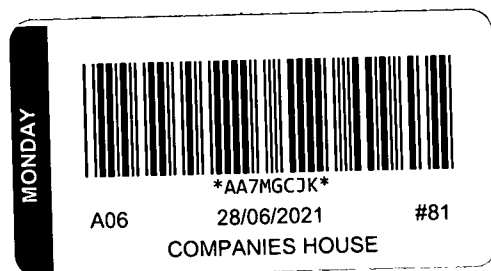


Arcadis UK (Holdings) Limited

Annual Report and Financial Statements

Year ended 31 December 2020

Company Number: 05607007



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Corporate information

Directors

N J Bellew

A G Brookes

S J Bromhead

M A Cowlard

P V Madden

Company secretary

F M Duncombe

J L Lawrence (appointed 1 January 2020)

Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

1 Embankment Place

London WC2N 6RH

Registered office

80 Fenchurch Street

London

EC3M 4BY

Strategic report

For the year ended 31 December 2020

The directors present their Strategic Report for the year ended 31 December 2020.

Principal activities

The principal activity of Arcadis UK (Holdings) Limited ("the Company") is that of a holding company for a number of Arcadis companies in the UK and overseas.

Review of the business

The financial results of the Company, set out in the statement of comprehensive income on page 11, show a loss before taxation of £3,583k (2019: profit before taxation of £4,477k).

On 31 December 2019, the Company agreed to sell its investments in Enterprise AMS Group Limited and SEAMS Group Limited to Arcadis Gen Holdings Limited (formerly Arcadis Cognitive Holdings Limited). The sale was completed on 1 January 2020, at nil gain or loss.

On 7 December 2020, the Company completed the purchase of 100% of the share capital of Arcadis Group Limited from Arcadis (BAC) Limited (another group company), for the price of £70,700k.

Significant events since the balance sheet date are outlined in the Directors' Report below. The directors are not aware, at the date of this report, of any likely changes in the Company's activities in the foreseeable future.

The Company does not generate revenue, and the investment and financing costs incurred were expected. The financial position, development and performance of the Company as presented in these financial statements are therefore considered satisfactory by the directors.

Key performance indicators

- Loss before taxation £3,583k (2019: profit before taxation: £4,477k)
- Net assets £18,827k (2019: £21,730k)

Strategic report (Continued)

For the year ended 31 December 2020

Current trading and outlook

The Company does not generate revenue, and the investment and financing costs incurred were as expected. The performance and financial position of the Company is therefore considered satisfactory by the directors.

Principal risks and uncertainties

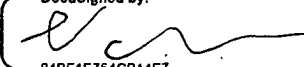
During the year, the Board of Arcadis UK (Holdings) Limited managed risk across the UK group, including the potential impact on the Company. In particular the Board ensures that, by managing client relationships effectively, income and profit streams are maintained and accordingly the demand for management services is maintained.

Working capital and business funding requirements are managed from available UK cash resources, or by making use of inter-company facilities as part of the Arcadis NV group.

The carrying value of the Company's investments is dependent upon the underlying performance of subsidiaries' operations. Therefore, the value of the investments is subject to the interest, credit and market risks identified in the specific entities' accounts.

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

On behalf of the Board

DocuSigned by:

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Director
N J Bellew

23 June 2021

Directors' Report

For the year ended 31 December 2020

The directors present their Report and the audited financial statements of the Company for the year ended 31 December 2020.

Future developments

The directors believe the prospects for the Company to be good, due to the strong position of the Company's subsidiaries.

Dividends

The directors do not recommend payment of a dividend (2019: £49.8m).

Financial risk management

The Company's and its subsidiaries' 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 subsidiaries' 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 mean that they are not subject to price risk.

Foreign exchange risk

The Company's transactions are predominately in Sterling, but a loan from the ultimate parent company was provided in Euros, until 11 December 2020 when it was converted to GBP. The Company has therefore been exposed to the movement in foreign exchange rates.

Interest rate risk

The interest rates on the group borrowings are at market rates. The Company is therefore exposed to interest rate risk.

Directors' Report (continued)

For the year ended 31 December 2020

Post balance sheet events

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

Going concern

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

The UK group continues to meet its day-to-day working capital requirements through its cash reserves and borrowings. The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group 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.

Employees

The Company did not have any employees during the year (2019: nil).

