Arcadis Human Resources Limited

Annual Report and Financial Statements

Year ended 31 December 2022

Company Number: 03021358

Contents

Corporate information

Directors

M B Alghita
S Bimpson
T T Morgan
S Whittaker (appointed 1 December 2022)
N J Bellew (resigned 10 August 2022)
M A Cowlard (resigned 10 August 2022)

Company secretary

F M Duncombe
J L Lawrence (resigned 8 April 2022)

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
One Kingsway
Cardiff
CF10 3PW

Registered office

80 Fenchurch Street
London
EC3M 4BY

Strategic report
For the year ended 31 December 2022

The directors present their Strategic report for the year ended 31 December 2022.

Principal activities

The principal activity of Arcadis Human Resources Limited ("the Company") is that of the provision of staff to the group headed by Arcadis UK (Holdings) Limited.

Companies Act 2006 - Section 172 (1) statement

The matters set out in section 172 (1) (a) to (f) are deemed to have been followed by the directors and the below forms their statement as required under this section.

(a) the likely consequences of any decision in the long term

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

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

(b) the interests of the company's employees

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

The Directors, which are members of the UK Leadership team each have a sponsor role on one of our inclusion strands such as Gender, Race and LGBT.

Strategic report (continued)
For the year ended 31 December 2022

Companies Act 2006 - Section 172 (1) statement (continued)

(c) the need to foster the company's business relationships with suppliers, customers and others

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

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

(d) the impact of the company's operations on the community and the environment

Our efforts in sustainability are guided by the relevant United Nations Sustainable Development Goals (SDGs) through client solutions as well as our activities and contributions for our chosen charities.

(e) the desirability of the company maintaining a reputation for high standards of business conduct

The Arcadis General Business Principles (AGBP) set guidance for our business decisions and actions throughout the world at all levels and apply equally to company actions and to individual behaviour of all our employees in conducting Arcadis' business. Arcadis recognises that true integrity in our daily business will be underpinned by the commitment to the principles of the AGBP of our employees and the third parties we do business with.

(f) the need to act fairly as between members of the company.

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

Review of the business

The profit before taxation for the year amounted to £5.8m (2021: £7.9m). The profit after taxation for the financial year was £4.7m (2021: £6.6m).

In 2022, the number of fee-earning employees has increased to 3,957 (2021: 3,646). The number of support staff has decreased to 335 (2021: 358). Demand for services continues to be strong with the rest of the UK Group securing new work.

On 4 April 2022, the immediate parent undertaking changed from Arcadis Group Limited to Arcadis UK (Holdings) Limited.

The directors are happy with the development and performance of the business during the year, and the position of the Company at the end of the year.

Strategic report (continued)
For the year ended 31 December 2022

Key performance indicators

- Turnover £309.0m (2021: £272.1m)
- Profit before taxation £5.8m (2021: £7.9m)
- Profit margin [profit before taxation / turnover] 1.87% (2021: 2.92%)
- Average monthly number of employees 4,292 (2021: 4,004)

Current trading and outlook

We monitor the market closely to identify trends and adjust our business appropriately. Throughout 2022 we continued to implement our Global strategy which moves us to three Global Business Areas (Mobility, Places and Resilience). This allows us to address the megatrends faced by our clients – Urbanisation, Climate Change, Digitalisation and Societal Expectations – and to be well placed to serve client demand. We have a strong order book and pipeline of opportunities

Principal risks and uncertainties

The Company considers the following key risks:

Strategic: Capability and innovation – rapidly changing market demands.

Market Risk: Risk of a deep recession and the impact of government spend as a result of inflationary pressures brought on by recent macro events.

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

Financial: A number of financial risks, as outlined in the Directors' Report on page 15.

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

Information Security Risk: the threats are rapidly changing and constantly evolving.

Environmental statement

Arcadis is passionately committed to improving quality of life with Sustainability embedded as one of five core values. We consider sustainability as a goal in our policies and while conducting our services, delivering Sustainable Solutions to our Clients and society. We have made a commitment to achieve net zero across our global operations by 2035, halving company emissions by 2028.

Employment policies

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

Employees are regularly consulted so that their views can be taken into account in making decisions that are likely to affect their interests. The Company undertakes a quarterly survey ("Your Voice") to understand what influences employee experience.

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

The Company's Equality, Diversity and Inclusion Strategy, including alignment with the Business Disability Confident Scheme (including employees who may have become disabled during service), guides the entire UK business in its inclusive policies, procedures and behaviours. For example, the Arcadis group looks to support people during their employment and seeks to ensure that no group of people holding protected characteristics are put at a disadvantage or discriminated against. The Arcadis group's Reasonable Adjustment policy ensures that everyone has the support to perform their role to full potential.

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

On behalf of the Board

DocuSigned by:

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S Bimpson
Director

20 July 2023

Directors' report
For the year ended 31 December 2022

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2022.

Future developments

The directors believe the prospects for the Company to be good, due to continuing demand for its services.

Dividends

The directors do not recommend payment of a dividend (year ended 31 December 2021: £Nil).

Exceptional Items
There were no exceptional items during the year (year ended 31 December 2021: £Nil).

Employee engagement
At Arcadis we strive on developing a People First Culture where we take an integrated approach to engaging our people as key contributors to executing our business strategy and our vision of improving the quality of life.

During 2022, there was a significant focus on culture as part of the implementation of our Maximizing Impact strategy. The Capabilities and Cultural Shifts program was established to bring a holistic approach to aligning all Arcadians to the business strategy. The program seeks to create an inclusive organizational culture enabling all Arcadians to bring their whole selves to work, build future-focused skills, and ensure they can deliver the best of Arcadis to clients. Underpinning this aim, are four cultural pillars: Inclusivity, Sustainability, Accountability and Human Centricity. Further, the Company undertakes a quarterly survey ("Your Voice") to understand what influences employee experience.

