ARUP

Arup Gulf Limited

Financial Statements and Reports

For the year ended 31 March 2024

Registration number: 1225561

Contents

Strategic report

The directors present their annual strategic report for Arup Gulf Limited (the "Company") for the year ended 31 March 2024 which was approved by the Board of directors (the "Board").

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

Review of the business

These are the results for the Company for the financial year ended 31 March 2024. The results show a profit for the financial year of £1,065k (2023: £3,602k). The net assets as at 31 March 2024 are £1,855k (2023: £1,709k).

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

Converting opportunities to contracted project work has continued to accelerate, and we have made organisational adjustments to enhance operational efficiency, including headcount growth. We have continued to successfully invest in those parts of the business which align with our strategy and our opportunity pipeline remains strong. The size of the operation has grown significantly and the confirmed work for the Company at the end of the year is consistent with the size and the diversity of the Company.

Risk management and key performance indicators

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

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

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

- Revenue is a key indicator linked to the number of people that are employed within Arup Group (our "members") or engage as consultants, although quality of work is more important than market share or revenue growth. As a professional services firm, the ability to secure earnings in proportion to the number of members – whether through its own contracts or as subconsultant to other Arup Group companies in support of their contracts – is key to the Company's ongoing commercial success. Moderate growth in revenue provides development opportunities for our members; rapid growth brings the challenge of acquiring skilled resources and deploying them effectively in delivering projects, in addition to the funding pressures that would typically accompany such growth; and reducing revenue would, if expected to continue, may require a reduction in headcount. For the year ended 31 March 2024, revenue was £33,183k (2023: £22,927k).
- Profit before income tax is a key indicator of our ongoing financial resilience. The ability to generate an aggregate profit across our projects is key to our ability to continue to finance our business without recourse to external funding, to invest in the areas that are important to us, and to provide reasonable prosperity for our members. As many of our projects span multiple financial years, the profit reported in any individual year can be distorted by a range of factors, however recurrent annual losses of significant scale would be a cause of concern needing to be addressed. For the year ended 31 March 2024, profit before income tax was £1,156k (2023: £4,813k).

In the reporting period, we have continued to monitor the emerging risks, including the global economic outlook and the impact on growth, increasing technological disruption, climate related risks, and increased regulatory requirements. These themes are often interrelated, and an overall consequence is instability of markets. For Arup Group, this manifests most readily in uncertainty of opportunities and the likely volume of secured work and potential impact to on-going projects. An outcome of our increased attention on risk is the modification of the

Arup Group Risk Management Framework to align with operational and management structures and ensure we are arranged to optimise our risk management approach, continue to mitigate and manage risks through effective internal controls, and remain agile to shifting dynamics.

Section 172(1) statement

The Board considers collectively and individually that they have made decisions during the financial year ending 31 March 2024 that would be most likely to promote the success of the Company for the benefit of its stakeholders as a whole, having regard to the matters set out in Section 172(1) (a) to (f) of the Companies Act 2006 ("S.172(1)").

Statutory directors of the Company are either members of the management bodies, such as the Arup Group Board; the Operations Executive (an executive committee of the Arup Group Board whose role is to manage the overall operations and performance of the firm within the framework established by the Arup Group Board), the Region Boards or by a direct link to these bodies. This ensures that all statutory directors are fully informed of and aligned with the decisions of the Arup Group Board, as these are filtered down throughout the Arup Group via these bodies. This link also directly informs and assures the statutory directors in their responsibilities to perform their duties as directors in accordance with S.172(1).

Stakeholder engagement

The directors recognise that to progress the strategy and achieve long-term sustainable success, they must consider the stakeholders impacted by their decisions and satisfy themselves that those decisions uphold our purpose and values. The Board sets the framework within which day-to-day operational management, including employee and stakeholder engagement, is carried out either by the Board itself or by management teams on its behalf.

How does it work in practice?

