanged at £1,033.6m.

6. Other income

Group	2024	2023
	£'m	£'m
Research and development expenditure credit	7.0	-
	7.0	-

For the year ended 31 March 2023, the Group presented research and development expenditure credit in Communications and Other Overheads. For the year ended 31 March 2024, the Group has presented this as Other Income. This expenditure credit originates from Ove Arup & Partners International Ltd ("OAPIL").

7. Employee benefit expense

Group	2024	2023
	£'m	£'m
Wages and salaries	392.6	361.3
Global profit-share scheme	12.4	52.0
Social security costs	46.7	48.7
Pension contributions	39.3	36.5
Headcount reduction costs	18.3	1.1
Other staff costs	23.9	18.9
	533.2	518.5

Average monthly number of people employed	2024	2023
	Number	Number
Engineering and technical staff	5,833	5,687
Administrative staff	1,180	1,196
	7,013	6,883

Company

The Company has no employees (2023: nil).

8. Directors' remuneration

Group

The directors' remunerations were as follows:

	2024	2023
	£'m	£'m
Aggregate remuneration	1.6	2.0
Aggregate contributions paid to defined contribution schemes	0.0	0.0

	2024	2023
	Number	Number
Defined benefit schemes	2	2

	2024	2023
The highest paid director:	£'m	£'m
Remuneration excluding contributions paid to pension schemes	0.7	0.8
Contributions paid to defined contribution schemes	0.0	0.0
	0.7	0.8

As at 31 March 2024, £0.1m of the aggregate remuneration was accrued and not paid (2023: £0.3m)

No directors are renumerated through the Company itself, the expense is borne by other Group companies (2023: nil).

9. Operating profit

Group	2024	2023
	£'m	£'m
This is stated after charging / (crediting):		
During the year, the Group obtained the following services from the Company's auditors:		
– Audit of Company and consolidated financial statements	0.0	0.0
Fees payable for other services:		
– Audit of the Company's subsidiaries, pursuant to legislation	1.5	1.2
– Other audit related assurance services	0.0	0.0
– Tax advisory services	-	-
– Other advisory services	0.0	0.0
Gain on disposal of property, plant and equipment	(0.2)	(0.1)
Loss on disposal of intangible assets	0.0	0.0
Gain on exchange from trading activities	(0.8)	(0.4)
Research and development costs	35.0	34.4
Amortisation of intangible assets	0.8	0.2
Depreciation of property, plant and equipment	9.0	9.0
Depreciation of right-of-use assets	25.0	22.0
Global and / or regional support costs	5.4	9.6

10.Exceptional items

Group	2024	2023
	£'m	£'m
Headcount reduction costs	(18.3)	-

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.

11.Net finance costs

Group	2024	2023
	£'m	£'m
Interest expense on borrowings	(0.1)	(0.1)
Interest expense on lease liabilities	(13.0)	(7.9)
Interest expense - Arup Group undertakings	(0.9)	(0.6)
Net finance costs on net post-employment benefit liabilities	(2.3)	(1.1)
Other finance costs	(0.0)	(0.0)
Total finance costs	(16.3)	(9.7)
Interest receivable on short-term bank deposits	3.8	3.1
Interest receivable - Arup Group undertakings	4.8	3.6
Other interest receivable	-	0.0
Total finance income	8.6	6.7
Net finance costs	(7.7)	(3.0)

Interest due to / from Arup Group undertakings is in regards to the Arup Group's cash pooling facility and short-term inter-group loans provided by / to the Group.