Stakeholder engagement
For Arcadis stakeholder engagement means participating in conversations with internal and external stakeholders to deepen our insights into their needs and expectations.

Our engagement work in 2022 and the interactions with our stakeholders were a continuum with moments of intense activity around the Human Rights Roundtable and the Arcadis Sustainability Day. Arcadis' stakeholders' views are invaluable because they help us identify global trends, market expectations and maximize our impact. We seek to engage with them in a variety of methods including regular surveys on topics such as employee and customer satisfaction.

Directors' report (continued)
For the year ended 31 December 2022

Streamlined Energy & Carbon Reporting (SECR)
The Company recognises that our operations and activities have an environmental impact and as we grow and develop our business, we need to take steps to mitigate equivalent increases in our emissions where we can do so. For over ten years we have been proactively monitoring and reducing our emissions through the setting of objectives and targets and increasing awareness amongst our staff and suppliers.

We have made a public commitment to achieve net zero carbon emissions across our global operations by 2035, and had our target approved by the Science Based Target Initiative (SBTi) in February 2022. Due to expansion through acquisitions and an updated Scope 3 inventory, we will be re-applying in 2023 for updated approval.

As a business we are also aware of our reporting obligations under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. As such, this year we are reporting our greenhouse gas emissions (GHG) publicly, demonstrating our commitment to increasing the transparency with which we communicate our environmental impact to our stakeholders.

Qualification and Reporting Methodology
This report outlines the greenhouse gas emissions arising from the activities that are material to Arcadis. We report on all material emissions in scope 1 and 2, plus selected scope 3, using an operational control approach. Since 2010, we have followed a standardised approach in reporting data consistent with the World Resources Institute (WRI) General Reporting Protocol (GRP).

The methodology used to compile our greenhouse gas emissions inventory is in accordance with the requirements of the following standards: The WRI GHG Protocol Corporate Standard (revised version), UK Government conversion factors published July 2020 by the Department for Business, Energy & Industrial Strategy (BEIS) and the Department for Environment, Food and Rural Affairs (DEFRA) Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting requirements (SECR) (March 2019).

Summary
Following the reduction in the pandemic, operations have started to return to pre-Covid levels, with office occupancy increasing, leading to increased consumptions and waste generation. We continue to review these aspects of our operations. We are updating our Workplace Policy and creating Workstyle Charters that are framed around our requirement for Arcadians to consider the needs of our individual clients, our business and our people when adopting our new and flexible ways of working – which is a fundamental principle of our Workstyle Promise. As well as encouraging physical collaboration in offices, we are reviewing our buildings, and where possible, moving into smaller, more efficient buildings, closer to transport hubs, as part of our Global Workplace Transformation Programme.

Directors' report (continued)

For the year ended 31 December 2022

Streamlined Energy & Carbon Reporting (SECR) (continued)

Reasons for Change in Emissions

Our reported emissions continue to fall this year due to COVID 19, although office energy has started to increase and is seen to have an impact on the emissions we are creating. Business travel has started to increase with some staff returning to the office, which has led to an increase in energy, paper usage and waste production in our offices.

Reporting Period: 01 January 2022 –31 December 2022

Boundary of report: UK operations only

Scope:

This report covers Arcadis UK operations for the following:

1. Arcadis LLP, registered office 80 Fenchurch Street, London, EC3M 4BY
2. Arcadis Consulting (UK) Ltd, registered office 80 Fenchurch Street, London, EC3M 4BY
3. Arcadis (UK) Ltd, registered office 80 Fenchurch Street, London, EC3M 4BY

Reporting Method: GHG Protocol Corporate Accounting and Reporting Standard

Route to compliance with SECR: Mandatory requirements for a Large Organisation (unquoted):

Energy consumption used to calculate emissions: kWh

- Calculation of required emissions into kWh using 2021 UK Government GHG Conversion Factors for Company
- Reporting factors (Greenhouse gas reporting: conversion factors 2021 - GOV.UK (www.gov.uk))

Organisational Boundaries

We report on all material emissions in scope 1 and 2, plus selected scope 3 emissions [1], using an operational control approach.

Operational Scope

We have measured our scope 1, 2 and material scope 3 emissions. Figures exclude Serviced buildings and We Work Offices, as we do not have operational control in these buildings. In 2022 we have extended Scope 3 to include Commuting figures and Working from Home figures. These have been calculated from responses gather from an employee survey.

Directors' report (continued)

For the year ended 31 December 2022

Streamlined Energy & Carbon Reporting (SECR) (continued)

Emission Figures 2022

Table 1. Total Arcadis UK Emissions (01 January 2022-31 December 2022)

Scope	Emissions Source	2022 tCO_2e	2021 tCO_2e	2020 tCO_2e	2019 tCO_2e
Scope 1	Natural gas	3.4	74.72	123.51	226.86
	Refrigerant Leakage	0.0	0.00	0.00	363.48
	Vehicles	199.5	194	172.64	159.07
Total Scope 1		**202.9**	**268.72**	**296.15**	**749.41**
Scope 2	Electricity Consumption [4]	177	231	312.20	765.71
Total Scope 2		**177**	**231**	**312.20**	**765.71**
Scope 3	Private cars & Motorcycles	818	587	601.24	721.59
	Car hire	590	137	226.79	300.60
	Taxi hire [5]	16.3	n/a	n/a	n/a
	Air travel	1,620	131	407.70	1,460.54
	Rail travel	n/a	176	165.05	725.00
	Public transport [6]	204	n/a	n/a	n/a
	Other Travel (International Rail, Eurotunnel & Ferry)	n/a	48.7	52.37	3.27
	Commuting [7]	762	n/a	n/a	n/a
	Working from home [7]	1,564	n/a	n/a	n/a
	Electric vehicles T&D	0.00	0.00	0.01	0.00
	Electricity T&D	16.3	12.59	26.85	65.01
	Water (Supply & Treatment)	0.0	9.60	9.27	19.00
	Paper purchased	4.95	0.00	0.25	19.00
	Waste	3.1	0.63	3.80	7.66
Total Scope 3		**5,598.65**	**1,102.52**	**1,493.31**	**3,321.69**
Total scope 1,2,3		**5,978.55**	**1,602.24**	**2,101.66**	**4,836.81**
Carbon intensity (tCO_2e/fte)		**1.32**	**0.52**	**0.64**	**1.39**
Total energy usage (kWh) [3]		**947,787**	**1,016,390**	**180,128.41**	**127,738.80**

