

ARUP

Financial Statements and Reports 2017

Arup Group Limited



Cover: Queensferry Crossing, Edinburgh, UK

Client: Transport Scotland

Partners & Collaborators: Dissing & Weitling Arkitektfirma A/S, EC Harris

Joint venture partners: Jacobs Engineering UK Ltd

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Contents

4	Chairman's foreword	12	Company balance sheet
5	Strategic report	13	Consolidated statement of changes in equity
6	Directors' report	13	Company statement of changes in equity
8	Independent auditors' report	14	Consolidated statement of cash flows
10	Consolidated income statement	15	Notes to the financial statements
10	Consolidated statement of comprehensive income		
11	Consolidated balance sheet		

Chairman's foreword

I am pleased to report another positive year for Arup Group, in terms of both our financial performance and the many successful projects we have worked on with our clients around the world.

Our revenue grew to £1.51bn in the year to 31 March 2017, an increase of 21.7% from 2016, with approximately 9.5% of the increase attributed to the weakening of sterling. Our operating profit margin, before staff profit-sharing for the year, was 11.6%, a sign of our financial health and stability.

Growth for Arup is not an objective. As a trust-owned firm with no individual shareholders or external investors, we set our own priorities. If we grow it is because of our desire to better meet our clients' needs and our continuing ambition to bring about positive change.

Our forward order book is healthy, showing the trust that our clients continue to place in us. Similarly, we are seeing a trend of more clients working with us on multiple projects. This is a clear indication of a further shift to a relationship-based working model, giving us an opportunity to partner with our clients to help them realise their long-term ambitions.

Working seamlessly

We operate in five regions but focus on a fully integrated service across the world. That gives us the ability to deliver the best of our capabilities wherever our clients need us, without any borders or barriers.

China and outbound Chinese clients remain an important focus and an exciting place to operate, with a strong need for the leading edge integrated skills that we can offer. The demand there for sustainable, energy-efficient development has grown and projects like Shougang Park in Beijing – China's first C40 Climate Positive development – typify the type of impact we have been able to make.

North America is another area where we have seen strong opportunities to expand the scope of what we do. The breadth of our activities there offers us a sound base, as does the visibility from successfully completing landmark projects like New York's Second Avenue Subway and San Francisco's Museum of Modern Art.

Finally, South East Asia is a region where we have seen a good deal of opportunity, particularly for infrastructure and master planning. The Bangkok Blue Line metro extension and the Jurong Lake master plan in Singapore are two notable examples of the kind of work that is contributing to the rapid development in this dynamic region.

Working collectively

We continue to seek opportunities in four broad global markets – cities, transport, energy and water – but we see increased demand for holistic thinking that draws together diverse strands of our expertise. A notable characteristic of our work this year has been a clear recognition that our markets are converging.

Shaping a better world

We will continue to focus on the needs of our clients and society as a whole, stretch our thinking to stay at the cutting-edge of our industry, collaborate with enthusiasm at every opportunity and above all concentrate on 'quality'.

If we do all this we can achieve a great deal – taking the opportunities presented to genuinely 'shape a better world'.



Gregory Hodkinson
Chairman, Arup Group

Strategic report

The directors present their strategic report for Arup Group Limited together with its subsidiaries (the “Group”) for the year ended 31 March 2017 which was approved by the board of directors.

Review of the business

These are the results for the Group for the financial year ended 31 March 2017. The results show a profit for the financial year of £47.7m (2016: £16.1m).

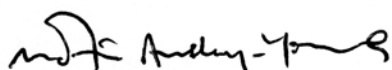
The net assets as at 31 March 2017 are £125.6m (2016: £83.5m).

The performance developments of the Group are in line with the expectations of the directors.

The principal area of risk and operating uncertainty for the business is its ability to continue to secure new projects and deliver the performance of existing projects in line with management’s objectives. To monitor these, the directors use the following key performance indicators (“KPIs”):

- Revenue and profit per person are financial KPIs used to monitor the continued contribution to the Group. In calculating profit per person, profit is stated before income tax, dividends and staff profit-sharing. For the year ended 31 March 2017, revenue per person was £113k (2016: £97k) and profit per person was £13k (2016: £9k).
- Staff turnover is a key non-financial measure of business performance. For the year ended 31 March 2017, staff turnover was 10.6% (2016: 11.5%).

By order of the Board



M J Ansley-Young
Company Secretary

24 October 2017

Registered Office: 13 Fitzroy Street, London, W1T 4BQ, UK

Directors' report

The directors present their report together with the audited consolidated financial statements of the Group and the audited financial statements of Arup Group Limited (the "Company") for the year ended 31 March 2017 which were approved by the board of directors.

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

Principal activities

The Group practices in the field of design and consulting engineering services, in architecture and in other related professional skills.

Future developments

The Group will continue to operate in similar markets. The Group has a solid, diversified portfolio and a breadth of quality employees that will help to exploit opportunities.

Dividends

The directors do not recommend a dividend payment for the year ended 31 March 2017 (2016: nil).

Directors

The directors of the Company during the year and up to the date of signing these financial statements were as follows:

P A Bailey
 A J Belfield
 T G A Carfrae
 P J Chamley
 F M Cousins (Appointed 1 April 2017)
 J A Frost (Appointed 1 April 2017)
 G S Hodkinson
 M K Y Kwok
 L M Lui (Resigned 31 March 2017)
 D M Mitchell
 M Raman (Resigned 31 March 2017)
 G Shore (Appointed 1 January 2017)
 T J Stone
 M S Tweedie (Appointed 1 April 2017)
 D A Whittleton (Resigned 31 March 2017)
 T J F Whyte (Appointed 1 April 2017)
 N T Woods (Resigned 31 December 2016)

Directors' remuneration

Directors' remuneration has been disclosed in note 5 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 Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company 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 auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office for another financial year.

Financial risk management

The Group's financial assets and liabilities comprise cash at bank, trade and other receivables and trade and other payables, whose main purpose is to maintain adequate finance for the Group's operations.

The Group is exposed to a number of financial risks and actively mitigates the risk of financial loss. The key aspects are:

- Liquidity risk: cash flow forecasts are prepared to ensure that sufficient funds are available to meet the Group's liabilities as and when they fall due.
- Foreign exchange risk: where possible the Group matches its currency earnings with currency costs. Where this is not possible, appropriate derivative contracts may be used. There is no speculative use of financial instruments.
- Interest rate risk: the Group currently does not hedge interest rate risk, however the need to do so is regularly reviewed.
- Credit risk: the main exposure to credit risk is on amounts due from customers. Controls and procedures are in place to mitigate this risk. Cash investments are held with banks with a minimum credit rating of A-3 / P2.

Note 1(d) in the notes to the financial statements provides further information on accounting for exchange rate differences.

Research and development

The Group engages in research and development on an ad-hoc basis as required to complete projects during the normal course of business. Costs incurred in research are immediately expensed to the income statement, whilst development costs are assessed for capitalisation against the criteria of IAS 38 'Intangible Assets'.