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 2020, 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 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 2020 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 2020

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' 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' Report (continued)
For the year ended 31 December 2020

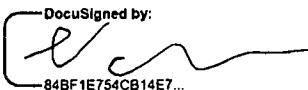
Directors' third-party indemnity provisions

The Company has in place qualifying third-party indemnity provisions and 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, and 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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Director
N J Bellew

23 June 2021

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

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2020 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 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, which comprise: the Statement of financial position as at 31 December 2020; 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

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.

Independent auditors' report to the members of Arcadis UK (Holdings) 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 2020 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, 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 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 postings to manipulate financial results. Audit procedures performed by the engagement team included:

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

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the 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.

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

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.

DocuSigned by:

Jonathan Hook

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

Statement of comprehensive income
For the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Operating (expenses)/income	3	(102)	737
Operating (loss)/profit		(102)	737
Income from shares in group undertakings		-	1,800
(Loss)/profit before interest and taxation		(102)	2,537
Finance income	5	-	2,432
Finance costs	5	(3,481)	(492)
Finance (costs)/income - net	5	(3,481)	1,940
(Loss)/profit before taxation		(3,583)	4,477
Tax on (loss)/profit	6	680	(77)
(Loss)/profit for the financial year		(2,903)	4,400
Total comprehensive (expense)/income for the year		(2,903)	4,400

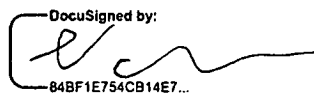
The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position
As at 31 December 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Investments	7	166,901	96,201
		166,901	96,201
Current assets			
Trade and other receivables	9	97,236	26,175
Assets held for sale	8	-	25,808
		97,236	51,983
Creditors			
Amounts falling due within one year	10	(222,078)	(80,189)
Liabilities directly associated with assets held for sale	8	-	(7,259)
Net current liabilities		(124,842)	(35,465)
Total assets less current liabilities		42,059	60,736
Creditors: amounts falling due after more than one year	11	(23,232)	(39,006)
Net assets		18,827	21,730
Equity			
Called up share capital	12	15,634	15,634
Share premium account		-	-
Retained earnings		3,193	6,096
Total shareholders' funds		18,827	21,730

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

The financial statements on pages 11 to 30 were authorised for issue by the board of directors on 23 June 2021 and were signed on its behalf.

DocuSigned by:

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N J Bellew
 Director

Statement of changes in equity
For the year ended 31 December 2020

	Called up share capital	Share premium account	(Accumulated losses) / retained earnings	Total shareholders' funds
	£'000	£'000	£'000	£'000
Balance at 1 January 2019	15,634	112,995	(61,499)	67,130
Profit for the financial year			4,400	4,400
Total comprehensive income for the year	-	-	74,400	4,400
Cancellation of share premium	-	(112,995)	112,995	-
Dividends	-	-	(49,800)	(49,800)
Balance as at 31 December 2019	15,634	-	6,096	21,730
Balance at 1 January 2020	15,634	-	6,096	21,730
Loss for the financial year			(2,903)	(2,903)
Total comprehensive expense for the year	-	-	(2,903)	(2,903)
Balance as at 31 December 2020	15,634	-	3,193	18,827

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 2020

1 General Information

The principal activity of the Company is that of a holding company for a number of companies in the UK and overseas.

The Company is a private company limited by shares and is incorporated and domiciled in England. 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 financial statements of Arcadis UK (Holdings) 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 higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the relevant note.

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;
 - (ii) paragraph 73(e) of IAS 16 Property, plant and equipment;
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows);
 - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements);
 - 16 (statement of compliance with all IFRS);

Notes to the financial statements

For the year ended 31 December 2020

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

38A (requirement for minimum of two primary statements, including cash flow statements);

38B-D (additional comparative information);

40A-D (requirements for a third statement of financial position);

111 (cash flow statement information); and

134-136 (capital management disclosures);

– IAS 7, 'Statement of cash flows';

– Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);

– Paragraph 17 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.

2.1.1 Going concern

The financial statements have been prepared on the going concern basis, with net current liabilities of £124,842k (2019: net current liabilities of £35,465k).

The directors have received assurances from other group companies that they will not request repayment of inter-group balances due to it from the Company until such time as the Company has sufficient liquidity to make repayments.

The directors have considered the impact of the COVID-19 virus on the Company's ability to continue as a going concern.

The UK group continues to meet its day-to-day working capital requirements through its cash reserves and borrowings. The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group 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.

2.1.2 New standards, amendments and IFRS IC interpretations

IFRS 16 is a new accounting standard that is effective for the current year ended 31 December 2020.