- Establishing the purpose, values, strategy, and culture – Arup Group Board is responsible for deciding our strategy and for overseeing its implementation. The Board recognises that a positive culture comes from the very top and the Board is responsible for ensuring that our purpose and values are adhered to and lived by the members.
- Decision making – The composition of the Board is a mix of directors with extensive Arup backgrounds, and a diverse set of skills, knowledge, experience, and competence, that are collectively key in the Board's decision making. The Board provides rigorous evaluation and challenge as part of its decision-making processes to enable the decisions taken to be ones that promote long-term sustainable success.
- Board reporting – To enable informed decision making, the Board receives extensive reports from key areas of the business that include the likely long-term impact of a decision and how stakeholders have been considered in relation to the matter presented.
- Monitoring and oversight – The regular reporting to the Board includes updates on key decisions and the actions taken in respect of them.

The directors of the Company, by way of their roles within the Arup Group, are a direct part of stakeholder engagement with members, clients, collaborators and suppliers, and community and society.

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

Execution and principal decisions

The Board, via a Delegated Authority Policy, delegates the day-to-day authority to a management team that has overall responsibility for business operations and performance, the delivery of annual business plans, the success and wellbeing of our members, delivering value and a high quality of service to our clients. Members of the Board are part of the management team. The Board receives operational reports from the management team on twice a year and compliance updates from business functions. Matters reserved for the Board are in place.

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

On behalf of the Board

Paul Dunne

Director

25 October 2024

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

Directors' report

The directors present their annual directors' report together with the audited financial statements for the Company for the year ended 31 March 2024 which was approved by the Board.

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

Principal activities

The Company practices in the field of design and consulting engineering services, in architecture and in other related professional skills principally in the Middle East.

Branches

The Company has registered branches in Abu Dhabi, Dubai and Oman.

General information

The Company is a private limited company registered in England and Wales under company number 1225561 at registered address 8 Fitzroy Street, London, W1T 4BJ, United Kingdom. The Company's parent company is Ove Arup Holdings Limited registered in England and Wales under company number 7804146, and the Company's ultimate parent company is Arup Group Limited registered in England and Wales under company number 1312454.

Future developments

The Company will continue to operate within the Gulf Cooperation Council from its base in Dubai and in the next year will explore the potential merits in registration in other countries within the Gulf Cooperation Council. To ensure that the Company is positioned for long-term success, the Board takes into account a broad range of factors including: the level of committed work and future work prospects; Arup Group's reputation and our ability to attract good quality projects and clients; the diversification of the business by service, business sector and geography; actual and projected results and cashflow; sufficiency of access to financial resources; and Arup Group's ability to attract and retain highly talented members.

Our business has seized growth opportunities in sports infrastructure, planning and master planning, renewable energy, hospitality, technology, and transport consulting. The business was in a robust financial position at the year end and our future workload remains strong.

Dividends

Any dividends paid or declared in the financial year have been disclosed in note 23 to the financial statements.

Directors

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

Paul Dunne
Geoffrey Nevil Hunt
Anthony Frederick Lovell

Directors' remuneration

Directors' remuneration has been disclosed in note 6 to the financial statements.

Directors' indemnities

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

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

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

Independent auditors

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

Financial risk management

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

- Foreign exchange risk: where possible the Company matches its currency earnings with currency costs. Where this is not possible, appropriate derivative contracts may be used. There is no speculative use of financial instruments.
- Interest rate risk: the Company currently does not hedge interest rate risk, however the need to do so is regularly reviewed.
- Credit risk: the main exposure to credit risk is on contract assets, trade receivables, and amounts due from Arup Group undertakings. Controls and procedures are in place to mitigate this risk. Cash investments are held with banks with a minimum credit rating of BB.
- Liquidity risk: cash flow forecasts are prepared to ensure that sufficient funds are available to meet the Company's liabilities as and when they fall due.

Note 2 in the notes to the financial statements provides further information on accounting for exchange rate differences.

Going concern

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

S.172(1) statement

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

Statement of directors' responsibilities

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

Company law requires the directors to prepare the financial statements for each financial year. Under that law the directors have prepared the Company's financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101") 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 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 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 also 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.

On behalf of the Board

Paul Dunne

Director

25 October 2024

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

Independent auditors’ report to the members of Arup Gulf Limited

Report on the audit of the financial statements

Opinion

In our opinion, Arup Gulf Limited’s financial statements:

- give a true and fair view of the state of the company’s affairs as at 31 March 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 “Reduced Disclosure Framework”, and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

Basis for opinion

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

Independence

We remained independent of the 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.