Employees

The maintenance of a highly skilled workforce is key to the future of the Group. Health and Safety matters are regularly reviewed by the directors and it is their policy to ensure that:

- full and fair consideration is given to all applications for employment made by disabled persons, having regard to their capabilities;
- when existing employees become disabled (whether from illness or accident) every reasonable effort is made to continue to provide suitable employment either in the same, or by training, in an alternative job; and
- disabled persons are given equal consideration for training, career development and opportunities for promotion within the Group.

The Group is active in the field of employee communications and employees are encouraged to express their views on major policy issues. 'Working at Arup' surveys are conducted to obtain feedback from employees. This survey is confidential and is used alongside consultation with employees where appropriate.

Each year, employees are provided with a Chairman's report and financial information. Employees are informed of significant business issues via the use of email, discussions with senior management, the Group's intranet and in-house publications.

Employee involvement in the Group's performance is encouraged and maintained via participation in a staff profit-sharing scheme.

Directors' report (continued)

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union, and the Company 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 Group and the Company and of the profit or loss of the Group and the Company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that: are sufficient to show and explain the Group's and Company's transactions; disclose with reasonable accuracy at any time the financial position of the Company and the Group; and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. The directors are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

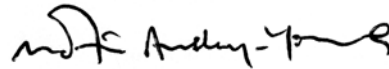
Disclosure of information to auditors

The directors confirm that, as at the date this report was approved, so far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware and that he or she has taken all steps he or she ought to have taken as a director in order to make him or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet event

Following the year-end, the three properties classified as assets held for sale in the balance sheet (note 18) were sold.

By order of the Board



M J Ansley-Young
Company Secretary

24 October 2017

Registered Office: 13 Fitzroy Street, London, W1T 4BQ, UK

Independent auditors' report to the members of Arup Group Limited

Report on the financial statements

Our opinion

In our opinion:

- Arup Group Limited's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 31 March 2017 and of the Group's profit and cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements included within the Financial Statements and Reports, comprise:

- the Consolidated income statement and Consolidated statement of comprehensive income for the year ended 31 March 2017;
- the Consolidated balance sheet as at 31 March 2017;
- the Company balance sheet as at 31 March 2017;
- the Consolidated statement of changes in equity for the year then ended;
- the Company statement of changes in equity for the year then ended;
- the Consolidated statement of cash flows for the year then ended; and
- the Notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the Group financial statements is IFRSs as adopted by the European Union, and applicable law. The financial reporting framework that has been applied in the preparation of the Company financial statements is United Kingdom Accounting Standards, comprising FRS 101 (United Kingdom Generally Accepted Accounting Practice), and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the Group, the Company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the strategic report and the directors' report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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 Arup Group Limited (continued)

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group and the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Financial Statements and Reports to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the strategic report and directors' report, we consider whether those reports include the disclosures required by applicable legal requirements.



Craig Skelton (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

London

24 October 2017

Consolidated income statement

For the year ended 31 March 2017

	Note	2017 £m	2016 £m
Revenue		1,509.5	1,239.9
Employee benefit expense	4	(872.7)	(748.5)
Charges from sub-consultants and other direct project expenses		(367.0)	(274.4)
Depreciation and amortisation expense	9 & 10	(23.0)	(19.9)
Accommodation		(61.6)	(56.0)
Communications and other overheads		(113.0)	(113.3)
Operating profit	6	72.2	27.8
Finance income	7	1.2	1.4
Finance costs	7	(6.9)	(7.1)
Share of loss of investments accounted for using the equity method	12	-	(0.0)
Profit before income tax		66.5	22.1
Income tax expense	8	(18.8)	(6.0)
Profit for the financial year		47.7	16.1

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

Consolidated statement of comprehensive income

For the year ended 31 March 2017

	2017 £m	2016 £m
Profit for the financial year	47.7	16.1
Other comprehensive income / (expense):		
Items that will not be reclassified to profit or loss		
Remeasurement gains of post employment benefit obligations	0.0	5.9
	0.0	5.9
Items that may be reclassified subsequently to profit or loss		
Currency translation (losses) / gains	(5.6)	2.3
Other comprehensive (expense) / income for the year, net of tax	(5.6)	8.2
Total comprehensive income for the year	42.1	24.3

The notes on pages 15 to 49 are an integral part of these financial statements.

Consolidated balance sheet

As at 31 March 2017

	Note	2017 £m	2016 £m
Assets			
Non-current assets			
Property, plant and equipment	10	80.4	129.6
Intangible assets	9	4.4	3.4
Investments in associates	12	-	-
Deferred income tax assets	23	55.2	58.9
Available-for-sale financial assets	13	0.0	0.0
Derivative financial instruments	15	-	0.0
		140.0	191.9
Current assets			
Trade and other receivables	16	456.9	376.8
Derivative financial instruments	15	0.0	0.1
Cash and cash equivalents	17	107.5	137.0
		564.4	513.9
Assets classified as held for sale	18	57.6	-
Total assets		762.0	705.8
Liabilities			
Current liabilities			
Derivative financial instruments	15	0.6	0.2
Trade and other payables	20	440.7	427.4
Current income tax liabilities		12.0	7.0
Provisions for other liabilities and charges	21	0.5	0.2
		453.8	434.8
Non-current liabilities			
Borrowings	19	-	-
Derivative financial instruments	15	0.1	0.1
Deferred income tax liabilities	23	8.3	7.6
Post-employment benefit liabilities	29	160.2	169.9
Provisions for other liabilities and charges	21	7.0	6.1
Other non-current liabilities	22	7.0	3.8
		182.6	187.5
Total liabilities		636.4	622.3
Net assets		125.6	83.5
Equity			
Share capital	24	0.1	0.1
Retained earnings		125.5	83.4
Total equity		125.6	83.5

The notes on pages 15 to 49 are an integral part of these financial statements. The financial statements on pages 10 to 49 were approved and authorised for issue by the board of directors and signed on its behalf by:



G S Hodkinson
Chairman

24 October 2017

Company balance sheet

As at 31 March 2017

	Note	2017 £m	2016 £m
Assets			
Non-current assets			
Property, plant and equipment	10	2.1	2.1
Investments in subsidiaries	11	183.0	158.1
Available-for-sale financial assets	13	0.0	0.0
		185.1	160.2
Current assets			
Trade and other receivables	16	9.1	28.2
Cash and cash equivalents	17	0.4	0.0
		9.5	28.2
Total assets		194.6	188.4
Liabilities			
Current liabilities			
Trade and other payables	20	187.8	162.1
Current income tax liabilities		0.7	0.7
		188.5	162.8
Total liabilities		188.5	162.8
Net assets		6.1	25.6
Equity			
Share capital	24	0.1	0.1
Retained earnings		6.0	25.5
Total equity		6.1	25.6

The notes on pages 15 to 49 are an integral part of these financial statements. The financial statements on pages 10 to 49 were approved and authorised for issue by the board of directors and signed on its behalf by:



G S Hodkinson
Chairman

24 October 2017

Consolidated statement of changes in equity

For the year ended 31 March 2017

	Share capital £m	Retained earnings £m	Total equity £m
Balance as at 1 April 2015	0.1	59.1	59.2
Profit for the financial year	-	16.1	16.1
Remeasurement of post-employment obligations	-	10.8	10.8
Remeasurement of post-employment obligations - tax	-	(4.9)	(4.9)
Currency translation differences - gains	-	2.3	2.3
Other comprehensive income for the year	-	8.2	8.2
Total comprehensive income for the year	-	24.3	24.3
Balance as at 31 March 2016	0.1	83.4	83.5
Profit for the financial year	-	47.7	47.7
Remeasurement of post-employment obligations	-	1.0	1.0
Remeasurement of post-employment obligations - tax	-	(1.0)	(1.0)
Currency translation differences - losses	-	(5.6)	(5.6)
Other comprehensive expenses for the year	-	(5.6)	(5.6)
Total comprehensive income for the year	-	42.1	42.1
Balance as at 31 March 2017	0.1	125.5	125.6

Company statement of changes in equity

For the year ended 31 March 2017

	Share capital £m	Retained earnings £m	Total equity £m
Balance as at 1 April 2015	0.1	43.0	43.1
Loss for the financial year	-	(17.5)	(17.5)
Balance as at 31 March 2016	0.1	25.5	25.6
Loss for the financial year	-	(19.5)	(19.5)
Balance as at 31 March 2017	0.1	6.0	6.1

Consolidated statement of cash flows

For the year ended 31 March 2017

	Note	2017 £m	2016 £m
Cash flows from operating activities			
Cash generated from operations	25	4.6	47.7
Interest paid		(1.0)	(1.3)
Income tax paid		(14.5)	(9.5)
Net cash (used in) / generated from operating activities		(10.9)	36.9
Cash flows from investing activities			
Purchases of property, plant and equipment		(26.1)	(17.1)
Proceeds from sale of property, plant and equipment		0.0	0.1
Purchase of intangible assets		(2.4)	(1.5)
Purchases of available-for-sale financial assets		-	(0.1)
Interest received		1.2	1.4
Net cash used in investing activities		(27.3)	(17.2)
Cash flows from financing activities			
Repayments of borrowings		-	(15.0)
Net cash used in financing activities		-	(15.0)
Net (decrease) / increase in cash and cash equivalents		(38.2)	4.7
Cash and cash equivalents at beginning of year		137.0	129.1
Exchange gains on cash and cash equivalents		8.7	3.2
Cash and cash equivalents at end of year		107.5	137.0

Notes to the financial statements

For the year ended 31 March 2017

1 Accounting policies

Arup Group Limited is a private limited company which is incorporated and domiciled in England and Wales. The address of the registered office is 13 Fitzroy Street, London, W1T 4BQ, UK.

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

a) Basis of preparation

Group

These consolidated financial statements have been prepared in accordance with IFRS and IFRS Interpretations Committee ("IFRS IC" or "IFRIC") interpretations as adopted by the European Union and the Companies Act 2006 as applicable to companies reporting under IFRSs. The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of the available-for-sale financial assets, financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRSs require the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the preparation of the consolidated financial statements are disclosed in note 3.

Company

The Company's financial statements have been prepared in accordance with FRS 101. These financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The following exemptions from the requirements of IFRSs have been applied in the preparation of the Company 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);
- Paragraph 38 of IAS 1, 'Presentation of Financial Statements' comparative information requirements in respect of:
 - 79(a)(iv) of IAS 1, 'Presentation of Financial Statements' (reconciliation of the number of shares outstanding at the beginning and end of the period);
 - 73(e) of IAS 16, 'Property, Plant and Equipment' (reconciliation of the carrying amount at the beginning and end of the period);

- 118(e) of IAS 38, 'Intangible Assets' (reconciliation of the carrying amount at the beginning and end of the period); and
- 76 and 79(d) of IAS 40, 'Investment Property' (reconciliation of the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1:
 - 10(d) (statement of cash flows);
 - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements);
 - 16 (statement of compliance with IFRSs);
 - 38A (requirement for minimum of two primary statements including cash flow statements);
 - 38B-D (additional comparative information);
 - 40A-D (requirements for a third statement of financial position);
 - 111 (cash flow statement information); and
 - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows';
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation); and
- IAS 24 (disclosure of related parties entered into between two or more members of a group providing that the parties are wholly owned by the group).

b) Going concern

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and therefore continue to adopt the going concern basis in preparing the financial statements.

c) Changes in accounting policies and disclosures

New standards and interpretations not yet adopted by the Group

No new standards, amendments or interpretations, effective for the first time for financial years beginning on or after 1 April 2016 have had a material impact on the Group.

The following new accounting standards and interpretations have been published that are not mandatory for the year ended 31 March 2017 reporting period and have not been early adopted by the Group:

- IFRS 9, 'Financial Instruments' is a new standard which enhances the ability of investors and other users of financial information to understand the accounting for financial assets and reduces complexity. The standard uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the various rules in IAS 39. This standard is effective for accounting periods commencing on or after 1 January 2018.

Notes to the financial statements (continued)

For the year ended 31 March 2017

e) Changes in accounting policies and disclosures (continued)

- IFRS 15, 'Revenue from Contracts with Customers' is a new standard based on a five-step model framework, which replaces all existing revenue recognition standards. The standard requires revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services. This standard is effective for accounting periods commencing on or after 1 January 2018.
- IFRS 16, 'Leases' is a new standard which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract. The standard eliminates the classification of leases as either operating leases or finance leases as required by IAS 17, and instead introduces a single lessee accounting model. A lessee will be required to recognise assets and liabilities for all leases with a term of more than 12 months and depreciate lease assets separately from interest on lease liabilities in the income statement. This standard is effective for accounting periods commencing on or after 1 January 2019.

The Group is currently assessing the impact of the new standards, amendments and interpretations that are not yet effective. Following our initial assessment of IFRS 15, the Group expects revenue to be recognised earlier than currently. The Group is still assessing the full impact of this new standard.

d) Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

e) 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 amounts recoverable on contracts within trade and other receivables. For contracts on which fees rendered exceeds revenue, the excess is included as deferred income within trade and other payables.

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.

f) Pre-contract costs

The Group accounts for all pre-contract costs in accordance with IAS 11 'Construction contracts'. Costs incurred before it becomes probable that a contract will be obtained are charged to expenses. Directly attributable costs incurred after that point are recognised in the balance sheet and charged to the income statement over the duration of the contract.

g) Current and deferred income tax

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 and its subsidiaries operate and generate taxable income.

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

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax 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.

h) Intangible assets

Computer software

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring into use the specific software. These costs are amortised using the straight-line method to allocate the cost of the software over its useful economic life of between two and five years. Computer software is stated at cost less accumulated amortisation.

i) 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.

Notes to the financial statements (continued)

For the year ended 31 March 2017

i) Property, plant and equipment (continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the income statement during the financial period 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: freehold land and property is depreciated over 50 years; expenditure on leasehold properties is depreciated over the period of the lease; and all other property, plant and equipment is depreciated over a three to ten year period.