It has not had a material impact on the Company. There are no other amendments to accounting standards, or IFRS IC interpretations that are effective for the year ended 31 December 2020.

Statement of changes in equity

For the year ended 31 December 2020

2 Summary of significant accounting policies (continued)

2.2 Consolidation

The Company is a wholly owned subsidiary of Arcadis N.V. It is included in the consolidated financial statements of Arcadis N.V. which are publicly available.

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

2.3 Investment in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses. The Company determines at each reporting date whether there is any objective evidence that the investment in the subsidiary is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the subsidiary and its carrying value and recognises the amount as 'impairment of investments in subsidiaries' in the statement of consolidated income.

2.4 Investment in associated undertakings

Investments in associated undertakings are held at cost less accumulated impairment losses. The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount as 'impairment of investments in associates' in the statement of consolidated income.

2.5 Cash and cash equivalents

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

In the Statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

2.6 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.

2.7 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.

Notes to the financial statements

For the year ended 31 December 2020

2 Summary of significant accounting policies (continued)

2.7 Current and deferred income tax (continued)

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.

2.8 Dividend income

The Company recognises dividend income when the controlled entity declares the payment of a dividend.

2.9 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.

2.10 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. None of the estimates and judgements have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year.

Statement of changes in equity
For the year ended 31 December 2020

3 (Loss)/profit before taxation

This has been stated after charging/(crediting):

	2020	2019
	£'000	£'000
Foreign exchange losses/(gains)	66	(37)
Integration costs	-	1,030
Earnout costs	-	392
Release of deferred consideration	-	(2,122)

Auditors' remuneration of £22,673 (2019: £1,671) was paid by Arcadis LLP (a fellow group undertaking) on behalf of the Company in respect of audit work performed in the UK. The increase from 2019 was due to the audit of the consolidated group being included in the cost. No fees were payable to the Company's auditors and its associates for any other services in the current or prior years.

Notes to the financial statements

For the year ended 31 December 2020

4. Employees and directors

(a) Employees

The company has no employees (2019: no employees).

(b) Directors

The directors did not receive any remuneration from this company during the year (2019: nil).

No directors (year ended 31 December 2019: nil) have benefits under a defined benefit scheme.

There are no retirement benefits accruing to directors (2019: nil) under a defined contribution scheme.

No directors (2019: none) exercised share options during the year.

5 Finance income and expense

Finance income	2020 £'000	2019 £'000
Interest received	-	17
Exchange gain on foreign currency denominated loans	-	2,415
	-	2,432

Finance costs	2020 £'000	2019 £'000
Amounts payable to group companies in respect of loan	696	375
Exchange loss on foreign currency denominated loans	2,785	-
Deferred consideration: unwinding of discount	-	117
	3,481	492

Notes to the financial statements (continued)**For the year ended 31 December 2020****6 Tax on (loss)/profit**

Tax (credit)/expense included in profit or loss

	2020	2019
	£'000	£'000
Current tax:		
- UK corporation tax (credit)/expense	(681)	117
- Adjustments to tax charge in respect of prior years	1	(40)
Total tax (credit)/expense	<u>(680)</u>	<u>77</u>

Tax assessed for the year is higher than (2019: lower than) the standard rate of corporation tax in the UK for the year ended 31 December 2020 of 19.00% (2019: 19.00%). The differences are explained below:

	2020	2019
	£'000	£'000
(Loss)/profit before taxation	<u>(3,583)</u>	<u>4,477</u>
(Loss)/profit before taxation multiplied by the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(681)	851
Effects of:		
- Expenses not deductible for tax purposes	-	57
- Income not taxable	-	(648)
- Movement on unrecognised deferred tax	-	(143)
- Adjustment to tax charge in respect of prior years	1	(40)
Tax (credit)/expense	<u>(680)</u>	<u>77</u>

A reduction in the UK corporation tax rate to 17% from 1 April 2020 was substantively enacted on 6 September 2016. A decision has been taken to cancel this reduction and maintain the UK corporation tax rate at 19%. This cancellation was substantively enacted on 17 March 2020.

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

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to increase the unrecognised deferred tax asset by £40k.

Notes to the financial statements

For the year ended 31 December 2020

7 Investments

	Cost of shares in subsidiary £'000	Impairments provision £'000	2019 £'000
At 1 January 2019	172,411	(64,843)	107,568
Additions	14,441	-	14,441
Re-classified to assets held for sale	(25,808)	-	(25,808)
At 31 December 2019	161,044	(64,843)	96,201
	Cost of shares in subsidiary £'000	Impairments provision £'000	2020 £'000
At 1 January 2020	161,044	(64,843)	96,201
Additions	70,700	-	70,700
At 31 December 2020	231,744	(64,843)	166,901

The addition of £14,441k in 2019 consisted of an investment in Enterprise AMS Group Limited.