Strategic report and Directors' report

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

In light of the knowledge and understanding of the 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 employment legislations and Federal Decree-Law No. (33) of 2021, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the UK Companies Act 2006 and tax legislations. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate results and potential management bias in accounting estimates and judgements. Audit procedures performed by the engagement team included:

- Gaining an understanding of the legal and regulatory framework applicable to the company and industry in which it operates and considering the risk of non-compliance of these laws and regulations;
- Holding discussions with management covering its consideration of known or suspected instances of non-compliance with laws and regulation that could give rise to a material misstatement in the financial statements;
- Addressing the risk of management override of controls through the testing of journals which met specific risk criteria, and evaluating whether there was evidence of management bias throughout our audit procedures;
- Challenging assumptions and judgements made by management to its significant accounting estimates, in particular in relation to the contract accounting, the Impairment of trade receivables and contract assets and defined benefit pension scheme;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulation;
- Understanding and evaluating management's controls designed to prevent and detect irregularities;
- Reviewing minutes of meetings of those charged with governance; and
- Designing audit procedures to incorporate unpredictability into our testing.

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Jonathan Sturges

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

Income statement

For the year ended 31 March 2024

	Note	2024 £'000	2023 £'000
Revenue	4	33,183	22,927
Other income		85	-
Employee benefit expense	5	(6,244)	(5,991)
Charges from sub-consultants and other direct project expenses		(22,417)	(10,388)
Depreciation expense	10 & 11	(196)	(213)
Accommodation		(3)	(15)
Communications and other overheads		(3,622)	(4,689)
Net (impairment losses) / reversal of impairment losses on financial and contract assets		(58)	2,953
		(32,540)	(18,343)
Operating profit	7	728	4,584
Finance income	8	1,325	781
Finance costs	8	(897)	(552)
Profit before income tax		1,156	4,813
Income tax charge	9	(91)	(1,211)
Profit for the financial year		1,065	3,602

All activities of the Company are derived from continuing operations in both the current and prior years.

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

Statement of comprehensive income

For the year ended 31 March 2024

	2024	2023
	£'000	£'000
Profit for the financial year	1,065	3,602
Other comprehensive (expense) / income		
Items that will not be reclassified to profit or loss		
Remeasurements of post-employment benefit obligations	(8)	(77)
	(8)	(77)
Items that may be reclassified subsequently to profit or loss		
Currency translation (losses) / gains	(911)	2,069
Other comprehensive (expense) / income for the year, net of tax	(919)	1,992
Total comprehensive income for the year	146	5,594

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

Registration number 1225561

Balance sheet

As at 31 March 2024

	Note	31 March 2024 £'000	Restated* 31 March 2023 £'000
Assets			
Non-current assets			
Property, plant and equipment	10	193	143
Right-of-use assets	11	158	214
Deferred income tax assets	17	370	400
		721	757
Current assets			
Contract assets	12	2,080	785
Trade and other receivables	13	7,679	7,494
Current income tax receivables		50	208
Cash and cash equivalents	14	6,699	10,468
		16,508	18,955
Total assets		17,229	19,712
Liabilities			
Current liabilities			
Trade and other payables	15	4,323	5,123
Contract liabilities	12	8,620	11,113
Current income tax liabilities		124	398
Lease liabilities	11	136	100
Employee benefit liabilities	18	9	-
Provisions for other liabilities and charges	16	460	0
		13,672	16,734

	Note	31 March 2024 £'000	Restated* 31 March 2023 £'000
Non-current liabilities			
Lease liabilities	11	-	107
Deferred income tax liabilities	17	-	47
Employee benefit liabilities	18	1,319	1,115
Provisions for other liabilities and charges	16	383	-
		1,702	1,269
Total liabilities		15,374	18,003
Net assets		1,855	1,709
Equity			
Share capital	19	3,500	3,500
Currency reserve		4,316	5,227
Retained deficit		(5,961)	(7,018)
Total equity		1,855	1,709

*The prior year financial statements were restated. The impact is explained in note 2.1.