12.Income tax charge

Group

(a) Analysis of total income tax charge

	2024 £'m	2023 £'m
Current income tax		
– Current income tax on profits for the year	10.7	6.8
– Adjustment in respect of prior years	(3.7)	4.1
Total current income tax	7.0	10.9
Deferred income tax (note 24)		
– Origination and reversal of temporary differences	(5.1)	3.3
– Under / (over) provision of deferred income tax in respect of prior years	6.4	(6.3)
Total deferred income tax	1.3	(3.0)
Total income tax charge	8.3	7.9

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

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

	2024 £'m	2023 £'m
Profit before income tax	50.9	62.6
Profit before income tax multiplied by the standard rate of corporation tax in the UK	12.8	11.9
Effects of:		
Group relief	(9.9)	(3.4)
Impact of change in accounting standards	-	(0.0)
Income not subject to tax	-	(2.7)
Expenses not deductible for tax purposes	1.4	3.9
Impact of non-UK tax	1.8	(0.0)
Tax decrease arising from non-UK tax suffered	(0.5)	(0.4)
Remeasurement of deferred income tax - change in tax rates	0.0	0.8
Adjustment in respect of prior years	2.7	(2.2)
Total tax charge	8.3	7.9

(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 so has already been reflected in the measurement of deferred taxes in the financial statements for the years ended 31 March 2022 and 31 March 2023. The rate continues to apply in the current year (to both current and deferred taxes).

For the year ending 31 March 2024 local tax rates have been used to calculate deferred income tax assets and liabilities.

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. Intangible assets

Group	Development costs	Computer software	Total
	£'m	£'m	£'m
Cost			
Balance at 1 April 2022	-	3.0	3.0
Additions	3.2	0.2	3.4
Disposals	-	(1.2)	(1.2)
Adjustment for exchange differences	-	0.0	0.0
Balance at 31 March 2023	3.2	2.0	5.2
Additions	4.0	0.1	4.1
Disposals	-	(0.3)	(0.3)
Adjustment for exchange differences	(0.0)	(0.0)	(0.0)
Balance at 31 March 2024	7.2	1.8	9.0
Accumulated amortisation			
Balance at 1 April 2022	-	2.5	2.5
Charge for the year	-	0.2	0.2
Disposals	-	(1.1)	(1.1)
Adjustment for exchange differences	-	0.0	0.0
Balance at 31 March 2023	-	1.6	1.6
Charge for the year	0.6	0.2	0.8
Disposal	-	(0.3)	(0.3)
Adjustment for exchange differences	-	(0.0)	(0.0)
Balance at 31 March 2024	0.6	1.5	2.1
Net book value at 31 March 2024	6.6	0.3	6.9
Net book value at 31 March 2023	3.2	0.4	3.6

Company

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

14. Property, plant and equipment

Group	Leasehold improvements	Furniture, fittings & IT hardware	Total
	£'m	£'m	£'m
Cost			
Balance at 1 April 2022	49.1	40.8	89.9
Additions	2.1	9.4	11.5
Disposals	(7.8)	(10.3)	(18.1)
Adjustment for exchange differences	-	0.2	0.2
Balance at 31 March 2023	43.4	40.1	83.5
Additions	22.4	5.4	27.8
Disposals	(1.4)	(3.1)	(4.5)
Adjustment for exchange differences	0.0	(0.0)	(0.0)
Balance at 31 March 2024	64.4	42.4	106.8
Accumulated depreciation			
Balance at 1 April 2022	21.6	30.2	51.8
Charge for the year	3.3	5.7	9.0
Disposals	(7.5)	(10.4)	(17.9)
Adjustment for exchange differences	-	0.2	0.2
Balance at 31 March 2023	17.4	25.7	43.1
Charge for the year	3.2	5.7	8.9
Disposals	(1.4)	(3.0)	(4.4)
Adjustment for exchange differences	-	(0.0)	(0.0)
Balance at 31 March 2024	19.2	28.4	47.6
Net book value at 31 March 2024	45.2	14.0	59.2
Net book value at 31 March 2023	26.0	14.4	40.4

Company

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

15. Leases

This note provides information for leases where the Group is a lessee. The Company has not entered into any leases (2023: nil).