Directors' report (continued)
For the year ended 31 December 2022

Streamlined Energy & Carbon Reporting (SECR) (continued)

Table 2. Total Arcadis UK Emissions full time equivalent (fte) (01 January 2022-31 December 2022)

Scope	2022 tCO_2e	2021 tCO_2e	2020 tCO_2e	2019 tCO_2e
Scope 1	202.9	268.72	296.15	749.41
Scope 2	177	231	312.20	765.71
Scope 3 (exc WFH/Commuting)	3,272.65	1,102.52	1,493.31	3,321.69
Scope 3 (inc WFH & Commuting)	5,598.65	n/a	n/a	n/a
Total (exc WFH&Commuting)	3,652.55	1,602.24	2,101.66	4,836.81
Total (inc WFH & Commuting)	5,978.55	n/a	n/a	n/a
Carbon intensity (tCO_2e/fte)	**1.32**	**0.52**	**0.64**	**1.39**
Total energy usage (kWh)	**947,787**	**1,016,390**	**3,378,894.46**	**5,279,708.30**

2022 Performance

Arcadis are certified to ISO 14001 and maintain an integrated management system, within this we have objectives and targets that are reviewed and challenged each year to demonstrate continuous improvement. Arcadis have made a public commitment to achieve net zero carbon emissions across our global operations by 2035, set a Science Based Target, are part of the Pledge to Net Zero and UN Race to Zero campaigns.

The carbon emissions baseline has been aligned with the Global business, each country has contributed to the Net Zero approach and will demonstrate how they will achieve a reduction in carbon emissions.

To provide a fair summary against normal work activities for the business, we have a baseline against our 2019 figures. These figures are pre-pandemic and when the business was fully operational and undertaking normal work in the office, sites and foreign travel activities as part of our everyday activities.

Other notable trends include:

- **Scope 1** – the 24% reduction in total scope 1 emissions is related to our policy of exiting less efficient buildings and entering more efficient buildings with smaller footprints and our policy of reviewing our fleet vehicles attending site to complete works. This represents a reduction of 73% lower from the emissions recorded in 2019 (our baseline).

Streamlined Energy & Carbon Reporting (SECR) (continued)

2022 Performance (continued)

- **Scope 2** –our location-based emissions from electricity in 2022 is at 177 Co2e (Tonnes), is a reduction on the previous year, again as a result of our office strategy to move into environments that are sustainable and SMART. This represents a reduction of 77% lower from the emissions recorded in 2019 (our baseline).
- **Scope 3** – our selected scope 3 emissions have increased by 408% in 2022, this is because we have extended the scope to include emissions associated with working from home and commuting, and the return of the flights following the easing of restrictions that were in place during the pandemic as normal operations are returning. As one of our objectives is to reduce Air Travel by 50% in 5 years' time, this data set is being reviewed closely and is being highlighted at senior levels. If the new data set is removed, our scope 3 emissions would show a 1.5% increase against our 2019 baseline.

Energy and Carbon Action

During 2022 we have continued to work hard to reduce our energy consumption and associated carbon emissions, particularly in our buildings, this is an initiative that began in 2020. This has seen a move in a number of our offices that were not as Carbon and Energy efficient as others; to date we have moved from or about to move to Smart buildings at the following locations:

- Birmingham
- Cambridge
- Cardiff
- Croydon
- East Kilbride
- Guildford
- Leeds
- York

During 2022, as a result of reduced attendance due to COVID, Birmingham closed and moved to a smaller office in September 2022 to take into account the lower demand. Cardiff never returned to using both floors after Covid, and has reduced using the gas boiler for heating since air conditioning units are now optimized. We also continue to review capacity and usage at our buildings, which has led to us reducing office space at the following locations:

- Cardiff
- Exeter
- Plymouth

Directors' report (continued)
For the year ended 31 December 2022

Streamlined Energy & Carbon Reporting (SECR) (continued)
Energy and Carbon Action (continued)

Any office move that takes place where interim offices are required, we are using WeWork offices who have a sustainability policy and approach to each of their offices, so that we continue to fulfil our obligations.

Renewable energy is used in all offices except for Bristol, which does not fall under Arcadis' direct control. We continue to liaise with the landlord to encourage the switch to renewable sources.

During 2022, we carried out a review of the operation of our photocopiers/printers, and are working on a plan to remove or replace with more efficient models where possible.

Timing of the AV screens in London, Birmingham, York and Guildford are now controlled so they are turned off overnight.

We continue to monitor all electrical usage in all our offices, this enables to monitor the cost and consumption for each office and identify any potential issues or opportunities.

10% CO2 reduction target was set for 2022, the following table shows how much CO2 was used in 2022 compared to 2021.

	2021	2022	% Change
Electricity (tCO2e)	231	177	(23)
Gas (tCO2e)	74.72	3.4	(95)
Total	**305.72**	**180.4**	**(41)**

Electricity – we decreased by 23% CO2 compared to 2021.

Gas – we decreased by 95% CO2 compared to 2021.

