

**Arcadis Gen UK (SEAMS) Limited
(Formerly Skipworth Engelhardt Asset Management
Strategists Limited)**

Annual Report and Financial Statements

Year ended 31 December 2019

Company Number: 04097101



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Corporate information

Directors

A G Brookes (resigned 12 August 2019)
A R Clark
M O Engelhardt (resigned 1 July 2020)
R White (appointed 12 August 2019)
S Wilkes (resigned 12 August 2019)

Company secretary

M Day (resigned 15 June 2019)
F Duncombe
A Shivshanker (appointed 1 July 2020)

Independent auditors

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

Solicitors

Wragge Lawrence Graham and Co
55 Colmore Row
Birmingham
B3 2AS

Registered office

Arcadis House
34 York Way
London N1 9AB

Strategic report

For the year ended 31 December 2019

The directors present their Strategic Report for the year ended 31 December 2019.

Principal activities

The principal activity of Arcadis Gen UK (SEAMS) Limited ("the Company") is providing software and consultancy services to large utility and transport infrastructure organisations.

Review of the business

The loss before taxation for the year amounted to £1,162k (2018: profit £411k). The loss after taxation credits for the financial year was £994k (2018: profit £544k).

As at 31 December 2019 the Company had total net assets of £3,082k (2018: £4,076k). The financial position, development and performance of the Company as presented in these financial statements are considered satisfactory.

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

Key performance indicators

- Loss before taxation: £1,162k (2018: profit £411k)
- Net assets: £3,082k (2018: £4,076k)

Current trading and outlook

The directors are satisfied with the current and forecast trading situation.

Risks and uncertainties

The Company considers the following key risks:

Strategic: Capability and innovation – rapidly changing market demands.

Market Risk: Uncertainty caused by BREXIT may affect the Company's business within the EU. In addition, COVID-19 is likely to have a significant impact on the UK and global economy. We are monitoring the outbreak developments closely and have been implementing contingency plans to mitigate the potential adverse impact on the Company's employees and operations.

Operational: Management of projects, utilisation and retention of key staff resources.

Financial: A number of financial risks, as outlined in the Directors' Report on page 5.

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

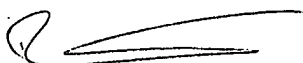
Operational: Management of projects, utilisation and retention of key staff resources.

Strategic report (continued)
For the year ended 31 December 2019

Risks and uncertainties (continued)

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.

On behalf of the Board



A R Clark
Director

12 October 2020

Directors' report

For the year ended 31 December 2019

The directors present their Report and the audited financial statements of the Company for the year ended 31 December 2019.

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 (2018; £Nil).

Change of name

On 6 January 2020, the Company changed its name from Skipworth Engelhardt Asset Management Strategists Limited to Arcadis Gen UK (SEAMS) Limited.

Post balance sheet events

The outbreak of COVID-19 in early 2020 has affected business and economic activity globally. The Directors consider this outbreak to be a non-adjusting post balance sheet event as at 31 December 2019. The range of potential outcomes for the economy are difficult to predict at this point in time. There are several policy and fiscal responses emerging from the UK Government, intended to mitigate any potential negative economic impacts. We are monitoring the COVID-19 outbreak developments closely and have been implementing contingency plans to mitigate the potential adverse impact on the Company's employees and operations.

Following a group reorganisation on 1 January 2020, Arcadis Gen Holdings Limited replaced Arcadis (UK) Holdings Limited as the parent company of the Arcadis Gen Group of companies.

Employees

The Company operates within the Arcadis group of companies.

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.

The Arcadis group 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 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.

Directors' report (continued)

For the year ended 31 December 2019

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 2019, 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 5 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 2019 contains the Group's corporate responsibility report which details the strategy, objectives and performance the Company follows in maintaining high standards of corporate governance.

Financial risks

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

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 2019 Annual Report of Arcadis N.V. (the ultimate parent undertaking and controlling party, available at: www.arcadis.com).

Directors' report (continued)

For the year ended 31 December 2019

Going concern

The Board of Arcadis Gen Holdings Limited, which manages risk across all its subsidiaries and businesses, has considered the impact of the COVID-19 virus on 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 and borrowings. The Company's 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, borrowing facilities and additional financing that can be made available by the ultimate parent Arcadis N.V. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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' 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

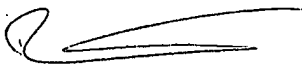
Directors' report (continued)

For the year ended 31 December 2019

- 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.