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

The financial statements on pages 10 to 34 were approved by the Board of Directors on 15 October 2024 and authorised for issue by the Board of directors and signed on its behalf by:

Paul Dunne

Director

25 October 2024

Statement of changes in equity

For the year ended 31 March 2024

	Share capital	Currency reserve	Retained deficit	Total equity
	£'000	£'000	£'000	£'000
Balance as at 1 April 2022 - as previously stated	3,500	-	(7,385)	(3,885)
Impact of restatement (Note 2.1)	-	3,158	(3,158)	-
Balance as at 1 April 2022 - as restated	3,500	3,158	(10,543)	(3,885)
Profit for the financial year	-	-	3,602	3,602
Remeasurement of post-employment obligations	-	-	(103)	(103)
Remeasurement of post-employment obligations - tax	-	-	26	26
Currency translation differences - gains	-	2,069	-	2,069
Other comprehensive income for the year	-	2,069	(77)	1,992
Total comprehensive income for the year	-	2,069	3,525	5,594
Balance as at 31 March 2023 - restated	3,500	5,227	(7,018)	1,709
Profit for the financial year	-	-	1,065	1,065
Remeasurement of post-employment obligations	-	-	(10)	(10)
Remeasurement of post-employment obligations - tax	-	-	2	2
Currency translation differences - losses	-	(911)	-	(911)
Other comprehensive expense for the year	-	(911)	(8)	(919)
Total comprehensive (expense) / income for the year	-	(911)	1,057	146
Balance as at 31 March 2024	3,500	4,316	(5,961)	1,855

Notes to the financial statements

For the year ended 31 March 2024

1 Incorporation

Arup Gulf Limited is a private limited company limited by shares which is incorporated in England and Wales. The address of the registered office is 8 Fitzroy Street, London, W1T 4BJ, United Kingdom.

2 Significant accounting policies

2.1. Basis of preparation

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

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 Arup Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the preparation of the financial statements are disclosed in note 3.

For the year ended 31 March 2024, the Company has presented currency reserve and retained deficit as separate items on the balance sheet and the statement of changes in equity. For the year ended 31 March 2023, these items had been presented within retained deficit which has been reclassified and presented separately as currency reserves. The accumulated currency translation gain as at 1 April 2022 of £3,158k and currency translation gain of £2,069k for the year ended 31 March 2023 has been reclassified from retained deficit to currency reserves.

The following exemptions from the requirements of International Financial Reporting Standards ("IFRS or IFRSs") have been applied in the preparation of these financial statements, in accordance with FRS 101:

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

- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation); and
- IAS 24 (disclosure of related party transactions entered into between two or more members of a group providing that the parties are wholly owned by the group).

2.2. Going concern

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

2.3. Changes in accounting policies and disclosures

New standards, amendments and interpretations

There are no amendments to accounting standards, or IFRS Interpretations Committee ("IFRIC") interpretations that are effective for the year ended 31 March 2024 that have a material impact on the Company.

New standards, amendments and interpretations not yet adopted by the Company

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

2.4. Accounting policies

The following are the significant accounting policies applied by the Company in preparing the financial statements. All accounting policies have been consistently applied to all the years presented, unless otherwise stated.

Foreign currency translation

Functional and presentation currency

The Company's functional currency is United Arab Emirates dirham. The financial statements are presented in pound sterling (£), which is the Company's presentation currency.

Transactions and balances

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

Impairment of non-financial assets

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

Financial assets

Classification

The Company classifies its financial assets in the following categories:

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

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

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

Recognition and derecognition

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

Measurement

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

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

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

Offsetting financial instruments

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

Impairment of financial assets

Assets carried at amortised cost

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

Revenue

Revenue represents the value of work performed on contracts in the year. For contracts on which revenue exceeds fees rendered, the excess is included as contract assets. For contracts on which fees rendered exceed revenue, the excess is included as contract liabilities. The value of long term contracts is based on recoverable costs plus attributable profit. Cost is defined as staff costs and related overheads plus project expenses.

As projects reach stages where it is considered that their outcome can be reasonably foreseen, proportions of the expected total profit are brought into the financial statements. Provision is made for all known and anticipated losses.

Employee benefits

Global profit-share scheme

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

Pension obligations

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

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

The defined benefit obligation is calculated annually by independent actuaries using the Projects Unit Credit method (see note 18).