Future plans

Arcadis are planning to continue to reduce our property portfolio where possible, which will provide further energy savings as new locations are likely to be smaller and more energy efficient.

We continue to regularly report on energy usage as part of a global reporting tool. Workplace Facilities Team will carry out the following activities as part of their sustainability plan, including:

- Monitor and recording any energy saving activities
- Bi-annual monitoring of appliances not turned off when not in use
- Review any EPC reports for new properties or renewed and consider activities for plan in 2023
- ESOS Phase 3 Reporting

Directors' report (continued)
For the year ended 31 December 2022

Streamlined Energy & Carbon Reporting (SECR) (continued)

Future plans (continued)

As part of our commitment to achieving net zero emissions across our global operations, we are implementing a carbon management policy which will be signed off by Senior Management and cascaded throughout the organisation.

As Arcadis have recently made a number of acquisitions, business changes and office consolidations, a review will be undertaken on the appropriateness of the 2019 baseline in its current form. Discussions have already begun on implementing the carbon management policy and integrating carbon reduction plans.

[1] UK emissions only, as required under the SECR reporting obligations of a large unquoted organisation.
[2] Refrigerant emissions currently reported are associated with buildings only.
[3] Energy reporting includes kWh from scope 1, scope 2 and scope 3 (as required by the SECR regulation).
[4] Location based approach used to calculate Scope 2 Electricity consumption.
[5] Taxi data was only separately available from 2022.
[6] Public transport includes rail and other travel previously separated.
[7] Commuting and WFH emissions have been extrapolated from responses to an internal survey undertaken in Arcadis in 2022. Further surveys are anticipated and this information will be refined as more information is gathered.

Corporate Governance

Throughout the reporting period, the Company followed the Arcadis General Business Principles (AGBP), which define our interpretation of business ethics and form our Code of Conduct as set out by its ultimate parent company Arcadis N.V..

During the year ended 31 December 2022, the Company applied the "Wates Corporate Governance Principles for Large Private Companies". The six principles are summarised below:

Principle One – Purpose and leadership

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

Considering the megatrends that are affecting our clients, shareholders, employees, and society we believe that we can create the greatest positive impact by putting our energy and focus into three key themes: Sustainable solutions, Digital leadership, and Focus & Scale. These three themes form the basis of our 2021-2023 strategic direction.

Directors' report (continued)
For the year ended 31 December 2022

Corporate governance (continued)

Principle Two – Board composition

Directors of the Company are listed in the Corporate Information on page 1.

The Executive Board of the Group consists of the CEO and the CFO. The Executive Board is responsible for the management of the Group as well as its continuity, goals, objectives, long-term value creation strategy, policy, and results.

The CEO determines the number of members of the Executive Leadership Team with approval of the Supervisory Board. The members of the Executive Leadership Team who are not Executive Board members are appointed and dismissed by the CEO, subject to approval of the Supervisory Board.

At least once a year, the Executive Leadership Team evaluates its own functioning as a whole and that of individual members of the Executive Leadership Team. At least once a year, outside the presence of the Executive Board and the Executive Leadership Team, the Supervisory Board evaluates the functioning of the Executive Leadership Team, the Executive Board and that of the individual Executive Board members, and discusses the conclusions that must be attached to the evaluation, also in light of succession.

Principle Three – Director responsibilities

Directors have considered their duties under section 172 of the Companies Act 2006, this is set out in the Strategic report.

Principle Four – Opportunity and risk

Exposure to risk is unavoidable in pursuit of the Group's strategy. Well-controlled risks can present new opportunities, resulting in value creation; however, uncontrolled risks can hinder the achievement of long-term strategic objectives and the Group's ability to succeed. The Group's Risk and Control (ARC) Framework enables a culture of risk awareness across the organization by identifying risks and defining controls which mitigate or manage these risks in line with the Group's risk appetite. It helps the Group's leadership identify, evaluate, communicate, and address risks.

The Group's Executive Board is responsible for maintaining a comprehensive system of risk management and internal control, and for regularly reviewing its effectiveness. Each year, the Executive Board performs a review of the risks that the Group's is subject to and of the ARC Framework.

Principle Five – Remuneration

The directors are remunerated by way of a profit share from a fellow group subsidiary, Arcadis LLP. Further details are included in note 4.

Principle Six – Stakeholder relationships and engagement

Details of stakeholder and employee engagement are included in the Directors' report.

Directors' report (continued)

For the year ended 31 December 2022

Financial risk management

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

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

Credit risk
The Company has limited exposure to credit risk as almost all of the Company's clients are internal to the Arcadis N.V. group.

Cash flow risk
There is limited exposure to interest rate changes.

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

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

The principal risks and uncertainties for the group are disclosed in the 2021 Annual Report of Arcadis N.V. (the ultimate parent undertaking and controlling party (pages 167 to 181)), available at: www.arcadis.com.

Post balance sheet events

No material post balance sheet events.

Directors' report (continued)
For the year ended 31 December 2022

Going concern

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

The Company continues to meet its day-to-day working capital requirements through its cash reserves, cash generated from its ordinary course of business and occasionally through borrowings. The Company's ability to generate future cash flows are dependent on its ability to deploy its workforce for the future projects of other group entities which is its principal activity. Based on the assessment done at UK wide group, the companies can generate sufficient cash flows by deploying its workforce on projects of the group companies. Accordingly, the forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current cash reserves, forecasted cash generated through its activities and borrowing facilities. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Although the directors do not consider it necessary, additional financing that can be made available by the ultimate parent Arcadis N.V. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Employees

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

Directors

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

Directors' interests

There were no significant contracts existing during, or at the end of, the year ended 31 December 2022, with the Company or any of its subsidiaries (other than service contracts) in which the Directors are, or were, materially interested.

Directors' remuneration

Directors' remuneration has been disclosed in note 4(b) of the financial statements.