Independent auditors

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

On behalf of the board

A R Clark

Director

12 October 2020

Independent auditors' report to the members of Arcadis Gen UK (SEAMS) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Arcadis Gen UK (SEAMS) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 2019; 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

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 the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Arcadis Gen UK (SEAMS) Limited

(Formerly Skipworth Engelhardt Asset Management Strategists Limited) – reg number: 04097101 8

Independent auditors' report to the members of Arcadis Gen UK (SEAMS) Limited (continued)

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 2019 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 set out on page 6, 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.

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.

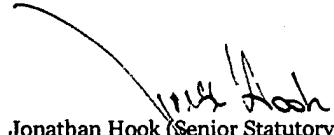
Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Jonathan Hook (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
12 October 2020

Statement of comprehensive income
For the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Turnover	3	3,320	4,329
Cost of sales		(1,965)	(1,825)
Administrative expenses		(2,517)	(2,095)
Operating (loss)/profit	4	(1,162)	409
Finance income		-	2
(Loss)/profit before tax		(1,162)	411
Tax on (loss)/profit	6	168	133
(Loss)/profit for the year and total comprehensive (loss)/income for the year		(994)	544

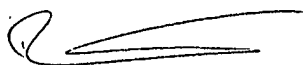
The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position
As at 31 December 2019

	Note	2019 £'000	2018 £'000
Fixed assets			
Intangible assets	7	1,764	2,040
Tangible assets	8	95	169
		1,859	2,209
Current assets			
Trade and other receivables	9	1,925	2,212
Cash and cash equivalents		671	1,111
		2,596	3,323
Creditors: amounts falling due within one year	10	(1,312)	(1,336)
Net current assets		1,284	1,987
Total assets less current liabilities		3,143	4,196
Creditors: amounts falling due after more than one year	11	-	(5)
Deferred tax	12	(61)	(115)
		(61)	(120)
Net assets		3,082	4,076
Equity			
Called up share capital	13	-	-
Capital redemption reserve	14	-	-
Retained earnings		3,082	4,076
Total shareholders' funds		3,082	4,076

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

The financial statements on pages 10 to 26 were authorised for issue by the board of directors on 12 October 2020 and were signed on its behalf by:



A R Clark
Director

Statement of changes in equity
For the year ended 31 December 2019

	Called up share capital	Retained earnings	Total shareholders' funds
	£'000	£'000	£'000
Balance as at 1 January 2018	-	3,532	3,532
Profit for the year and total comprehensive income for the year	-	544	544
Balance as at 31 December 2018	-	4,076	4,076
Balance at 1 January 2019	-	4,076	4,076
Loss for the year and total comprehensive loss for the year	-	(994)	(994)
Balance as at 31 December 2019	-	3,082	3,082

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 2019

1. General Information and statement of compliance

The Company's principal activity is providing software and consultancy services to large utility and transport infrastructure organisations.

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

Arcadis House
34 York Way
London N1 9AB

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

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. The Company has adopted FRS 102 in these financial statements.

2.1 Basis of preparation

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

It also requires management to exercise its judgement in the process of applying the 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 note 2.23.

In 2017, 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 Company continues to adopt this format in the 2019 financial statements.

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

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

Notes to the financial statements (continued)

For the year ended 31 December 2019

2. Summary of significant accounting policies (continued)

2.2 Going concern

The outbreak of COVID-19 in early 2020 has affected business and economic activity globally. The range of potential outcomes for the economy are difficult to predict at this point in time. There are several policy and fiscal responses emerging from the UK Government, intended to mitigate any potential negative economic impacts. We are monitoring the COVID-19 outbreak developments closely and have been implementing contingency plans to mitigate the potential adverse impact on the Company's employees and operations.

The Board of Arcadis Gen Holdings Limited, which manages risk across all its UK subsidiaries and businesses, has considered the impact of the COVID-19 virus on 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 and borrowings. The Company's 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, borrowing facilities and additional financing that can be made available by the ultimate parent Arcadis N.V. The members have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

The directors are confident that the Company will continue to operate as a going concern for the foreseeable future.

2.3 New standards, amendments and interpretations adopted by the Company

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

2.4 Consolidation

The Company is a wholly owned subsidiary of Arcadis Gen Holdings Limited and of its ultimate parent, Arcadis N.V. It is included in the consolidated financial statements of Arcadis N.V. which are publicly available.