On 31st December 2019, the Company agreed the sale of SEAMS Global Limited and Enterprise AMS Group, to Arcadis Gen Holdings Limited (formerly Arcadis Cognitive Holdings Limited). The prices were agreed at £10,724k and £7,825k respectively. This total of £18,549k was the £25,808k investment value in the companies, less £7,259k deferred consideration which was also classified as held for sale. The sale completed on 1 January 2020.

On 7 December 2020, the Company completed the purchase of 100% of the share capital of Arcadis Group Limited from Arcadis (BAC) Limited (another group company), for the price of £70,700k.

Notes to the financial statements (continued)

For the year ended 31 December 2020

7 Investments (continued)

Subsidiaries

Name	Holding type	Incorporated in	Principal activity	Equity owned	Registered address
Arcadis Consulting Europe Limited	Direct	UK	Holding company	100%	*80 Fenchurch Street London EC3M 4BY
Arcadis International Holdings Limited	Indirect	UK	Holding company	100%	*80 Fenchurch Street London EC3M 4BY
Arcadis International Limited	Indirect	UK	Natural and built asset design and consultancy	100%	*80 Fenchurch Street London EC3M 4BY
Arcadis Human Resources Limited	Indirect	UK	Staff services	100%	*80 Fenchurch Street London EC3M 4BY
Arcadis Services Limited	Indirect	UK	Liquidated 9 January 2020	100%	*80 Fenchurch Street London EC3M 4BY
Arcadis Ultra EVC Limited (formerly Arcadis Solutions Limited)	Indirect	UK	Dormant	100%	*80 Fenchurch Street London EC3M 4BY
Corporate Property Advisers Limited	Indirect	UK	Liquidated 2 December 2019	100%	*80 Fenchurch Street London EC3M 4BY
Christal Construction Management Limited	Indirect	UK	In liquidation	100%	180 West George Street Glasgow G2 2JJ
Arcadis (UK) Limited	Direct	UK	Natural and built asset design and consultancy	100%	*80 Fenchurch Street London EC3M 4BY
Arcadis (BAC) Limited	Direct	UK	Holding company	100%	*80 Fenchurch Street London EC3M 4BY

Notes to the financial statements (continued)

For the year ended 31 December 2020

7 Investments (continued)

Subsidiaries (continued)

Name	Holding type	Incorporated in	Principal activity	Equity owned	Registered address
Arcadis Group Limited	Direct	UK	Holding company	100%	*80 Fenchurch Street London EC3M 4BY
ARCADIS Gulf Limited	Indirect	UK	Holding company	100%	*80 Fenchurch Street London EC3M 4BY
ARCADIS Gulf O&G Limited	Indirect	UK	Safety and risk consultancy in United Arab Emirates	100%	*80 Fenchurch Street London EC3M 4BY
Arnold Project Services Limited	Indirect	UK	Liquidated 7 December 2019	100%	*80 Fenchurch Street London EC3M 4BY
GMI Pension Trustees Limited	Indirect	UK	Liquidated 22 October 2019	100%	*80 Fenchurch Street London EC3M 4BY
Vectra (Middle East) Limited	Indirect	UK	Safety and risk consultancy in United Arab Emirates	100%	*80 Fenchurch Street London EC3M 4BY
Arcadis LLP	Indirect	UK	Natural and built asset design and consultancy	100%	*80 Fenchurch Street London EC3M 4BY
Somer Rents Limited	Indirect	UK	Ground rent portfolio management	100%	*80 Fenchurch Street London EC3M 4BY

Notes to the financial statements (continued)**For the year ended 31 December 2020****7 Investments (continued)****Subsidiaries (continued)**