Corporate responsibility

The Company's ultimate parent company is Arcadis N.V. Arcadis N.V.'s annual report for the year ended 31 December 2022 contains the Group's corporate responsibility report which details the strategy, objectives and performance the Company follows in maintaining high standards of corporate governance.

Directors' report (continued)
For the year ended 31 December 2022

Post-employment benefits

The Company operates a defined benefit scheme, which was closed to future benefit accrual in January 2011, and a defined contribution scheme, as detailed in note 11.

At 31 December 2022, the defined benefit scheme had moved to a gross benefit position of £5.4m (31 December 2021: benefit £6.4m). Contributions to the scheme by the Company amounted to £1.3m in the year (2021: £1.5m).

The main assumptions in valuing the surplus/(deficit) are shown in note 11. The sensitivities of the defined benefit scheme liabilities to changes in these assumptions are as follows:

Assumption	Change in assumption	Indicative effect on scheme liabilities
Discount rate	Increase/Decrease by 0.5%	Increase/Decrease by £5m
Rate of inflation	Increase/Decrease by 0.5%	Increase/Decrease by £3m
Longevity	Increase/Decrease by 1 year	Increase/Decrease by £2m

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

Directors' report (continued)

For the year ended 31 December 2022

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

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

Directors' third-party and pension scheme indemnity provisions

The Company has in place qualifying third-party indemnity provisions and qualifying pension scheme indemnity provisions for all directors of the Company and associated companies which were in force during the financial year and also at the date of approval of the directors' report.

Independent auditors

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

On behalf of the board

DocuSigned by:

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S Bimpson
Director

20 July 2023

Independent auditors' report to the members of Arcadis Human Resources Limited

Report on the audit of the financial statements

Opinion

In our opinion, Arcadis Human Resources Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of financial position as at 31 December 2022; the Statement of comprehensive income, the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the company in the period under audit.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Verifying the mathematical integrity of the forecast cash flow model as well as agreeing underlying cashflow projections to management approved forecasts;
- Assessing the accuracy of management's forecasts by obtaining management information for the financial performance year to date; and
- Evaluating and challenging the key assumptions within management's forecasts

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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

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

Reporting on other information

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

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

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

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

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation, employment law, pension regulations, data privacy law and industry regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to potential management bias in accounting estimates and the inappropriate journal posting to manipulate financial results. Audit procedures performed by the engagement team included:

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

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Jason Clarke (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff
21 July 2023

Statement of comprehensive income

For the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Turnover		**309,040**	272,116
Staff costs	4	**(295,333)**	(258,085)
Other operating income		**100**	-
Other operating expenses		**(7,269)**	(5,717)
Operating profit	3	**6,538**	8,314
Finance income		**140**	9
Finance costs		**(905)**	(374)
Finance costs – net	5	**(765)**	(365)
Profit before taxation		**5,773**	7,949
Income tax expense	6	**(1,087)**	(1,391)
Profit for the financial year		**4,686**	6,558
Other comprehensive (expense)/income:			
Items that will not be reclassified to profit or loss:			
Actuarial (losses)/gains on pension scheme	11	**(2,420)**	4,954
Movement on deferred tax related to pension surplus	7	**605**	(1,230)
Total other comprehensive (expense)/income		**(1,815)**	3,724
Total comprehensive income for the year		**2,871**	10,282

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

Statement of financial position
As at 31 December 2022

	Note(s)	2022 £'000	2021 £'000
Fixed assets			
Pension asset	11	5,373	6,359
		5,373	6,359
Current assets			
Trade and other receivables:	8	61,852	55,375
		61,852	55,375
Creditors: amounts falling due within one year	9	(22,358)	(19,648)
Provisions for liabilities	10	(100)	-
		(22,458)	(19,648)
Net current assets		39,394	35,727
Total assets less current liabilities		44,767	42,086
Creditors: amounts falling due after more than one year			
Provision for deferred taxation	7	(780)	(1,114)
Provisions for liabilities	10	(144)	-
		(924)	(1,114)
Net assets		43,843	40,972
Equity			
Called up share capital	12	-	-
Retained earnings		43,843	40,972
Total shareholders' funds		43,843	40,972

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

The financial statements on pages 23 to 42 were authorised for issue by the board of directors on 20 July 2023 and were signed on its behalf by:

DocuSigned by:

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S Bimpson
Director

Statement of changes in equity
For the year ended 31 December 2022

	Called up share capital	Retained earnings	Total shareholders' funds
	£'000	£'000	£'000
Balance at 1 January 2021	-	30,690	30,690
Profit for the financial year	-	6,558	6,558
Other comprehensive income for the year			
- Actuarial gains on pension scheme	-	4,954	4,954
- Movement on deferred tax related to pension deficit	-	(1,230)	(1,230)
Total other comprehensive income for the year	-	3,724	3,724
Total comprehensive income for the year	-	10,282	10,282
Balance at 31 December 2021	-	40,972	40,972
Balance at 1 January 2022	-	**40,972**	**40,972**
Profit for the financial year	-	**4,686**	**4,686**
Other comprehensive income for the year			
- Actuarial loss on pension scheme	-	**(2,420)**	**(2,420)**
- Movement on deferred tax related to pension surplus	-	**605**	**605**
Total other comprehensive income for the year	-	**(1,815)**	**(1,815)**
Total comprehensive income for the year	-	**2,871**	**2,871**
Balance at 31 December 2022	-	**43,843**	**43,843**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Notes to the financial statements
For the year ended 31 December 2022

1. General Information and statement of compliance
The principal activity of the Company is that of the provision of staff to the group headed by Arcadis UK (Holdings) Limited.