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

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

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

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

Service milestones

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

Income tax charge

Current and deferred income tax is recognised in the income statement for the year except where the taxation arises as a result of a transaction or event that is recognised in other comprehensive income or directly in equity. Income tax arising on transactions or events recognised in other comprehensive income or directly in equity is charged or credited to other comprehensive income or directly to equity respectively.

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

Property, plant and equipment

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

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

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

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

Contract assets and liabilities

Contract costs

Contract assets represent unbilled revenue on contracts. Generally, at the balance sheet date the unbilled revenue has not been invoiced due to a payment schedule being in place.

If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Pre-contract costs

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

Contract liabilities

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

Trade receivables

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

Cash and cash equivalents

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

Trade payables

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

Provisions for other liabilities and charges

Provisions for other liabilities

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

Property provision

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

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived from a contract are lower than the unavoidable cost of meeting the obligations under the contract.

Leases

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

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

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

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

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

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

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

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

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

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

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

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

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

(ii) Extension and termination options

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

(iii) Variable lease payments

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

Deferred income tax

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

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. For unused tax losses where there is a history of recent losses, deferred income tax assets are not recognised unless it is more than probable that they will be utilised.

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

3 Critical accounting estimates and judgements

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

Contract accounting (estimates and judgements)

The Company's revenue accounting policy (note 2.4) is central to how the Company values the work it has carried out in each financial year. This policy requires forecasts to be made on the current percentage complete and the projected outcomes of projects. The key estimates and judgements relating to determining the revenue and profitability of projects within the Company's financial statements are:

- Percentage completion: usually calculated by taking actual salary expense incurred as a percentage of forecasted salary expense. Estimation is required in determining the forecasted salary expense;
- Profitability of a project: project teams use their judgement to estimate the costs to complete a project. These include an assessment of the need for additional contingencies to cover potential unknown expenses;
- Modifications: where a modification to a contract occurs, judgement is made on whether the modification is distinct, or intrinsically connected to the original contract. Where it is not distinct, the original project is reforecasted for the additional income and costs to complete; and
- Pain / gain share: where the Company engages with another joint operator to provide a service to a client, there are additional risks regarding work outside of the Company's direct control. Project teams use their judgement, to estimate their share of any pain / gain and include this in their cost to complete forecasts.

While the estimates made are based on professional judgements, subsequent events may mean that estimates calculated prove to be inaccurate, with a consequent effect on the reported result.

Projects may contain contingencies in their accounting estimates. These contingencies are for potential additional costs that may be required to complete the project. Such costs are only included when they are deemed more likely than not. Management have reviewed ongoing projects as at 31 March 2024 and are satisfied that it is reasonable to include these contingencies. Based on the information available as at 31 March 2024, management does not consider there to be any significant risks of material change to the estimates that feed into contract accounting within the next financial year.

Forecasted income represents income that has been agreed with the client. Fee from modifications is only recognised once it has been agreed with the client.

Measuring the outcome of the performance obligations can take time due to the multi-year lifespan of the Company's contracts. Assuming the project is forecasted to make a profit, the Company recognises revenue only to the extent of the costs incurred until the project reaches 50% complete on a standard risk project and 95% on a high risk project. Management have reviewed projects across the Arup Group and have used their judgement to establish these percentages. Once a non-onerous project reaches 50% / 95% complete, profit is recognised in line with its percentage completion.

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

The Company makes an estimate of the recoverable value of trade receivables and contract assets. When assessing impairment, management considers factors including the credit rating of the receivables, the ageing profile of receivables and historical experience. The Company applies the simplified approach for IFRS 9 when measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. See notes 12 and 13 for the net carrying amounts of contract assets and trade receivables and their associated impairment provisions.

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

Defined benefit pension schemes (estimates and judgements)

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

An estimate of the sensitivity to changes in key assumptions is disclosed in note 18.

Lease accounting (judgements)

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

4 Revenue

The total revenue recognised in the year that was included in contract liabilities at the beginning of the year was £9,928k (2023: £10,349k).

The total revenue recognised in the year from performance obligations satisfied (or partially satisfied) in previous years was £24,188k (2023: £13,951k).