Investment properties are accounted for using the cost model. The accounting treatment is in line with that of property, plant and equipment above.

j) Impairment of non-financial assets

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

k) Financial assets

Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss; loans and receivables; and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held-for-trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held-for-trading. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except where the maturity is greater than 12 months after the balance sheet date, in which case they are included as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

l) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date (the date on which the Group commits to purchase or sell the asset). Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expenses in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

m) 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.

n) Impairment of financial assets

Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include: indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in payments; the probability that they will enter bankruptcy or other financial reorganisation; and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For the loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

Notes to the financial statements (continued)

For the year ended 31 March 2017

n) Impairment of financial assets (continued)

Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss) is removed from equity and recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the income statement.

o) Derivatives financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The Group does not apply hedge accounting and therefore fair value gains or losses are credited/charged to the income statement.

p) Trade receivables

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

Trade receivables are recognised at fair value. A provision for the impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

q) Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits and other short term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

r) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

s) 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.

t) Provisions for liabilities

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

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

u) Employee benefits

Pension obligations

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

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using various methods (see note 29 for the methods used). The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

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

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligation once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

Staff profit-sharing

The Group recognises a liability and an expense for staff profit-sharing, based on a formula that takes into consideration the employees' salary, length of service and grade.

v) Company income statement

In accordance with the concession under Section 408(3) of the Companies Act 2006, the Company income statement has not been separately presented in these financial statements. The loss and total comprehensive expense for the year was £19.5m (2016: £17.5m).

Notes to the financial statements (continued)

For the year ended 31 March 2017

2 Financial risk management

2.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk); credit risk; and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to manage certain risk exposures.

Risk management is carried out by a central treasury department ('Group Treasury') under policies approved by the board of directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investment of excess liquidity.

a) Market risk

i) Foreign exchange risk

The Group operates in a number of international territories. Each business undertakes a large proportion of its commercial transactions within its local market and in its local functional currency. Foreign exchange risk arises from commercial transactions undertaken in currencies other than the local functional currency, from financial assets and liabilities denominated in currencies other than the local functional currency and on the Group's investments in foreign operations.

Group policy is for each business to undertake commercial transactions in its own functional currency whenever possible. When this is not possible, the Group manages its foreign currency exchange risk from future commercial transactions using appropriate derivative contracts arranged by Group Treasury. Cash flows are reviewed on a monthly basis throughout the duration of projects and the future cover is amended as appropriate.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. A proportion of the currency exposure arising from the net assets of the Group's foreign operations is managed through borrowings denominated in the relevant foreign currencies.

The Group's primary exposure to foreign exchange risk on unhedged financial assets and liabilities arises mainly in respect of movements between the US dollar and sterling, the Hong Kong dollar and sterling and between the euro and sterling.

At 31 March 2017, if sterling had strengthened/weakened by a reasonably possible change of 10% against the euro, post-tax profit for the year would have been higher/lower by £1.3m (2016: lower/higher by £0.2m) and equity would have been higher/lower by £4.9m (2016: higher/lower by £3.5m). If sterling had strengthened/weakened by a reasonably possible change of 10% against the Hong Kong dollar, post-tax profit for the year would have been higher/lower by £0.5m (2016: higher/lower by £0.4m) and equity would have been higher/lower by £1.4m (2016: higher/lower by £2.4m). If sterling had strengthened/weakened by a reasonably possible change of 10% against the US dollar, post-tax profit for the year would have been higher/lower by £5.9m (2016: higher/lower by £4.1m) and equity would have been higher/lower by £2.7m (2016: higher/lower by £1.7m).

ii) Interest rate risk

There is no material exposure to interest rate risk. Therefore, no interest hedging is currently undertaken by the Group.

b) Credit risk

Credit risk is the risk that the Group will suffer financial loss as a result of counterparties defaulting on their contractual obligations.

For trade and other receivables, concentration of credit risk is very limited due to the Group's broad customer base. An assessment of credit quality of the customer is made where appropriate using a combination of external rating agencies, past experience and other factors. In circumstances where credit information is unavailable or poor, the risk is mitigated primarily by the use of advance payments resulting in positive cash flows. Exposure and payment performance are monitored closely both at individual project and client level, with a series of escalating debt recovery actions taken where necessary. In view of current economic circumstances, additional management attention is focused on the recovery of debtors.

c) Liquidity risk

The Group funds its activities primarily through cash generated from its operations and also maintains undrawn committed bank facilities. The liquidity risk is managed with reference to short and long-term cash flow forecasts and the maturity of the bank facilities. These facilities contain financial covenants. Throughout the year the Group maintained robust headroom against its covenants and is expected to do so into the foreseeable future.

Surplus cash is invested by Group Treasury in interest bearing current accounts, term deposits and money market deposits through instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts.

Notes to the financial statements (continued)

For the year ended 31 March 2017

c) Liquidity risk (continued)

The table below analyses the Group's non-derivative financial liabilities and net settled derivative financial liabilities into relevant maturity groupings based on the remaining period between the balance sheet date and the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	On demand or within 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m
As at 31 March 2017				
Derivative financial instruments	0.1	0.6	-	-
Trade and other payables excluding non-financial liabilities	209.4	-	-	-

	On demand or within 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m
As at 31 March 2016				
Derivative financial instruments	0.0	0.2	-	-
Trade and other payables excluding non-financial liabilities	181.3	-	-	-

2.2 Capital risk management

The Group is a long-term business, held in trust for the principal benefit of its employees. This ownership model means that it is not able to raise equity externally. The Group's objectives when managing capital (defined as net debt plus equity) are to safeguard its ability to continue as a going concern, provide returns for its employees and to avoid debt funding.

The Group manages capital to ensure an appropriate balance between investing in employees, clients and profit. At 31 March 2017 the Group had no external borrowings (2016: nil).

2.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Notes to the financial statements (continued)

For the year ended 31 March 2017

2.3 Fair value estimation (continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value at the balance sheet date. There were no items classified as Level 1 or Level 3 at the balance sheet dates.

	2017 Level 2 £m	2016 Level 2 £m
Assets		
Financial assets at fair value through profit or loss		
Trading derivatives:		
- Foreign exchange contracts	0.0	0.2
Total assets	0.0	0.2

	2017 Level 2 £m	2016 Level 2 £m
Liabilities		
Financial liabilities at fair value through profit or loss		
Trading derivatives:		
- Foreign exchange contracts	0.7	0.3
Total liabilities	0.7	0.3

Level 1 financial instruments

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the reporting date and yield curves derived from quoted interest rates matching the maturities of the foreign exchange contracts.

Level 3 financial instruments

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- quoted market prices or dealer quotes for similar instruments;
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to the present value;
- other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Notes to the financial statements (continued)

For the year ended 31 March 2017

2.4 Offsetting financial assets and financial liabilities

Financial assets

The following financial assets are subject to offsetting, enforceable master netting arrangements and similar arrangements.