The Company is a private company limited by shares, registered in England and Wales, and is incorporated and domiciled in the United Kingdom. The address of its registered office is:

80 Fenchurch Street
London
EC3M 4BY

2. Summary of significant accounting policies
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation
The individual financial statements of Arcadis Human Resources Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 101, "Reduced Disclosure Framework" ("FRS 101"). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates.

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

The Company has chosen to adopt the alternative format for the Income Statement, as defined within the Companies Act 2006, whereby expenses are classified by nature rather than by function.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:
- Paragraphs 45(b) and 46 to 52 of IFRS 2, *Share-based payment* (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined).
- 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).
- Paragraph 38 of IAS 1, *Presentation of financial statements* comparative information requirements in respect of:
    i. paragraph 79(a)(iv) of IAS 1.

Notes to the financial statements (continued)
For the year ended 31 December 2022

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

- The following paragraphs of IAS 1, *Presentation of financial statements*:
  i. 10(d) (statement of cash flows);
  ii. 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);
  iii. 16 (statement of compliance with all IFRS);
  iv. 38A (requirement for minimum of two primary statements, including cash flow statements);
  v. 38B-D (additional comparative information);
  vi. 111 (cash flow statement information); and
  vii. 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).
- Paragraphs 17 and 18A of IAS 24, *Related party disclosures* (key management compensation)
- The requirements in IAS 24, *Related party disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- 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 (significant changes in contract assets and liabilities).

2.2 Exceptional items

Certain items are presented separately in the income statement as exceptional items. The directors have judged these should be disclosed separately by order of their size, nature or incidence in order to provide a clear and consistent presentation of the Company's performance.

2.3 Going concern

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

The Company continues to meet its day-to-day working capital requirements through its cash reserves, cash generated from its ordinary course of business and occasionally through borrowings. The company's ability to generate future cash flows are dependent on its ability to deploy its workforce for the future projects of other group entities which is its principal activity. Based on the assessment done at UK wide group, the companies can generate sufficient cash flows by deploying its workforce on projects of the group companies. Accordingly, the forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current cash reserves, forecasted cash generated through its activities and borrowing facilities. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Although the directors do not consider it necessary, additional financing that can be made available by the ultimate parent Arcadis N.V. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Notes to the financial statements (continued)

For the year ended 31 December 2022

2. Summary of significant accounting policies (continued)

2.4 New standards, amendments and interpretations adopted by the Company

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2022 that are relevant to the Company.

2.5 Financial assets

Classification

The company classifies its financial assets in the following categories: at fair value through profit or loss; and at amortised cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprise:

- Equity securities which are not held for trading, and which the Company has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Company considers this classification to be more relevant.
- Debt securities where the contractual cash flows are solely principal and interest and the objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets.

(b) Financial assets at amortised cost

The Company classifies its financial assets as at amortised cost only if both of the following criteria are met:

- The asset is held within a business model whose objective is to collect the contractual cash flows, and
- The contractual terms give rise to cash flows that are solely payments of principal and interest.

(c) Financial assets at fair value through profit or loss

The following financial assets are classified at fair value through profit or loss (FVPL)

- Debt investments that do not qualify for measurement at either amortised cost (see note 2.6(a) and (b) above.
- Equity investments that are held for trading, and
- Equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

2. Summary of significant accounting policies (continued)

2.6 Trade and other receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses and trade receivables have been grouped based on shared credit risk characteristics and the days past due. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

2.7 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

2.8 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.9 Current and deferred income tax

The tax expense for the period comprises current and deferred tax.

Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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 tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from 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 profit will be available against which the temporary differences can be utilised.

Notes to the financial statements (continued)
For the year ended 31 December 2022

2. Summary of significant accounting policies (continued)

2.9 Current and deferred income tax (continued)
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 taxes 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.

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

For defined contribution plans, the Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations 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 a reduction in the future payments is available.

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 asset / 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. 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 are used.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to shareholders' funds in other comprehensive income in the period in which they arise.

The amount charged or credited to finance costs is a net interest amount calculated by applying the liability discount rate to the net defined benefit liability or asset.

Past-service costs are recognised immediately in the income statement.

2.11 Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable and represents recharges to fellow group companies for staff costs.

Revenue is recognised in the accounting period in which the services are rendered.

2.12 Dividend distribution
Dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

Notes to the financial statements (continued)
For the year ended 31 December 2022

2. Summary of significant accounting policies (continued)

2.13 Provisions for liabilities

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value of money is material provisions are discounted.

Restructuring provision

Restructuring provisions comprise employee termination payments.

2.14 Critical accounting judgements and estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Defined benefit pension scheme

The Company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including: life expectancy, asset valuations, and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the statement of financial position. The assumptions reflect historical experience and current trends. See note 11 for the disclosures of the defined benefit pension scheme.

3. Operating profit

This has been stated after charging:

	2022	2021
	£'000	£'000
Staff costs (note 4a)	**295,333**	258,085

Auditors' remuneration of £42k (2021: £40k) was paid by a fellow subsidiary undertaking on behalf of the Company in respect of audit work performed in the UK. No fees were payable to the Company's auditors and their associates for any other services in the current or prior years.

Notes to the financial statements (continued)
For the year ended 31 December 2022

4. Employees and directors

(a) Staff costs

	2022 £'000	2021 £'000
Wages and salaries	**251,166**	222,119
Social security costs	**30,009**	23,863
Other pension costs	**14,158**	12,103
	295,333	258,085

The monthly average number of persons (including executive directors) employed by the Company during the year was:

By activity	2022 Number	2021 Number
Technical	**3,971**	3,646
Management and administration	**480**	358
	4,451	4,004

(b) Directors' remuneration

	2022 £'000	2021 £'000
Aggregate emoluments (including benefits in kind)	**473**	-
Contributions to defined contribution schemes	**-**	-

Of the above aggregate emoluments (including benefit in kind), £290k relates to the highest paid director.