Name	Holding type	Incorporated in	Principal activity	Equity owned	Registered address
Arcadis Ireland Limited	Indirect	Ireland	Natural and built asset design and consultancy	100%	5 th Floor Beaux Lane House Mercer Street Lower Dublin 2
Arcadis Consulting (UK) Limited	Indirect	UK	Design and engineering consultancy	100%	*80 Fenchurch Street London EC3M 4BY
Arcadis Asset Management Limited	Indirect	UK	Management consultancy	100%	*80 Fenchurch Street London EC3M 4BY
EC Harris Canada Inc.	Indirect	Canada	Natural and built asset design and consultancy	100%	800-885 West Georgia Street Vancouver British Columbia V6C 3H1
EC Harris (USA) Inc.	Indirect	Canada	In liquidation	100%	Corporation Trust Center 1209 Orange Street Wilmington, Newcastle Delaware 19801
EC Harris (US) Inc.	Indirect	USA	In liquidation	100%	333 Clay Street Suite 4700 Houston TX 77002
EC Harris Qatar WLL	Indirect	Qatar	Natural and built asset design and consultancy	100%	Al Jassim Tower Building No. 8 – 11 th Floor Ibn Hayyan Street PO Box 200161 Doha
EC Harris Saudi Arabian International LLC	Indirect	KSA	Natural and built asset design and consultancy	100%	8 th floor, Adex Tower Al Madina Road Altaisaliya Area PO Box 1655 Jeddah 21441
EC Harris (Philippines) Inc.	Indirect	Philippines	Dormant	100%	14F Net Cube Center 3 rd Ave cor. 30 th Street E-Square Crescent Park West BGC Taguig City
Total International Solutions Limited (BVI)	Indirect	British Virgin Islands	Holding company	100%	The Offices of Aleman, Cordero, Galindo & Lee Trust (BVI) Limited PO Box 3175 Road Town Tortola

Notes to the financial statements (continued)**For the year ended 31 December 2020****7 Investments (continued)****Subsidiaries (continued)**

Name	Holding type	Incorporated in	Principal activity	Equity owned	Registered address
EC Harris (Cost Management) Limited (Hong Kong)	Indirect	Hong Kong	Natural and built asset design and consultancy	100%	Room 2401 24/F 1010 King's Road Fortress Hill
MB & Associates Ltd (Hong Kong)	Indirect	Hong Kong	Dormant	100%	17 th Floor Two Harbour Square No. 180 Wai Yip Street Kwun Tong Kowloon
Acer Partnerships Limited	Indirect	UK	Dormant	100%	*80 Fenchurch Street London EC3M 4BY
Acer Sir Bruce White Limited	Indirect	UK	Liquidated 22 October 2019	100%	*80 Fenchurch Street London EC3M 4BY
Hyder Consulting Overseas Limited	Indirect	UK	Holding company	100%	*80 Fenchurch Street London EC3M 4BY
Cresswell Associates (Environmental Consultants) Limited	Indirect	UK	In liquidation	100%	*80 Fenchurch Street London EC3M 4BY
Power Systems Projects and Consultancy Services Limited	Indirect	UK	In liquidation	100%	*80 Fenchurch Street London EC3M 4BY
SR3C Management Limited	Indirect	UK	In liquidation	100%	*80 Fenchurch Street London EC3M 4BY
Arcadis Nuclear Safety and Risk Consultancy Limited	Indirect	UK	In liquidation	100%	*80 Fenchurch Street London EC3M 4BY
EC Harris (UK) Limited	Indirect	UK	Dissolved 30 March 2021	100%	*80 Fenchurch Street London EC3M 4BY
Arcadis Consulting (UK) Filiala Bucuresti S.R.L.	Indirect	Romania	Design and engineering consultancy	100%	Calea Grivitei No. 136 1 st Floor, Building A Room E06 Bucharest District 1 Postal Code 10737

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

7 Investments (continued)

Subsidiaries (continued)

Name	Holding type	Incorporated in	Principal activity	Equity owned	Registered address
SEAMS Global Limited	Direct	UK	Sold 1 January 2020	100%	*80 Fenchurch Street London EC3M 4BY
Arcadis Gen UK (SEAMS) Limited	Indirect	UK	Sold 1 January 2020	100%	*80 Fenchurch Street London EC3M 4BY
Enterprise AMS Group Limited	Direct	UK	Sold 1 January 2020	100%	*80 Fenchurch Street London EC3M 4BY
Arcadis Gen UK Limited	Indirect	UK	Sold 1 January 2020	100%	*80 Fenchurch Street London EC3M 4BY
EAMS Braid Limited	Indirect	UK	Sold 1 January 2020	100%	*80 Fenchurch Street London EC3M 4BY
Arcadis Gen US Inc.	Indirect	USA	Sold 1 January 2020	100%	80 Broad Street 5 th Floor New York City New York, 1004
Inspiresoft Limited	Indirect	UK	Sold 1 January 2020	100%	25 Canada Square Level 17 Canary Wharf London E14 5LQ
Arcadis Gen Serbia doo	Indirect	Serbia	Sold 1 January 2020	100%	Omladinskih Brigada 90v Beograd-Novi Beograd Serbia