	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the balance sheet	Net amounts of financial assets presented in the balance sheet
As at 31 March 2017	£m	£m	£m
Cash and cash equivalents	204.7	(97.2)	107.5
Credit balance	(97.2)	97.2	-
Total	107.5	-	107.5

	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the balance sheet	Net amounts of financial assets presented in the balance sheet
As at 31 March 2016	£m	£m	£m
Cash and cash equivalents	258.8	(121.8)	137.0
Credit balance	(121.8)	121.8	-
Total	137.0	-	137.0

The Group has a cash pooling arrangement with its principal bank. The arrangement allows for cash to be pooled together across certain entities within the Group. A consequence of this arrangement is that any cash balance within the pooling group that is showing as overdrawn is offset against those with positive cash balances. At the balance sheet date, this results in a net positive cash balance being presented in the Group financial statements.

3 Critical accounting estimates and judgements

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

Contract accounting

The Group's revenue accounting policy is central to how the Group values the work it has carried out in each financial year. This policy requires forecasts to be made on the current percentage complete and the projected outcomes of projects. These forecasts require assessments and judgements to be made on changes in, for example, percentage completion, work scope and costs to completion. While the assumptions made are based on professional judgements, subsequent events may mean that estimates prove to be inaccurate, with a consequent effect on the reported result.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. The Group provides for potential liabilities in respect of uncertain tax positions where additional tax may become payable in future periods and such provisions are based on management's assessment of exposures.

Defined benefit pension schemes

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 29.

Professional indemnity insurance

From time to time the Group receives claims from clients with regards to work performed on projects. The Group has professional indemnity insurance in place for such situations. Significant judgement is required to determine whether a provision should be put in place for these claims. Accounting estimates are made to value these claims utilising both internal and external sources as well as the benefit of past experience. Assumptions are used in making these estimates and as such subsequent events may mean that they prove to be inaccurate, with an adjustment made in a future year.

Notes to the financial statements (continued)

For the year ended 31 March 2017

4 Employee benefit expense	2017 Group £m	2016 Group £m
Wages and salaries	614.6	517.3
Staff profit-sharing	102.8	98.0
Social security costs	60.6	53.4
Pension contributions	46.0	42.0
Redundancy costs	4.6	2.3
Other staff costs	44.1	35.5
	872.7	748.5

Average monthly number of people employed	2017 Group number	2016 Group number
Engineering and technical staff	10,566	10,073
Administrative staff	1,990	1,874
Government site staff	790	859
	13,346	12,806

The Company has no employees (2016: nil).

5 Directors' remuneration	2017 Group £m	2016 Group £m
Aggregate remuneration:		
Aggregate emoluments paid	7.6	7.1
Aggregate contributions paid to defined contribution schemes	0.2	0.3

Number of directors who have accrued pension benefits under defined benefit schemes	2017 Group number	2016 Group number
	6	6

Highest paid director:	2017 Group £m	2016 Group £m
Emoluments excluding contributions paid to pension schemes	0.7	0.7
Assignment related benefits	0.2	0.2
Assignment related tax and social security costs	0.1	0.1
Amounts paid to defined contribution scheme as at 31 March	0.1	0.1
	1.1	1.1

No directors are remunerated through the Company itself, the expense is borne by other Group companies.

Notes to the financial statements (continued)

For the year ended 31 March 2017

6 Operating profit - Group

	2017 Group £m	2016 Group £m
This is stated after charging / (crediting):		
During the year, the Group obtained the following services from the Company's auditor:		
Audit of Company and consolidated financial statements	0.2	0.2
Fees payable for other services:		
- Audit of the Company's subsidiaries, pursuant to legislation	0.6	0.7
- Tax compliance services	0.2	0.2
- Tax advisory services	0.1	0.1
- Other advisory services	0.3	0.4
Loss on disposal of property, plant and equipment	1.4	0.2
(Profit) / loss on exchange from trading activities	(1.4)	0.2
Research and development costs	23.3	22.0
Operating leases - land and buildings	42.5	33.2
Operating leases - plant and machinery	1.2	1.1
Impairment of available-for-sale financial assets and associates	-	1.7
Amortisation of intangible assets	1.7	1.4
Depreciation of property, plant and equipment	21.3	18.4

7 Net finance costs - Group

	2017 Group £m	2016 Group £m
Interest expense on borrowings	0.9	1.2
Fair value loss on financial instruments	0.6	0.1
Net finance costs on net post-employment benefit liabilities	5.3	5.7
Other finance costs	0.1	0.1
Total finance costs	6.9	7.1
Interest receivable on short term bank deposits	(1.1)	(1.1)
Other interest receivables	(0.1)	(0.3)
Total finance income	(1.2)	(1.4)
Net finance costs	5.7	5.7

Notes to the financial statements (continued)

For the year ended 31 March 2017

8 Income tax expense

	2017 Group £m	2016 Group £m
(a) Analysis of tax charge		
Current income tax		
- Current income tax on profits for the year	12.3	9.7
- Adjustments in respect of prior years	0.7	(0.5)
Total current income tax	13.0	9.2
Deferred income tax (note 23)		
- Origination and reversal of temporary differences	5.2	1.4
- Effect of changes in tax rates	(1.0)	(3.4)
- Over / (under) provision of deferred income tax in respect of prior years	1.6	(1.2)
Total deferred income tax	5.8	(3.2)
Income tax expense	18.8	6.0

(b) Factors affecting the tax charge for the year

The tax assessed for the year is higher (2016: higher) than the standard rate of corporation tax in the UK 20% (2016: 20%). The differences are explained below:

	2017 Group £m	2016 Group £m
Profit before income tax	66.5	22.1
Profit multiplied by the standard rate of corporation tax in the UK	13.3	4.4
Effects of:		
Income not subject to tax	(16.3)	(0.8)
Expenses not deductible for tax purposes	15.1	4.0
Research and development tax credits	(1.4)	(1.3)
Impact of non-UK tax	4.2	3.1
Tax increase arising from non-UK tax suffered	(0.3)	0.1
Utilisation of tax losses for which no deferred income tax asset was recognised	0.0	2.1
Remeasurement of deferred income tax - change in tax rates	(1.0)	(3.4)
Adjustment in respect of prior years	2.3	(1.8)
Unrelieved losses carried forward on which no deferred income tax is recognised	3.0	0.5
Other	(0.1)	(0.9)
Total tax expense	18.8	6.0

Notes to the financial statements (continued)

For the year ended 31 March 2017

8 Income tax expense (continued)

(c) Factors affecting current and future tax charges

Throughout the financial year, the UK main corporation tax rate was 20% and this has been reflected in the financial statements. The rate of UK corporation tax reduced from 20% to 19% on 1 April 2017 and is planned to be reduced further to 17% on 1 April 2020. As deferred income tax assets and liabilities are measured at the rates that are expected to apply in the periods of the reversal, deferred income tax balances at 31 March 2017 have been calculated at the rate at which the relevant balance is expected to be recovered or settled.