No directors (2021: none) have benefits accruing under the Company's defined benefit scheme. The defined benefit scheme was closed to future accrual on 30 April 2011, upon which existing members were given the opportunity to transfer to the defined contribution scheme.

Notes to the financial statements (continued)

For the year ended 31 December 2022

4. Employees and directors (continued)

Retirement benefits are accruing to no directors (2021: none) under a defined contribution scheme.

No directors (2021: none) exercised share options during the year.

5. Finance costs - net

	2022	2021
	£'000	£'000
Finance income:		
Net interest income on pension plan (note 11)	(140)	(9)
	(140)	(9)
Finance costs:		
Associated fees on pension plan	617	339
Other finance costs	288	35
	905	374
Finance costs - net	765	365

6. Income tax expense

Tax expense included in profit or loss:

	2022	2021
	£'000	£'000
Current tax:		
- UK corporation tax on profits for the year	870	873
- Adjustments to tax charge in respect of prior years	(54)	(42)
Total current tax	816	831
Deferred tax:		
- Origination and reversal of timing differences (note 7)	185	468
- Impact of change in tax rate (note 7)	86	92
Total deferred tax	271	560
Total income tax expense	1,087	1,391

Tax (expense)/income included in other comprehensive income/(expense):

	2022	2021
	£'000	£'000
Current tax	-	-
Deferred tax:		
- Movement related to pension surplus/(deficit) (note 7)	(605)	(1,230)
	(605)	(1,230)

Notes to the financial statements (continued)
For the year ended 31 December 2022

6. Income tax expense (continued)

Tax expense for the year is lower (2021: lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2022 of 19% (2021: 19%). The differences are explained below:

	2022	2021
	£'000	£'000
Profit before taxation	**5,773**	7,949
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	**1,097**	1,510
Effects of:		
- Non-taxable income	**(42)**	(167)
- Adjustments to tax charge in respect of prior years	**(54)**	(44)
- Rate difference on deferred tax	**86**	92
Tax charge	**1,087**	1,391

The tax rate for the current year is the same as the prior year.

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Deferred tax has been calculated using the tax rates at which underlying temporary differences are expected to unwind.

Notes to the financial statements (continued)
For the year ended 31 December 2022

7. Deferred tax (liabilities)/assets

	In respect of defined benefit scheme £'000	Other timing differences £'000	Total £'000
At 1 January 2021	26	650	676
(Charged)/credited to profit and loss account:			
Current year (note 6)	(295)	(174)	(469)
Impact of change in UK tax rate (note 6)	(91)	-	(91)
	(360)	476	116
Charged to other comprehensive expense:			
Current year	(1,230)	-	(1,230)
At 31 December 2021	**(1,590)**	**476**	**(1,114)**

	In respect of defined benefit scheme £'000	Other timing differences £'000	Total £'000
At 1 January 2022	**(1,590)**	**476**	**(1,114)**
Charged to profit and loss account:			
Current year (note 6)	(272)	87	(185)
Impact of change in UK tax rate (note 6)	(86)	-	(86)
	(358)	87	(271)
Credited to other comprehensive income:			
Current year	605	-	605
At 31 December 2022	**(1,343)**	**563**	**(780)**

Deferred tax assets have been recognised in respect of timing differences giving rise to deferred tax assets only where it is more likely than not that these assets will be recovered in the foreseeable future.

Notes to the financial statements (continued)
For the year ended 31 December 2022

7. Deferred tax (liabilities)/assets (continued)

The deferred tax balances have been calculated, dependant on which rate will be in effect when the assets are expected to be utilised. The defined benefit asset is not expected to unwind before April 2023. Therefore, it is considered that the deferred tax liability will fully unwind at 25%.

There are no unused tax losses or unused tax credits.

8. Trade and other receivables

	2022	2021
	£'000	£'000
Amounts falling due within one year:		
Amounts owed by group undertakings	60,596	55,256
Trade receivables	4	10
Other debtors	409	71
Prepayments and accrued income	843	38
	61,852	55,375

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. Provisions for expected credit losses on amounts owed by group undertakings are immaterial.

9. Creditors: amounts falling due within one year

	2022	2021
	£'000	£'000
Amounts owed to group undertakings	147	-
Taxation and social security	9,811	8,041
Corporation tax payable	870	-
Other creditors	11,530	11,607
	22,358	19,648

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

10. Provisions for liabilities

	Restructuring provision £'000	Total £'000
At 1 January 2022	-	-
Provided during the year	244	244
Amounts utilised	-	-
At 31 December 2022	244	244

Notes to the financial statements (continued)
For the year ended 31 December 2022

10. Provisions for liabilities (continued)

The provision comprised of employee termination payments.

Analysis of total provisions:

	2022	2021
	£'000	£'000
Due within one year	100	-
Due after more than one year	144	-
	244	-

11. Post-employment benefits

Following the closure of its defined benefit scheme to new entrants, the Company provides various defined contribution schemes for its employees. Contributions of £14,158k (2021: £12,103k) were made to defined contribution schemes by the Company, and as at 31 December 2022 there was a creditor of £2,966k (2021: £2,504k) in relation to these contributions.

The Company operates a defined benefit pension scheme, The EC Harris Group Pension Scheme ("the Scheme"), with assets held in a separately administered fund. The Scheme provides retirement benefits on the basis of members' final salary.

On 1 April 2000, the Scheme was closed to new entrants and on 31 January 2011 the Scheme was closed for future accrual.

The Scheme pensions are increased in line with the consumer price index (CPI) up until retirement. Pensions in payment are increased in line with the retail price index (RPI).

Scheme assets held in the fund are governed by local regulations and practice in the United Kingdom. Responsibility for the governance of the Scheme, including investment decisions and contribution schedules, lies with the Trustees of the Scheme, who consult with the Employer on these matters.