	2024	2023
	£'000	£'000
Revenue by destination		
United Kingdom	1,571	2,685
Asia	72	10
Australasia	180	225
Europe	59	261
Middle East & Africa	31,238	19,732
Americas	63	14
	33,183	22,927

5 Employee benefit expense

	2024	2023
	£'000	£'000
Wages and salaries	5,503	4,902
Global profit-share scheme	117	546
Social security costs	32	14
Pension contributions	60	44
Headcount reduction costs	-	1
Post-employment benefit costs	27	131
Other staff costs	505	353
	6,244	5,991

Average monthly number of people employed	Number	Number
Engineering and technical staff	44	37
Administrative staff	7	7
	51	44

6 Directors' remuneration

The directors' remunerations were as follows:

	2024	2023
	£'000	£'000
Aggregate remuneration	263	304

Highest paid director:	£'000	£'000
Remuneration excluding contributions paid to pension schemes	263	304
	263	304

7 Operating profit

	2024	2023
	£'000	£'000
This is stated after charging / (crediting):		
During the year, the Company obtained the following services from the Company's auditors:		
– Audit of Company financial statements	123	102
Loss on disposal of property, plant and equipment	6	-
(Gain) / loss on exchange from trading activities	(614)	2,152
Depreciation of property, plant and equipment	81	52
Depreciation of right-of-use assets	115	161
Global and / or regional support costs	3,443	1,941

8 Net finance income

	2024	2023
	£'000	£'000
Interest expense on borrowings	-	(0)
Lease liabilities	(6)	(10)
Net finance costs on net post-employment benefit liabilities	(48)	(32)
Interest expense – Arup Group undertakings	(843)	(510)
Total finance costs	(897)	(552)
Interest receivable on short-term bank deposits	319	178
Interest receivable – Arup Group undertakings	1,006	603
Total finance income	1,325	781
Net finance income	428	229

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

9 Income tax charge

(a) Analysis of total income tax charge

	2024 £'000	2023 £'000
Current income tax		
– UK: current income tax on profits for the year	85	54
– UK: adjustment in respect of prior years	(52)	(215)
– Non-UK: current income tax on profits for the year	80	194
Total current income tax	113	33
Deferred income tax (note 17)		
– Origination and reversal of temporary differences	(20)	10
– Under provision of deferred income tax in respect of prior years	(2)	1,168
Total deferred income tax	(22)	1,178
Total income tax charge	91	1,211

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

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

The differences are explained below:

	2024 £'000	2023 £'000
Profit before income tax	1,156	4,813
Profit before income tax multiplied by the standard rate of corporation tax in the UK	289	914
Effects of:		
Group relief	(240)	(848)
Income not subject to tax	-	(17)
Expenses not deductible for tax purposes	23	4
Research and development tax credits	13	-
Impact of non-UK tax	80	202
Tax decrease arising from overseas tax suffered	(20)	-
Remeasurement of deferred income tax - change in tax rates	-	2
Adjustment in respect of prior years	(54)	954
Total income tax charge	91	1,211

(c) Factors affecting current and future income tax charges

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

10 Property, plant and equipment

	Furniture, fittings & IT hardware
	£'000
Cost	
Balance at 1 April 2023	422
Additions	140
Disposals	(123)
Adjustment for exchange differences	(9)
Balance at 31 March 2024	430
Accumulated depreciation	
Balance at 1 April 2023	279
Charge for the year	81
Disposals	(117)
Adjustment for exchange differences	(6)
Balance at 31 March 2024	237
Net book value at 31 March 2024	193
Net book value at 31 March 2023	143

11 Leases

This note provides information for leases where the Company is a lessee.

(i) Amounts recognised in the balance sheet

	2024	2023
	£'000	£'000
Right-of-use assets		
Buildings	158	214
	158	214
Lease liabilities		
Current	136	100
Non-current	-	107
	136	207

Additions to the right-of-use assets during the financial year to 31 March 2024 was nil (2023: £323k).

(ii) Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

	2024	2023
	£'000	£'000
Depreciation charge of right-of-use assets		
Buildings	115	161
	115	161
Interest expense (included in finance costs)	6	10
Expense relating to short-term leases (included in communications and other overheads)	14	14

The total cash outflow for leases in the year ended 31 March 2024 was £136k (2023: £150k).