(i) Amounts recognised in the balance sheet

	2024 £'m	2023 £'m
Right-of-use assets		
Buildings	296.1	247.5
Equipment	0.3	0.4
Vehicles	0.0	0.0
	296.4	247.9
Lease liabilities		
Current	9.4	7.1
Non-current	334.6	273.1
	344.0	280.2

Additions to the right-of-use assets during the financial year to 31 March 2024 were £24.8m (2023: £23.2m) and lease modification of £51.3m (2023: nil). The movement in right of use assets is further impacted by depreciation (see 15 ii) and disposals £2.6m (2023: £0.5m).

During the year ended 31 March 2024, there were £21.6m new lease liabilities (2023: £22.2m), £51.3m lease modifications (2023: nil), £13.0m of interest paid (2023: £7.9m), £6.6m of principal repayments (2023: £12.9m) and £2.5m of lease disposals (2023: £0.5m).

(ii) Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

	2024 £'m	2023 £'m
Depreciation charge of right-of-use assets		
Buildings	24.9	21.9
Equipment	0.1	0.1
Vehicles	0.0	0.0
	25.0	22.0
Interest expense (included in finance costs)	13.0	7.9
Expense relating to short-term leases (included in communications and other overheads)	0.2	0.2

The total cash outflow for leases in the year ended 31 March 2024 was £19.6m (2023: £20.8m). As at 31 March 2024, future cash outflows (undiscounted) for leases not yet commenced but which the Group was committed to were nil (2023: £1.3m).

16.Investments in subsidiaries

Company

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

A listing of registered addresses and principal activities can be found in note 32.

Direct holdings	**Country of incorporation**
Arup Corporate Finance Limited	England and Wales
Arup Gulf Limited	England and Wales
Arup International Projects Limited (formerly Arup Projects 'A' Limited)	England and Wales
Arup Limited	England and Wales
Arup Maldives Limited	England and Wales
Arup Riyadh Metro Limited	England and Wales
Ove Arup India Holdings Limited (formerly Arup International Limited)	England and Wales
Ove Arup & Partners International Limited	England and Wales
Indirect holdings	**Country of incorporation**
Arup Associates Limited	England and Wales
Arup India Private Limited (99.996% holding)	India
Arup Peru Limited	England and Wales
Oasys Limited	England and Wales
Ove Arup & Partners Limited	England and Wales
Ove Arup & Partners Scotland Limited	Scotland
Redcliffe Wharf Limited	England and Wales

Movement of investment	Cost	Investment impairment	Net book value
	£'m	£'m	£'m
Balance as at 1 April 2022	75.9	(21.9)	54.0
Reversal of investment impairments	-	6.6	6.6
Balance as at 31 March 2023	75.9	(15.3)	60.6
Balance as at 31 March 2024	75.9	(15.3)	60.6

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.Financial instruments

Financial instruments by category:	2024		2023	
Group	Financial assets at amortised cost	Total	Financial assets at amortised cost	Total
Assets as per balance sheet	£'m	£'m	£'m	£'m
Trade and other receivables excluding prepayments	417.5	417.5	396.6	396.6
Cash and cash equivalents	53.2	53.2	48.0	48.0
	470.7	470.7	444.6	444.6

	2024		2023	
Group	Other financial liabilities at amortised cost	Total	Other financial liabilities at amortised cost	Total
Liabilities as per balance sheet	£'m	£'m	£'m	£'m
Borrowings (excluding lease liabilities)	(1.1)	(1.1)	(1.0)	(1.0)
Lease liabilities	(344.0)	(344.0)	(280.2)	(280.2)
Trade and other payables excluding non-financial liabilities	(74.8)	(74.8)	(91.8)	(91.8)
	(419.9)	(419.9)	(373.0)	(373.0)

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

18.Contract assets and liabilities

Group

Contract assets	2024	2023
	£'m	£'m
Contract assets	46.6	43.6
Loss allowance	(0.9)	(0.7)
	45.7	42.9

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	0.7	0.7
Increase in allowance for expected credit losses	0.3	0.2
Decrease in allowance for expected credit losses	(0.1)	(0.2)
Adjustment for exchange differences	(0.0)	0.0
Balance at the end of the financial year	0.9	0.7

The average expected loss rate for contract assets was 1.87% (2023: 1.64%).