The risks of the Scheme are as follows:

(a) Asset volatility

The Scheme liabilities are calculated using a discount rate set with reference to corporate bond yields; if Scheme assets underperform this yield, this will create a deficit.

The Scheme holds a mixture of asset classes including equities, fixed and index-linked gilts, property and hedge funds. This mixture is to provide both the required scheme yield but also to protect the Scheme from changes in bond yields and inflation.

(b) Changes in bond yields

A decrease in corporate bond yields will increase Scheme liabilities, although this will be partially offset by an increase in the value of the Scheme's hedging assets.

(c) 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.

11. Post-employment benefits (continued)

(d) Inflation risk

The 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. Again, the increase in obligation will be partially offset by an increase in the value of the Scheme's hedging assets.

A comprehensive actuarial valuation of the Scheme, using the projected unit basis, was carried out at 5 April 2021 and updated to 31 December 2022 by Barnett Waddingham, independent consulting actuaries. Adjustments to the valuation at that date have been made based on the following assumptions:

	2022	2021
Duration used to derive the assumptions	**15 years**	18 years
Discount rate	**4.90%**	2.00%
Retail price inflation (RPI)	**3.40%**	3.60%
Consumer price inflation (CPI)	**2.40%**	2.60%
Rate of increase to pensions in payment:		
- Pre-6 April 1997 pension	**2.50%**	2.50%
- Post-5 April 1997 pension	**3.45%**	3.60%
Revaluation of pensions in deferment		
- Pre 2030	**2.40%**	2.60%
- Post 2030	**3.40%**	3.60%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in the UK. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 65:

	2022 Years	2021 Years
Longevity at age 65 for current pensioners		
- Males	**22.5**	**22.4**
- Females	**24.9**	**26.2**
Longevity at age 65 for future pensioners		
- Males currently aged 45	**23.8**	**23.7**
- Females currently aged 45	**26.3**	**26.2**

Notes to the financial statements (continued)
For the year ended 31 December 2022

11. Post-employment benefits (continued)

The sensitivity of the defined benefit obligation to changes in the weighted principal assumption is:

Assumption	Change in assumption	Impact on defined benefit obligation
Discount rate	Increase/Decrease by 0.5%	Increase/Decrease by £5m
Rate of inflation	Increase/Decrease by 0.5%	Increase/Decrease by £3m
Life expectancy	Increase/Decrease by 1 year	Increase/Decrease by £2m

The above sensitivity analyses are based on a change in an 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 statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

Remeasurements as a percentage of total scheme assets:

	31 Dec 2022 £'000	31 Dec 2021 £'000
Fair value of scheme assets	**71,254**	107,928
Present value of scheme obligations	**(65,881)**	(101,569)
Surplus in the scheme	**5,373**	6,359
Remeasurements on scheme assets:		
Amount	**(37,171)**	(27)
Percentage of scheme assets	**52%**	0%
Remeasurements on scheme liabilities:		
Amount	**34,751**	(1,490)
Percentage of scheme liabilities	**53%**	1%

11. Post-employment benefits (continued)

Reconciliation of scheme assets and liabilities

	Assets £'000	Liabilities £'000	Total £'000
At 1 January 2022	**107,928**	**(101,569)**	**6,359**
Benefits paid	(2,939)	2,939	-
Employer contributions	1,294	-	1,294
Interest income/(expense)	2,142	(2,002)	140
Remeasurement (losses)/gains	(37,171)	34,751	(2,420)
At 31 December 2022	**71,254**	**(65,881)**	**5,373**

Note: At the date of the latest triennial valuation (5 April 2021), the Scheme held assets to the value of £100.3m (5 April 2018: £90.7m). This represented a funding level of 96% of the scheme's accrued liabilities at that date (5 April 2018: 96%).

Income recognised in profit or loss:

	2022 £'000	2021 £'000
Interest income (see note 5)	**140**	9
	140	9

Income recognised in other comprehensive income:

	2022 £'000	2021 £'000
Remeasurements	**2,420**	4,954

Notes to the financial statements (continued)
For the year ended 31 December 2022

11. Post-employment benefits (continued)

The fair value of the plan assets was:

	2022 £'000	2021 £'000
Fixed interest gilts	**21,602**	37,800
Fixed interest non-government bonds	**-**	11,721
Index-linked gilts	**30,237**	32,164
Property	**1,372**	4,455
UK equity-linked bonds	**2,534**	8,384
Private credit	**9,355**	8,270
Overseas equity linked gilts	**5,335**	3,560
Cash	**819**	1,574
	71,254	107,928

All plan assets for years ending 31 December 2022 and 2021 are unquoted. While the fund investment funds themselves are not traded on an active market, and are thus classified as unquoted, the underlying assets of those funds do contain quoted assets.

The return on the plan assets was:

	2022 £'000	2021 £'000
Interest income	**2,142**	1,499
Remeasurements	**(37,171)**	(27)
Total return on plan assets	**(35,029)**	1,472

12. Called up share capital

Ordinary shares of £1 each	**Number**	**£**
Allotted, called up and fully paid		
At 1 January 2021 and 2022	1	1
Issued during the year	-	-
At 31 December 2021 and 2022	**1**	**1**

All shares rank pari passu in all respects.

13. Related party transactions

In accordance with FRS 101, the Company is exempt from the requirements of paragraph 17 of IAS 24 – Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

14. Post balance sheet events

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

15. Controlling parties

At year end, the Company's immediate parent undertaking is Arcadis Group Limited. It is part of the UK group headed by Arcadis UK (Holdings) Limited. On 4 April 2022, the immediate parent undertaking changed from Arcadis Group Limited to Arcadis UK (Holdings) Limited.

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

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

Arcadis N.V.
Gustav Mahlerplein 97
1082 MS Amsterdam,
The Netherlands

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