12 Contract assets and liabilities

Contract assets	2024	2023
	£'000	£'000
Contract assets	2,082	906
Loss allowance	(2)	(121)
	2,080	785

Contract liabilities	2024	2023
	£'000	£'000
Contract liabilities	8,620	11,113

13 Trade and other receivables

	2024	2023
	£'000	£'000
Trade receivables - net	4,163	4,634
Amounts due from Arup Group undertakings	2,340	1,846
Other receivables	1,058	931
Prepayments and accrued income	118	83
	7,679	7,494

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

Trade receivables	2024	2023
	£'000	£'000
Trade receivables	4,729	5,034
Loss allowance	(566)	(400)
	4,163	4,634

Amounts due from Arup Group undertakings

Amounts due from Arup Group undertakings are unsecured, have no date of repayment and are repayable on demand. Where inter-group loans have been provided, interest is accrued on inter-group loans with a rate in the range of 2-8.25% (2023: 1-8.25%).

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

14 Cash and cash equivalents

	2024	2023
	£'000	£'000
Cash at bank and in hand	6,699	10,468
	6,699	10,468

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

15 Trade and other payables

	2024	2023
	£'000	£'000
Trade payables	73	1,132
Amounts owed to Arup Group undertakings	3,660	1,636
Accrued expenses	513	2,234
Other payables	77	121
	4,323	5,123

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

Amounts owed to Arup Group undertakings

Amounts owed to Arup Group undertakings are unsecured, have no date of repayment and are repayable on demand. Where inter-group loans have been provided, interest is accrued on inter-group loans with a rate in the range of 2-8.25% (2023: 1-8.25%).

16 Provisions for other liabilities and charges

2024	Onerous contract
	£'000
Current	460
Non-current	383
	843

Reconciliation of movement	
Balance as at 1 April	0
Provisions charged to the income statement	844
Provisions released to the income statement	(0)
Adjustment for exchange differences	(1)
Balance as at 31 March	843

2023	Onerous contract
	£'000
Current	0
	0

Reconciliation of movement	
Balance as at 1 April	45
Provisions charged to the income statement	0
Provisions released to the income statement	(45)
Adjustment for exchange differences	0
Balance as at 31 March	0

17 Deferred income tax

The offset amounts are as follows:

	2024	2023
	£'000	£'000
Deferred income tax assets		
– deferred income tax assets to be recovered after more than 12 months	407	400
	407	400
Deferred income tax liabilities		
– deferred income tax liabilities to be recovered after more than 12 months	(28)	(38)
– deferred income tax liabilities to be recovered within 12 months	(9)	(9)
	(37)	(47)
Balance at the end of the financial year	370	353

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

	2024	2023
	£'000	£'000
Balance at the beginning of the financial year	353	1,485
Over / (under) provision of deferred income tax in respect of prior years	2	(1,168)
Deferred income tax credited / (charged) to the income statement	20	(10)
Deferred income tax credit relating to components of other comprehensive income	2	26
Adjustment for exchange differences	(7)	20
Balance at the end of the financial year	370	353

Deferred income tax liabilities	Impact of change in accounting standards	Total
	£'000	£'000
At 1 April 2022	54	54
Credited to the income statement	(10)	(10)
Adjustment for exchange differences	3	3
At 31 March 2023	47	47
Credited to the income statement	(9)	(9)
Adjustment for exchange differences	(1)	(1)
At 31 March 2024	37	37

Deferred income tax assets	Unutilised tax depreciation	Retirement benefit obligations	Provisions	Tax losses	Total
	£'000	£'000	£'000	£'000	£'000
At 1 April 2022	157	220	(3)	1,165	1,539
(Charged) / credited to the income statement	(54)	19	11	(1,165)	(1,189)
Credited to other comprehensive income	-	26	-	-	26
Adjustment for exchange differences	11	13	(0)	-	24
At 31 March 2023	114	278	8	-	400
(Charged) / credited to the income statement	(35)	47	1	-	13
Credited to other comprehensive income	-	2	-	-	2
Adjustment for exchange differences	(2)	(6)	(0)	-	(8)
At 31 March 2024	77	321	9	-	407