Contract liabilities	2024	2023
	£'m	£'m
Contract liabilities	106.2	99.8

The change in contract liabilities is the result of the phasing of work versus the agreed payment schedule.

Company

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

19. Trade and other receivables

Group	2024	2023
	£'m	£'m
Trade receivables – net	104.6	82.2
Amounts due from Arup Group undertakings	306.8	309.0
Other receivables	6.1	5.4
Prepayments and accrued income	32.3	39.8
	449.8	436.4

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	108.2	86.2
Loss allowance	(3.6)	(4.0)
	104.6	82.2

Ageing analysis	2024			2023		
	Cost	Impairment	Expected loss rate	Cost	Impairment	Expected loss rate
	£'m	£'m	%	£'m	£'m	%
Current	69.1	(0.1)	0.1	57.5	(0.1)	0.2
Past due less than 3 months	30.3	(0.2)	0.6	21.8	(0.3)	1.2
3 months to 6 months	4.2	(0.3)	7.4	2.3	(0.2)	9.8
Greater than 6 months	4.6	(3.0)	66.3	4.6	(3.4)	73.9
	108.2	(3.6)		86.2	(4.0)	

Movements on the Group's loss allowance of trade receivables are as follows:

	2024	2023
	£'m	£'m
Balance at the beginning of the financial year	4.0	8.9
Increase in loss allowance	0.8	0.5
Unused amounts reversed	(0.9)	(2.6)
Receivables written off as uncollectible	(0.3)	(2.8)
Adjustment for exchange differences	(0.0)	0.0
Balance at the end of the financial year	3.6	4.0

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

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 2.00-8.25% (2023: 1.00-8.25%).

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).

Company	2024	2023
	£'m	£'m
Amounts owed from Arup Group undertakings	1.2	1.1
	1.2	1.1

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

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 2.00-8.25% (2023: 1.00-8.25%).

The Company has assessed the ability of Arup Group companies to meet their inter-group liabilities. Based on this review the expected credit losses of amounts due from Arup Group undertakings is deemed to be nil (2023: nil).

20.Cash and cash equivalents

Group	2024	2023
	£'m	£'m
Cash at bank and in hand	53.2	48.0
	53.2	48.0

The Arup 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 Arup Group and balances are settled periodically.

Company

The Company has no cash and cash equivalents (2023: nil).

21.Borrowings

Group and Company

	2024	2023
Current	£'m	£'m
Loan with related party	1.0	1.0
	1.0	1.0

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

The Group has borrowed £1.0m (2023: £1.0m) in one loan from Bidgreat Limited, a company owned by a controlling party (note 29). The loans bear a market rate of interest based on the UK Base Rate. The loan is repayable on demand.

22.Trade and other payables

Group	2024	2023
	£'m	£'m
Trade payables	15.7	22.2
Amounts owed to Arup Group undertakings	5.2	0.9
Accrued expenses	51.9	67.6
Other payables	0.8	1.1
Tax & social security costs	21.4	21.0
	95.0	112.8

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

Amounts owed to 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 2.00-8.25% (2023: 1.00-8.25%).

Company	2024	2023
	£'m	£'m
Amounts owed to Arup Group undertakings	0.1	0.0
	0.1	0.0

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

Amounts owed to 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 2.00-8.25% (2023: 1.00-8.25%).