Therefore, the Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

These financial statements are separate financial statements.

2.5 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Development costs are capitalised and treated as a tangible fixed asset within the Statement of Financial Position and in accordance with Section 844 of the Companies Act 2006 it has not been treated as a realised loss. Development costs are recognised when it is anticipated that the future economic benefit generated will exceed the expenditure made.

Notes to the financial statements (continued)

For the year ended 31 December 2019

2. Summary of significant accounting policies (continued)

2.5 Intangible assets(continued)

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

- Intellectual property – 4 years
- Software development – 4 years

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

- Fixtures and fittings – 25%
- Office equipment – 33.3%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.7 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Notes to the financial statements (continued)

For the year ended 31 December 2019

2. Summary of significant accounting policies (continued)

2.7 Financial instruments (continued)

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.8 Trade receivables

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms. The amount of the provision is recognised in administrative expenses.

2.9 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

2.10 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

Notes to the financial statements (continued)

For the year ended 31 December 2019

2. Summary of significant accounting policies (continued)

2.11 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.

2.12 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.

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.

2.13 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

Notes to the financial statements (continued)

For the year ended 31 December 2019

2. Summary of significant accounting policies (continued)

2.14 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.15 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate.

Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

2.16 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Notes to the financial statements (continued)

For the year ended 31 December 2019

2. Summary of significant accounting policies (continued)

2.17 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.

2.18 Pensions

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.19 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the straight line method.

2.20 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

2.21 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.22 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

Notes to the financial statements (continued)

For the year ended 31 December 2019

2. Summary of significant accounting policies (continued)

2.23 Critical accounting judgements and estimation uncertainty

(a) Carrying value of trade receivables, amounts recoverable on contracts and other receivables
The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 11 for the net carrying amount of the debtors and associated impairment provision.

3. Turnover

Analysis of turnover by geography

	2019 £'000	2018 £'000
United Kingdom	2,493	3,393
Rest of Europe	357	658
Rest of the world	470	278
	<u>3,320</u>	<u>4,329</u>

4. Operating (loss)/profit

This has been stated after charging:

	2019 £'000	2018 £'000
Staff costs		
Wages and salaries	2,212	1,875
Social security costs	222	199
Other pension costs	78	74
	<u>2,512</u>	<u>2,148</u>

Auditors' remuneration of £15k (2018: £25k) was paid on behalf of the Company by Arcadis LLP (a fellow subsidiary undertaking) 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
For the year ended 31 December 2019

5. Employees and directors

Employees

The average monthly number of persons (including directors) employed by the company during the year was 44 (unaudited 2018: 41)

	2019	2018
	Number	Number
Technical	28	27
Management and administration	16	14
	44	41

Directors' remuneration

Directors remuneration was paid via Arcadis LLP and Arcadis Human Resources Limited, fellow subsidiaries of Arcadis N.V.

6. Tax on (loss)/profit

Tax expense included in profit or loss:

	2019	2018
	£'000	£'000
Current tax:		
- UK corporation tax on loss for the year	142	-
- Adjustment in respect of prior year	(28)	-
Total current tax	114	-
Deferred tax:		
- Origination and reversal of timing differences	54	133
Total deferred tax	54	133
Tax on profit	168	133

Tax credit for the year is less than (2018: greater than) the standard rate of corporation tax in the UK for the year ended 31 December 2019 of 19.00% (2018: 19.00%). The differences are explained below:

Notes to the financial statements (continued)

For the year ended 31 December 2019

2. Summary of significant accounting policies (continued)

6. Income tax (credit)/expense (continued)

	2019 £'000	2018 £'000
(Loss)/profit before taxation	(1,162)	411
(loss)/profit before taxation multiplied by the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(221)	78
Effects of:		
- Expenses not deductible for tax purposes	2	6
- Statutory deduction on EMI options	-	(231)
- Unrecognised deferred tax on losses	-	-
- Adjustment in respect of prior year	28	-
- Prior year's deferred tax	15	-
- Tax rate differences	8	14
Tax credit	(168)	(133)

7. Intangible assets

	Intellectual property £'000	Development £'000	Total £'000
Cost			
At beginning of year	70	6,012	6,082
Additions	-	906	906
Disposal	-	(293)	(293)
At end of year	70	6,625	6,695
Accumulated amortisation			
At beginning of year	70	3,972	4,042
Charged for the year	-	889	889
At end of year	70	4,861	4,931
Net book value			
At 31 December 2018	-	2,040	2,040
Movement in the year	-	(276)	(276)
At 31 December 2019	-	1,764	1,764