In the March 2016 Budget, the UK Government announced its plans to introduce new rules to restrict the deductibility of net interest costs from 1 April 2017. It was also announced that from 1 April 2017, the amount of UK taxable profits that can be offset with carried forward tax losses will be restricted to £5 million per group and then 50% of these profits thereafter. As the proposed changes had not been substantively enacted at the balance sheet date, their effects are not included in these financial statements.

For the year ending 31 March 2017 local tax rates have been used to calculate deferred income tax assets or liabilities.

9 Intangible assets

Group	Computer software £m
Cost	
Balance at 1 April 2015	18.9
Additions	1.5
Disposals	(6.3)
Adjustment for exchange differences	0.3
Balance at 31 March 2016	14.4
Additions	2.4
Disposals	(1.0)
Adjustment for exchange differences	1.2
Balance at 31 March 2017	17.0
Accumulated amortisation	
Balance at 1 April 2015	15.6
Charge for the year	1.4
Disposals	(6.3)
Adjustment for exchange differences	0.3
Balance at 31 March 2016	11.0
Charge for the year	1.7
Disposals	(1.0)
Adjustment for exchange differences	0.9
Balance at 31 March 2017	12.6
Net book value at 31 March 2017	4.4
Net book value at 31 March 2016	3.4

The Company has no intangible assets.

Notes to the financial statements (continued)

For the year ended 31 March 2017

10 Property, plant and equipment

Group	Freehold land & property £m	Leasehold property £m	Furniture, fittings & IT hardware £m	Motor vehicles £m	Total £m
Cost or valuation					
Balance at 1 April 2015	82.3	59.8	110.3	1.4	253.8
Additions	-	2.8	14.1	0.2	17.1
Disposals	-	(5.1)	(22.4)	(0.3)	(27.8)
Adjustment for exchange differences	1.2	1.1	2.1	0.0	4.4
Balance at 31 March 2016	83.5	58.6	104.1	1.3	247.5
Additions	-	5.6	20.0	0.5	26.1
Transferred to asset classified as held for sale (note 18)	(65.8)	-	-	-	(65.8)
Disposals	(0.9)	(1.7)	(8.0)	(0.2)	(10.8)
Adjustment for exchange differences	1.4	3.4	9.6	0.1	14.5
Balance at 31 March 2017	18.2	65.9	125.7	1.7	211.5
Accumulated depreciation					
Balance at 1 April 2015	9.0	30.7	83.9	1.0	124.6
Charge for the year	1.5	4.7	12.1	0.1	18.4
Disposals	-	(5.0)	(22.3)	(0.3)	(27.6)
Adjustment for exchange differences	0.1	0.7	1.6	0.1	2.5
Balance at 31 March 2016	10.6	31.1	75.3	0.9	117.9
Charge for the year	1.5	5.3	14.4	0.1	21.3
Transferred to asset classified as held for sale (note 18)	(8.2)	-	-	-	(8.2)
Disposals	-	(1.7)	(7.4)	(0.2)	(9.3)
Adjustment for exchange differences	0.1	2.0	7.3	0.0	9.4
Balance at 31 March 2017	4.0	36.7	89.6	0.8	131.1
Net book value at 31 March 2017	14.2	29.2	36.1	0.9	80.4
Net book value at 31 March 2016	72.9	27.5	28.8	0.4	129.6

Included within freehold land & property are investment properties that have a net book value at 31 March 2017 of £2.8m (2016: £6.8m).

Notes to the financial statements (continued)

For the year ended 31 March 2017

10 Property, plant and equipment (continued)

Company

	Leasehold property £m
Cost or valuation	
Balance at 31 March 2016 and 2017	3.6
Accumulated depreciation	
Balance at 31 March 2016	1.5
Charge for the year	0.0
Balance at 31 March 2017	1.5
Net book value at 31 March 2017	2.1
Net book value at 31 March 2016	2.1

Notes to the financial statements (continued)

For the year ended 31 March 2017

11 Investments in subsidiaries

Arup Group Limited owns ordinary and preference shares in the companies noted below. These companies were all wholly owned subsidiary undertakings of Arup Group Limited at 31 March 2017 (unless otherwise stated), and their results are consolidated into the Group financial statements. The operating companies were all engaged in the same principal activities as the Group, except for: Arup Ireland Limited, Arup (Luxembourg) S.a.r.l., Fitzroy Property Guernsey Limited, Fitzroy Street Limited, Fitzroy Property Limited, Redcliffe Wharf Limited and Scotstoun Property Limited whose principal activities are property holdings; Fitzroy Insurance Services Limited that provides insurance services; eFleet Integrated Service Limited that is a lessor of electric buses; MailManager Limited that provides computer software; and Arup Treasury Limited whose principal activity is group treasury. A listing of registered addresses can be found in note 31.

Direct holdings:	Country of incorporation	Indirect holdings (continued):	Country of incorporation
Arup Americas Inc.	USA	Arup New Zealand Limited	New Zealand
Arup International Consultants (Shanghai) Co., Limited	China	Arup North America Limited	England & Wales
Arup Partner Pty Limited	Australia	Arup Pacific Pty Limited*	Australia
Arup (Pty) Limited (70% holding)	South Africa	Arup Projects 'A' Ltd	England & Wales
Arup Ventures Limited (previously Ove Arup Partnership Limited)	England & Wales	Arup Projects 'A' Limited	Hong Kong
Broomco (141) GmbH (previously Arup GmbH)*	Germany	Arup Projects A Pty Ltd	Australia
Broomco (92854) Limited (previously Arup Ireland Limited)	Ireland	Arup Pty Limited	Australia
Ove Arup Limited	England & Wales	Arup Riyadh Metro Limited	England & Wales
Ove Arup Holdings B.V.	Netherlands	Arup Services B.V.	Netherlands
Ove Arup Holdings Limited	England & Wales	Arup Services New York Limited	England & Wales
Ove Arup Holdings Private Limited	Singapore	Arup - S.I.G.M.A. Ltd	Mauritius
Ove Arup International (Holdings) Limited	Hong Kong	Arup Singapore Private Limited	Singapore
Indirect holdings:		Arup Texas Inc.	USA
AAC, Inc.	Canada	Arup Treasury Limited	England & Wales
Arup Advisory Inc.	USA	Arup USA Inc.	USA
Arup Associates Limited	England & Wales	Arup Vietnam Limited	Vietnam
Arup Brasil Consultoria Ltda	Brazil	Babylon Investment Company Unlimited Company	Ireland
Arup B.V.	Netherlands	Broomco (2108793) Limited (previously Arup Botswana Limited)*	England & Wales
Arup (Cambodia) Limited	Cambodia	eFleet Integrated Service Limited	England & Wales
Arup Canada Inc.	Canada	Fitzroy Insurance Services Limited	Guernsey
Arup China Limited	Hong Kong	Fitzroy Property Limited	England & Wales
Arup Colombia S.A.S.	Colombia	Fitzroy Property Guernsey Limited	Guernsey
Arup Consultores Internacionales Mexico, S. de R.L. de C.V.	Mexico	Fitzroy Street Limited	England & Wales
Arup Corporate Finance Limited	England & Wales	MailManager Limited	England & Wales
Arup Deutschland GmbH	Germany	Networked Electricity Storage Technology Limited (60% holding)	England & Wales
Arup d.o.o.	Serbia	OASYS Limited	England & Wales
Arup East Africa Limited	Kenya	Ovarpart Nominee Limited	England & Wales
Arup Government Projects Inc.	USA	Ove Arup & Partners Danmark A/S	Denmark
Arup Gulf Limited	England & Wales	Ove Arup & Partners Hong Kong Limited	England & Wales
Arup India Private Limited	India	Ove Arup & Partners International Limited	England & Wales
Arup Ingeniería y Consultoría Mexico, S. de R.L. de C.V.	Mexico	Ove Arup & Partners Ireland Limited	Ireland
Arup International Limited	England & Wales	Ove Arup & Partners Japan Limited	England & Wales
Arup Ireland Partner Limited	Ireland	Ove Arup & Partners Korea Limited	South Korea
Arup Ireland Properties Limited (previously Arup Ireland Incorporated)	Ireland	Ove Arup & Partners Limited	England & Wales
Arup Italia S.r.l.	Italy	Ove Arup & Partners P.C.	USA
Arup Latin America S.A.U.	Spain	Ove Arup & Partners Poland Sp. z o. o.	Poland
Arup Limited	England & Wales	Ove Arup & Partners S.A.U.	Spain
Arup (Luxembourg) S.a.r.l.	Luxembourg	Ove Arup & Partners Scotland Limited	Scotland
Arup Muhendislik ve Musavirlik Limited Sirketi	Turkey	Ove Arup (Thailand) Limited	Thailand
		PT Arup Indonesia	Indonesia
		Redcliffe Wharf Limited	England & Wales
		Scotstoun Property Limited	England & Wales
		Shelbourne Plaza (Block C) Management Company Limited (78% holding)	Ireland
		Williamsburg Investment Company Unlimited Company	Ireland