23.Provisions for other liabilities and charges

Group

2024	Property	Legal claims	Onerous contract	Total
	£'m	£'m	£'m	£'m
Current	2.4	2.8	2.1	7.3
Later than one year and no later than two years	1.1	-	0.9	2.0
Later than two years and no later than five years	1.1	-	0.3	1.4
Later than five years	6.9	-	0.0	6.9
Non-current	9.1	-	1.2	10.3
Reconciliation of movement				
Balance as at 1 April	4.4	1.5	1.8	7.7
Provisions charged to the income statement	-	2.8	2.0	4.8
Provisions released to the income statement	-	(0.7)	(0.5)	(1.2)
Provisions utilised	(0.2)	(0.8)	-	(1.0)
Additional provision charged to right-of-use asset	7.3	-	-	7.3
Adjustments for exchange differences	-	-	(0.0)	(0.0)
Balance as at 31 March	11.5	2.8	3.3	17.6

2023	Property	Legal claims	Onerous contract	Total
	£'m	£'m	£'m	£'m
Current	1.1	1.5	1.2	3.8
Later than one year and no later than two years	0.1	-	0.5	0.6
Later than two years and no later than five years	0.7	-	0.1	0.8
Later than five years	2.5	-	0.0	2.5
Non-current	3.3	-	0.6	3.9
Reconciliation of movement				
Balance as at 1 April	3.9	12.3	-	16.2
Reclassification from trade and other payables	-	-	-	-
Provisions (released) / charged to the income statement	-	(10.8)	1.8	(9.0)
Additional provision charged to right-of-use asset	0.5	-	-	0.5
Balance as at 31 March	4.4	1.5	1.8	7.7

Company

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

24.Deferred income tax

The offset amounts are as follows:

Group

	2024	2023
	£'m	£'m
Deferred income tax assets		
– deferred income tax assets to be recovered after more than 12 months	18.6	16.7
– deferred income tax assets to be recovered within 12 months	18.4	13.3
	37.0	30.0
Deferred income tax liabilities		
– deferred income tax liabilities to be recovered after more than 12 months	(0.2)	(0.3)
– deferred income tax liabilities to be recovered within 12 months	(0.0)	(0.0)
	(0.2)	(0.3)
Deferred income tax assets - net	36.8	29.7

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

	2024	2023
	£'m	£'m
Balance at the beginning of the financial year	29.7	19.6
Over provision of deferred income tax in respect of prior years	(6.4)	6.3
Deferred income tax credited / (charged) to the income statement	5.1	(3.2)
Deferred income tax credit relating to components of other comprehensive income	8.3	7.0
Adjustment for exchange differences	(0.0)	0.0
Balance at the end of the financial year	36.7	29.7

Deferred income tax liabilities	Impact of change in accounting standards	Temporary differences on leases	Other	Total
	£'m	£'m	£'m	£'m
At 1 April 2022	0.3	(0.0)	0.1	0.4
Credited to the income statement	(0.1)	-	(0.0)	(0.1)
Adjustment for exchange differences	0.0	-	-	0.0
At 31 March 2023	0.2	(0.0)	0.1	0.3
Credited to the income statement	(0.1)	-	(0.0)	(0.1)
Adjustment for exchange differences	(0.0)	-	-	(0.0)
At 31 March 2024	0.1	-	0.1	0.2

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	5.3	12.0	0.9	1.8	0.0	(0.0)	20.0
(Charged) / credited to the income statement	(3.0)	(4.8)	(0.1)	10.9	(0.0)	0.0	3.0
Credited to other comprehensive income	-	7.0	-	-	-	-	7.0
Adjustment for exchange differences	0.0	0.0	(0.0)	-	(0.0)	(0.0)	0.0
At 31 March 2023	2.3	14.2	0.8	12.7	0.0	(0.0)	30.0
(Charged) / credited to the income statement	(1.8)	(4.6)	1.5	3.6	0.0	(0.0)	(1.3)
Credited to other comprehensive income	-	8.3	-	-	-	-	8.3
Adjustment for exchange differences	(0.0)	(0.0)	(0.0)	-	(0.0)	(0.0)	(0.0)
At 31 March 2024	0.5	17.9	2.3	16.3	0.0	(0.0)	37.0

Company

The Company has not recognised any deferred income tax assets or liabilities (2023: nil).