Notes to the financial statements (continued)

For the year ended 31 December 2019

2. Summary of significant accounting policies (continued)

8. Tangible assets

	Fixtures & fittings £'000	Office equipment £'000	Total £'000
Cost			
At beginning of year	31	322	353
Additions	10	26	36
Assets written off	(10)	(143)	(153)
At end of year	31	205	236
Depreciation			
At beginning of year	18	167	185
Charged for the year	8	101	109
Assets written off	(10)	(143)	(153)
At end of year	16	125	141
Net book value			
At 31 December 2018	13	156	169
Movement in the year	2	(76)	(74)
At 31 December 2019	15	80	95

9. Trade and other receivables

	2019 £'000	2018 £'000
<i>Amounts falling due within one year:</i>		
Trade receivables	509	578
Amounts owed by group undertakings	784	784
Taxation and social security	263	326
Other receivables	1	-
Prepayments and accrued income	368	524
	1,925	2,212

Notes to the financial statements (continued)
For the year ended 31 December 2019

2. Summary of significant accounting policies (continued)

10. Creditors: amounts falling due within one year

	2019	2018
	£'000	£'000
<i>Amounts falling due within one year:</i>		
Trade creditors	197	135
Taxation and social security	113	273
Obligations under finance lease and hire purchase contracts	-	48
Other creditors	26	-
Accruals and deferred income	976	880
	1,312	1,336

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

11. Creditors: amounts falling due after more than one year

	2019	2018
	£'000	£'000
Net obligations under finance leases and hire purchase contracts	-	5

12. Deferred taxation

	2019
	£'000
At beginning of year	(115)
Credited to profit and loss	54
At end of year	(61)

The provision for deferred taxation is made up as follows:

	2019	2018
	£'000	£'000
Fixed asset timing differences	299	11
Short term timing differences	(3)	339
Losses and other deductions	(235)	(235)
	61	115

Notes to the financial statements (continued)
For the year ended 31 December 2019

2. Summary of significant accounting policies (continued)

13. Called up share capital

Ordinary shares of £1 each	Number	£
Allotted, called up and fully paid		
At 1 January 2018 and 31 December 2018	100	100
At 1 January 2019 and 31 December 2019	<u>100</u>	<u>100</u>

All shares rank pari passu in all respects.

14. Reserves

Capital redemption reserve includes the nominal value of preference shares redeemed

15. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £78k (2018 - £74k). Contributions totalling £14k (2018 - £14k) were payable to the fund at the reporting date.

16. Commitments under operating leases

The Company has future minimum lease payments under non-cancellable operating leases as follows:

	2019 £'000	2018 £'000
No later than one year	<u>40</u>	<u>6</u>

17. Related party transactions

The Company has taken advantage of the exemption from disclosing transactions and balances with other group undertakings as permitted by FRS 102.

18. Post balance sheet events

The outbreak of COVID-19 in early 2020 has affected business and economic activity globally. The Directors consider this outbreak to be a non-adjusting post balance sheet event as at 31 December 2019. The range of potential outcomes for the economy are difficult to predict at this point in time. There are several policy and fiscal responses emerging from the UK Government, intended to mitigate any potential negative economic impacts. We are monitoring the COVID-19 outbreak developments closely and have been implementing contingency plans to mitigate the potential adverse impact on the Company's employees and operations.

Following a group reorganisation on 1 January 2020, Arcadis Gen Holdings Limited replaced Arcadis (UK) Holdings Limited as the parent company of the smallest group within which Arcadis Gen UK Limited's results are consolidated.

Notes to the financial statements (continued)

For the year ended 31 December 2019

2. Summary of significant accounting policies (continued)

19. Ultimate parent company

The Company's immediate parent undertaking is SEAMS Global Limited. It is part of the group headed by Arcadis Gen Holdings Limited. During the year ended 31 December 2019, this group was headed by Arcadis UK (Holdings) Limited.

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

The smallest group in which the results of the Company was consolidated during the year ended 31 December 2019 was that headed by Arcadis UK (Holdings) Limited and the largest group in which the results of the Company are consolidated is that headed by Arcadis N.V.

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