Notes to the financial statements (continued)**For the year ended 31 December 2020****7 Investments (continued)****Associated undertakings**

Name	Holding type	Incorporated in	Principal activity	Equity owned	Registered address
TECHT Limited	Indirect	UK	Natural and built asset design and consultancy	50%	*80 Fenchurch Street London EC3M 4BY
Health Innovation Partners Limited	Indirect	UK	Building development and management services	50%	Kent House 14-17 Market Place London W1W 8AJ
JacksonHyder Limited	Indirect	UK	Design and engineering consultancy	50%	30 White House Road Ipswich IP1 5LT
Hyder WSP JV	Indirect	Unincorporated	Engineering design and consultancy	50%	Arcadis Cymru House St Mellons Business Park Fortran Road Cardiff CF3 0EY
Faber Maunsell Hyder JV	Indirect	Unincorporated	Engineering design and consultancy	50%	1 st Floor Cornerblock 2 Cornwall Street Birmingham B3 2DL
Hyder-Mott MacDonald JV	Indirect	Unincorporated	Engineering design and consultancy	50%	Arcadis Cymru House St Mellons Business Park Fortran Road Cardiff CF3 0EY
Hyder Halcrow JV	Indirect	Unincorporated	Engineering design and consultancy	50%	Medawar Road Surrey Research Park Guildford Surrey GU2 7AR
CH2M Hyder JV	Indirect	Unincorporated	Engineering design and consultancy	40%	227 London Road Worcester WR5 2JG
LTC-Cascade JV	Indirect	Unincorporated	Engineering design and consultancy	40%	Elms House 43 Brook Green London W6 7EF
Arcadis SETEC COWI JV	Indirect	Unincorporated	Engineering design and consultancy	75%	Arcadis Cymru House St Mellons Business Park Fortran Road Cardiff CF3 0EY

* On 14 June 2021, the registered address of the Company and various subsidiaries changed from Arcadis House, 34 York Way, London, N1 9AB, to 80 Fenchurch Street, London EC3M, 4BY.

Notes to the financial statements (continued)**For the year ended 31 December 2020****8 Assets and liabilities held for sale**

On 31st December 2019, the Company agreed the sale of SEAMS Global Limited and Enterprise AMS Group, to Arcadis Gen Holdings Limited (formerly Arcadis Cognitive Holdings Limited). The investments, and related deferred consideration liabilities have been classified as held for sale

The prices were agreed at £10,724k and £7,825k respectively. This total of £18,549k was the £25,808k investment value in the companies, less £7,259k deferred consideration. The sale completed on 1 January 2020.

	2020	2019
	£'000	£'000
Investments	-	25,808
Assets held for sale	-	25,808
<hr/>		
	2020	2019
	£'000	£'000
Deferred consideration	-	7,259
Liabilities held for sale	-	7,259
<hr/>		

Notes to the financial statements (continued)**For the year ended 31 December 2020****9 Trade and other receivables**

	2020	2019
	£'000	£'000
Amounts owed by group undertakings	96,555	26,175
Taxation and social security	681	-
	97,236	26,175

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 owned by group undertakings are immaterial.

10 Creditors: amounts falling due within one year

	2020	2019
	£'000	£'000
Amounts owed to the ultimate parent company	2,064	1,298
Amounts owed to subsidiary undertakings	220,011	78,429
Deferred consideration – current	-	300
Corporation tax payable	-	117
Accruals	3	45
	222,078	80,189

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

Notes to the financial statements (continued)**For the year ended 31 December 2020****11 Creditors: amounts falling due after more than one year**

	2020	2019
	£'000	£'000
Amounts owed to the ultimate parent undertaking	23,232	39,006
	23,232	39,006

Interest is payable on the loan from the ultimate parent company and is charged at a rate of 12m GBP LIBOR plus 1.96% margin per annum.

12 Called up share capital**Ordinary shares of £1 each**

Allotted, called up and fully paid

At 1 January 2019 and 2020

Issued during the year

At 31 December 2019 and 2020

Number	£'000
15,634,004	15,634
-	-
15,634,004	15,634

13 Related party transactions

Advantage has been taken of the exemption from disclosing transactions and balances with other group undertakings as permitted by FRS 101.

14 Post balance sheet events

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

15 Ultimate parent company

The Company's immediate parent undertaking is Arcadis UK Investments B.V.

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.

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