*Companies in the process of being liquidated

Notes to the financial statements (continued)

For the year ended 31 March 2017

11 Investments in subsidiaries (continued)

	Cost £m	Investment impairment £m	Net value £m
Movement of investment			
Balance as at 1 April 2015	180.7	(22.3)	158.4
Disposals	(0.3)	-	(0.3)
Balance as at 31 March 2016	180.4	(22.3)	158.1
Additions / recapitalisations	84.4	-	84.4
Investment impairments	-	(59.4)	(59.4)
Disposals	(0.1)	-	(0.1)
Balance as at 31 March 2017	264.7	(81.7)	183.0

The addition in the year was the acquisition of Ove Arup Limited from a fellow Group subsidiary. The impairment was in Arup Ventures Limited and Ove Arup Holdings B.V. and resulted from restructuring within the Group.

The directors believe that the carrying values of the investments are supported by their underlying net assets.

12 Investments in associates

	2017		2016	
	Group £m	Company £m	Group £m	Company £m
Balance as at 1 April	-	-	0.4	-
Share of loss	-	-	(0.0)	-
Impairment	-	-	(0.4)	-
Balance as at 31 March	-	-	-	-

During the year ended 31 March 2016 the Group's investment in MBK Arup Sustainable Projects Limited was fully impaired. This was the Group's sole associate. The Company has no investments in associates (2016: nil).

13 Available-for-sale financial assets

Group	2017 £m	2016 £m
Movement of unlisted investments at cost		
Balance at 1 April	0.0	1.2
Additions	-	0.1
Impairment	-	(1.3)
Balance at 31 March	0.0	0.0

The directors believe that the carrying values of the investments, valued at £4k (2016: £4k) are supported by their underlying net assets.

Company	2017 £m	2016 £m
Movement of unlisted investments at cost		
Balance at 1 April and 31 March	0.0	0.0

The directors believe that the carrying values of the investments, valued at £5k (2016: £4k) are supported by their underlying net assets.

Notes to the financial statements (continued)

For the year ended 31 March 2017

14 Financial instruments

a) Financial instruments by category

Group	2017			Total £m
	Loans and receivables £m	Assets at fair value through profit and loss £m	Available- for-sale £m	
Assets as per balance sheet				
Available-for-sale financial assets	-	-	0.0	0.0
Derivative financial instruments	-	0.0	-	0.0
Trade and other receivables excluding prepayments and corporation tax	400.2	-	-	400.2
Cash and cash equivalents	107.5	-	-	107.5
	507.7	0.0	0.0	507.7

Group	2017			Total £m
	Liabilities at fair value through profit and loss £m	Other financial liabilities at amortised cost £m		
Liabilities as per balance sheet				
Derivative financial instruments	(0.7)	-		(0.7)
Trade and other payables excluding non-financial liabilities	-	(209.4)		(209.4)
	(0.7)	(209.4)		(210.1)

Group	2016			Total £m
	Loans and receivables £m	Assets at fair value through profit and loss £m	Available- for-sale £m	
Assets as per balance sheet				
Available-for-sale financial assets	-	-	0.0	0.0
Derivative financial instruments	-	0.2	-	0.2
Trade and other receivables excluding prepayments and corporation tax	342.1	-	-	342.1
Cash and cash equivalents	137.0	-	-	137.0
	479.1	0.2	0.0	479.3

Group	2016			Total £m
	Liabilities at fair value through profit and loss £m	Other financial liabilities at amortised cost £m		
Liabilities as per balance sheet				
Derivative financial instruments	(0.3)	-		(0.3)
Trade and other payables excluding non-financial liabilities	-	(181.3)		(181.3)
	(0.3)	(181.3)		(181.6)

The directors consider the carrying values of the financial instruments approximate their fair value.

Notes to the financial statements (continued)

For the year ended 31 March 2017

15 Derivative financial instruments

The table below shows the fair value of forward currency contracts at the year-end, based on their market value.

Group	2017		2016	
	Assets	Liabilities	Assets	Liabilities
	£m	£m	£m	£m
Forward foreign exchange contracts - held-for-trading	0.0	0.7	0.1	0.3
Less non-current portion:				
Forward foreign exchange contracts - held-for-trading	-	(0.1)	(0.0)	(0.1)
Current portion	0.0	0.6	0.1	0.2

The notional principal amounts of the outstanding foreign exchange contracts at 31 March 2017 and 2016 are as follows:

	2017		2016	
	Sell	Buy	Sell	Buy
	£m	£m	£m	£m
Forward contracts to purchase USD, sell MXN	8.1	(6.3)	10.0	(10.3)
Forward contracts to purchase USD, sell CAD	5.6	(4.9)	-	-
Forward contracts to purchase GBP, sell PLN	3.8	(3.8)	3.1	(3.1)
Forward contracts to purchase GBP, sell AUD	1.9	(1.9)	9.6	(9.6)
Forward contracts to purchase GBP, sell CAD	0.3	(0.3)	-	-
Forward contracts to purchase GBP, sell NZD	0.3	(0.3)	-	-
Forward contracts to purchase SGD, sell MYR	0.1	(0.5)	1.3	(1.2)
Forward contracts to purchase GBP, sell JPY	-	-	0.1	(0.1)

Derivatives are classified as a current asset or liability. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months, or as a current asset or liability if the maturity of the hedged item is less than 12 months.