25.Employee benefit liabilities

Group

2024	Service milestones	Post-employment benefit	Total
	£'m	£'m	£'m
Current	1.2	-	1.2
Non-current	3.4	72.1	75.5
	4.6	72.1	76.7

2023	Service milestones	Post-employment benefit	Total
	£'m	£'m	£'m
Current	-	-	-
Non-current	-	57.3	57.3
	-	57.3	57.3

25.1 Service milestones

Reconciliation of movement	2024	2023
	£'m	£'m
Balance at the beginning of the financial year	-	-
Employee benefits charged to the income statement	4.6	-
Balance at the end of the financial year	4.6	-

For the year ended 31 March 2024, the Arup 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.

25.2 Post-employment benefit liabilities

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

	2024	2023
Balance sheet obligation for:	£'m	£'m
– Defined pension benefits	(72.1)	(57.3)
Liability in the balance sheet	(72.1)	(57.3)
Income statement charge for:		
– Defined pension benefits	(3.0)	(2.1)
Remeasurement losses for:		
– Defined pension benefits	(33.3)	(28.0)

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

25.3 Defined benefit pension plan

Funded Schemes

UK funded 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% per annum (net of investment management expenses) at 31 March 2022 reducing linearly to an assumed return over the gilt curve of 0.5% per annum 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 (similar to prior year).

The directors acknowledge the appeal judgement dated 25 July 2024 in the case of NTL Pension Trustees v Virgin Media Limited and will start reviewing the implications for the Group in the coming months.

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 19R 'Employee Benefits'.

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

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.

Unfunded schemes

Gulf unfunded scheme

Arup Gulf Limited provides an ‘End of Service Benefit’ allowance to its employees. Provision is made in accordance with the advice of independent qualified actuaries. The most recent valuation was at 31 March 2023 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 £0.2m (2023: £0.1m). The pension liability recognised in the financial statements was £1.3m (2023: £1.1m).

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 £0.3m (2023: £0.3m).

Further disclosure on the UK registered scheme

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.

25.4 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 holds 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.

Company

The Company has no employee benefit liabilities (2023: nil).

26.Share capital

Group and Company

	2024	2023
Issued, called up and fully paid:	£'m	£'m
19,604,432 (2023: 19,604,432) ordinary shares of £1 each	19.6	19.6
	19.6	19.6

27.Cash generated from operations

Group	2024	2023
	£'m	£'m
Profit before income tax	42.6	54.7
Adjustments for:		
Exceptional items	18.3	-
Income tax expense	8.3	7.9
Depreciation of property, plant and equipment	9.0	9.0
Depreciation of right-of-use assets	25.0	22.0
Amortisation of intangible assets	0.8	0.2
Gain on disposal of property, plant and equipment	(0.2)	(0.1)
Gain / (loss) on disposal of intangible assets	0.0	(0.0)
Non-cash employee benefit expense	4.6	-
Finance costs - net	7.7	3.0
Other non-cash items	(3.1)	(15.4)
Unrealised currency translation gains	0.2	1.0
Changes in working capital:		
– Contract assets	(3.0)	(7.3)
– Trade and other receivables (excluding amounts due from Arup Group undertakings)	(15.5)	(13.7)
– Contract liabilities	6.3	(16.8)
– Trade and other payables (excluding amounts owed to Arup Group undertakings)	(19.9)	(14.1)
– Amounts due from / owed to Arup Group undertakings - net	(24.6)	(27.5)
– Provisions	2.6	-
– Pension deficit funding	(21.7)	(21.3)
	37.4	(18.4)

Net debt	2024	2023
	£'m	£'m
Cash and cash equivalents	53.2	48.0
Borrowings	(1.0)	(1.0)
Lease liabilities	(344.0)	(280.2)
	(291.8)	(233.2)