18 Employee benefit liabilities

	2024	2023
Balance sheet obligation for:	£'000	£'000
– Defined post-employment benefits	(1,290)	(1,115)
– Service milestones	(38)	-
Liability in the balance sheet	(1,328)	(1,115)
Income statement charge for:		
– Defined pension benefits	217	209
– Service milestones	38	-
Remeasurement losses for:		
– Defined pension benefits	(10)	(103)

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

Service milestones

2024	Service milestones	Total
	£'000	£'000
Current	9	9
Non-current	29	29
	38	38
Reconciliation of movement		
Balance as at 1 April 2023	-	-
Employee benefit charged to the income statement	38	38
Balance as at 31 March 2024	38	38

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

Where the current milestone liabilities are expected to be settled wholly within 12 months they are presented as current, with rather than 12 months as non-current.

18.1 Unfunded scheme

The Company provides an 'End of Service Benefit' allowance to employees. Provision is made in accordance with the advice of independent qualified actuaries. The most recent valuation was at 31 March 2024 using the projected unit credit method. The most significant assumptions made by the actuary in carrying out this valuation were that the discount rate would be 5.1% (2023: 4.9%) per annum and that salary inflation would be 4.0% (2023: 3.2%) per annum. There was a benefit payment for the year to 31 March 2024 of £27k (2023: £131k).

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

	2024	2023
	£'000	£'000
Present value of unfunded obligations	(1,290)	(1,115)
Total deficit of defined benefit pension plans	(1,290)	(1,115)
Liability in the balance sheet	(1,290)	(1,115)

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

	Present value of obligation	Total
	£'000	£'000
At 1 April 2022	(883)	(883)
Current service cost	(177)	(177)
Interest expense	(32)	(32)
	(1,092)	(1,092)
Remeasurements:		
– Loss from change in demographic assumptions	(7)	(7)
– Gain from change in financial assumptions	11	11
– Experience losses	(107)	(107)
	(103)	(103)
Adjustment for exchange differences	(51)	(51)
Contributions:		
Payments from plans:		
– Benefit payments	131	131
At 31 March 2023	(1,115)	(1,115)
Current service cost	(176)	(176)
Interest expense	(48)	(48)
	(1,339)	(1,339)
Remeasurements:		
– Loss from change in financial assumptions	(25)	(25)
– Experience gains	15	15
	(10)	(10)
Adjustment for exchange differences	32	32
Contributions:		
Payments from plans:		
– Benefit payments	27	27
At 31 March 2024	(1,290)	(1,290)

18.2 Significant assumptions

	2024	2023
Discount rate	5.10%	4.90%
Salary growth rate	4.00%	3.20%
Demographic assumptions (combining mortality, withdrawal and retirement)	20.20%	20.20%

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

	Impact on defined benefit obligation		
2024	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	50 basis points	(1.57%)	1.63%
Salary growth rate	50 basis points	1.64%	(1.59%)
Demographic assumptions	500 basis points	0.30%	(0.20%)

	Impact on defined benefit obligation		
2023	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	50 basis points	(1.60%)	1.67%
Salary growth rate	50 basis points	1.69%	(1.64%)
Demographic assumptions	500 basis points	0.18%	(0.49%)

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

Membership data

	2024	2023
	Number	Number
Members of defined benefit scheme	56	45

19 Share capital

	2024	2023
Issued, called up and fully paid:	£'000	£'000
3,500,000 (2023: 3,500,000) ordinary shares of £1 each	3,500	3,500
	3,500	3,500

20 Contingent liabilities

As a part of the ordinary business activities of the Company, claims may arise in relation to work undertaken by the Company. The Arup Group arranges and maintains professional indemnity insurance on behalf of all entities in the Arup Group.

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

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

21 Related parties

The following transactions and year end balances were in relation to related parties that are not 100% owned by the Arup Group:

	2024	2023
	£'000	£'000
Transaction with other related parties		
Sales of services	49	59
Purchases of services	(261)	(2)
Outstanding balances arising from sales / purchases of services		
Net payable	155	-

22 Controlling party

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

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

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

The parent undertakings and controlling parties are Ove Arup Partnership Employee Trust, Ove Arup Partnership Charitable Trust and The Arup Service Trust.

These are the owners of Arup Group Limited. The ultimate controlling party is Ove Arup Partnership Charitable Trust.

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

23 Dividends

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