Net debt reconciliation

	Borrowings	Lease liabilities	Subtotal	Cash and cash equivalents	Total
	£'m	£'m	£'m	£'m	£'m
Net debt as at 1 April 2022	(1.0)	(271.5)	(272.5)	44.0	(228.5)
Financing cash flows	-	12.9	12.9	4.1	17.0
Interest expense	-	(7.9)	(7.9)	(0.1)	(8.0)
Interest payments	-	7.9	7.9	-	7.9
New leases - net	-	(21.7)	(21.7)	-	(21.7)
Adjustments for exchange differences	-	0.1	0.1	-	0.1
Net debt as at 31 March 2023	(1.0)	(280.2)	(281.2)	48.0	(233.2)
Financing cash flows	-	6.6	6.6	5.5	12.1
Interest expense	-	(13.0)	(13.0)	-	(13.0)
Interest payments	-	13.0	13.0	-	13.0
New leases - net	-	(70.4)	(70.4)	-	(70.4)
Adjustments for exchange differences	-	(0.0)	(0.0)	(0.3)	(0.3)
Net debt as at 31 March 2024	(1.0)	(344.0)	(345.0)	53.2	(291.8)

28.Contingent liabilities

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

On 24 June 2020 the Arup Group extended its £100m Revolving Credit Facility for a further five years. The facility reduced by £12.5m in June 2022 and reduced by a further £12.5m in June 2023. The facility has an agreed option to extend, subject to the bank's approval, for a further two years. Arup Group took up its first option to extend so that the facility ends in June 2026. At the balance sheet date it bears a market floating rate of interest based SONIA.

The Group has recorded a liability in its balance sheet for the best estimate of certain claims that have been brought against it. A professional indemnity insurance policy and / or project insurance policies have been taken out to substantially cover any such claims that may arise from time to time. At this time it is not possible to reliably measure the potential liability from any other issues that may have occurred but where a claim has yet to be raised. The Group monitors all claims and takes out appropriate insurance to mitigate its risk. No material change is expected to occur in the next 12 months in relation to the liability on known claims at the balance sheet date.

The Arup Group 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. It will be reviewed again at the 31 March 2025 year end when further clarity is expected to be available.

29.Related parties

The following transactions and year-end balances were carried out with other entities in the Arup Group for engineering and support services:

Group

	2024	2023
Transactions with other related parties	£'m	£'m
Sales of services	263.0	228.7
Purchases of services	(114.5)	(98.3)

	2024	2023
Outstanding balances arising from sales / purchases of services	£'m	£'m
Net receivables	301.6	308.1

	2024	2023
Loans to other related parties	£'m	£'m
Balance at beginning of the financial year	147.6	195.8
Loans advanced	96.1	121.4
Loan payments received	(130.8)	(170.3)
Loan interest receivable	3.3	0.2
Adjustment for exchange differences	(0.4)	0.5
Balance at the end of the financial year	115.8	147.6

Loans from other related parties	2024 £'m	2023 £'m
Balance at beginning of the financial year	(14.1)	(17.7)
Loans advanced	0.2	9.6
Loan payments paid	(0.0)	(5.5)
Loan interest payable	(0.9)	(0.1)
Adjustment for exchange differences	0.3	(0.4)
Balance at the end of the financial year	(14.5)	(14.1)

Key management compensation

Key management includes the statutory 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 £'m	2023 £'m
Aggregate remuneration	1.6	2.0
Aggregate contributions paid to defined contribution schemes	0.0	0.0
	1.6	2.0

Company

The Company has a loan from Bidgreat Limited, a related party, of £1.1m (2023: £1.0m).

30.Controlling party

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

Arup Group Limited is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 31 March 2024. The consolidated financial statements of Arup Group Limited are publicly available at 8 Fitzroy Street, London, W1T 4BJ, United Kingdom.

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

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

31.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).

32. Registered addresses of investments in subsidiaries

Name of investment	Registered address	Principal activities
Arup Associates Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Dormant company
Arup Corporate Finance Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Transaction advice services and consulting engineering services
Arup Gulf Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	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 International Projects Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	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 Maldives Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Design and consulting engineering services, in architecture and other related professional skills
Arup Peru Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	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
Oasys Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Agent
Ove Arup India Holdings 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 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
Redcliffe Wharf Limited	8 Fitzroy Street, London, W1T 4BJ, United Kingdom	Property holdings