The Group has used derivative financial instruments to hedge foreign currency receipts and payments on current contracts, as described in note 2. All of the Group's financial instruments are classified as Level 2 under amendments to IFRS 7, 'Financial Instruments: Disclosures'. A definition of Level 2 financial instruments is included in note 2. The fair value of derivative financial instruments is calculated based on quoted forward currency rates at the balance sheet date.

The Group has reviewed all contracts for embedded derivatives and does not have any such instruments that are closely related to the host contract.

Notes to the financial statements (continued)

For the year ended 31 March 2017

16 Trade and other receivables

	2017		2016	
	Group £m	Company £m	Group £m	Company £m
Trade receivables	260.4	-	239.8	-
Less: Provision for impairment of trade receivables	(24.0)	-	(19.2)	-
Trade receivables - net	236.4	-	220.6	-
Amounts recoverable on contracts	140.6	-	103.7	-
Amounts due from Group undertakings	-	8.3	-	27.8
Non-UK corporation tax recoverable	12.4	-	3.2	-
UK corporation tax	5.6	-	3.0	-
Other receivables	23.2	0.8	17.8	0.4
Prepayments and accrued income	38.7	-	28.5	-
	456.9	9.1	376.8	28.2

Amounts due from Group undertakings are unsecured, interest free, have no date of repayment and are repayable on demand.

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

Group

At 31 March 2017, £130.8m (2016: £110.5m) of Group trade receivables were within normal payment terms and considered to be fully performing with £129.6m (2016: £129.3m) past due. The ageing analysis of trade receivables and the provision for impairment is as follows:

	Gross trade receivables		Provision for impairment	
	2017 £m	2016 £m	2017 £m	2016 £m
Not past due	130.8	110.5	(0.8)	-
Past due - 3 months	86.4	96.7	(1.0)	(3.4)
3 - 6 months	20.4	14.9	(3.9)	(1.7)
Over 6 months	22.8	17.7	(18.3)	(14.1)
	260.4	239.8	(24.0)	(19.2)

Notes to the financial statements (continued)

For the year ended 31 March 2017

16 Trade and other receivables (continued)

The carrying amounts of trade and other receivables are denominated in the following currencies:

	2017	2016
	£m	£m
British pound	130.7	102.2
US dollar	76.5	63.5
Hong Kong dollar	50.7	47.0
Euro	49.8	38.0
Australian dollar	44.1	26.3
Chinese renminbi	23.7	24.4
Singaporean dollar	13.1	13.8
Canadian dollar	12.0	5.6
Qatari riyal	9.5	8.4
Mexican peso	6.4	7.9
South African rand	6.4	7.0
Indian rupee	5.8	-
Emirati dirham	5.0	6.0
Other	23.2	26.7
	456.9	376.8

Movements on the Group provisions for impairment of trade receivables are as follows:

	2017	2016
	£m	£m
At 1 April	19.2	16.4
Increase in provisions	15.1	10.2
Release of provisions	(11.8)	(6.7)
Receivables written off as uncollectible	(0.6)	(1.0)
Adjustment for exchange differences	2.1	0.3
Provision for impairment at 31 March	24.0	19.2

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

Notes to the financial statements (continued)

For the year ended 31 March 2017

17 Cash and cash equivalents

	2017		2016	
	Group £m	Company £m	Group £m	Company £m
Cash at bank and in hand	34.2	0.4	40.2	0.0
Short-term bank deposits	73.3	-	96.8	-
	<u>107.5</u>	<u>0.4</u>	<u>137.0</u>	<u>0.0</u>

18 Non-current assets held for sale and discontinued operations

Group

The Group owns a property known as 13-17 Fitzroy Street and 36 Howland Street, London W1T 4BY. This has been presented as held for sale following approval of the directors on 23 February 2017 to enter into a put and call option agreement with Workspace 14 Limited. The call option conferred the right on Workspace 14 Limited to require the Company to sell the property. The call option was exercised on 28 March 2017. The sale of the property was completed on 6 April 2017.

Separately the Group owns two properties in Ireland, 8 Wellington Road and 10 Wellington Road. At 31 March 2017 the directors expected these properties to be sold within 12 months and as such they have been reclassified as assets held for sale. On 25 August 2017 these properties were sold to private individuals.

(a) Assets classified as held for sale

	2017 £m	2016 £m
Property, plant and equipment	57.6	-
	<u>57.6</u>	<u>-</u>

In accordance with IFRS 5, the value of assets held for sale were measured at the lower of carrying amount and fair value less costs to sell.

19 Borrowings

The Group has the following undrawn borrowing facilities:

	2017 £m	2016 £m
Expiring later than one year	50.0	45.0
	<u>50.0</u>	<u>45.0</u>

The Group had adequate funding facilities in place at 31 March 2017 to finance the business going forward. The available funding is in the form of a committed secured revolving credit facility and bears a market floating rate of interest based on LIBOR.

Notes to the financial statements (continued)

For the year ended 31 March 2017

20 Trade and other payables

	2017		2016	
	Group £m	Company £m	Group £m	Company £m
Trade payables	18.8	-	14.2	-
Deferred income	220.4	-	239.9	-
Amounts owed to Group undertakings	-	187.6	-	161.8
Accrued expenses	159.6	0.2	138.1	0.3
Other payables	30.1	-	29.0	-
Taxation and social security costs	10.9	-	6.2	-
Lease incentives	0.9	-	-	-
	440.7	187.8	427.4	162.1

Amounts owed to Group undertakings are unsecured, interest free, have no date of repayment and are repayable on demand.

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

The carrying amounts of trade and other payables are denominated in the following currencies:

	2017 £m	2016 £m
British pound	167.2	158.0
US dollar	65.0	68.8
Hong Kong dollar	54.0	57.6
Australian dollar	45.3	32.6
Euro	37.8	32.8
Chinese renminbi	13.7	15.6
Canadian dollar	9.8	4.6
Singaporean dollar	8.1	7.7
South African rand	5.4	5.2
Emirati dirham	4.8	7.3
Turkish new lira	4.2	0.0
Indian rupee	3.6	0.0
Qatari riyal	3.0	7.1
Other	18.8	30.1
	440.7	427.4

Notes to the financial statements (continued)

For the year ended 31 March 2017

21 Provisions for other liabilities and charges

	Property provision 2017 Group £m	Property provision 2016 Group £m
Current	0.5	0.2
Later than one year and no later than two years	1.6	1.6
Later than two years and no later than five years	0.7	1.9
Later than five years	4.7	2.6
Non-current	7.0	6.1
Balance as at 1 April	6.3	6.0
Provisions charged to the income statement	1.1	0.3
Provisions released to the income statement	(0.7)	(0.3)
Adjustment for exchange differences	0.8	0.3
Balance as at 31 March	7.5	6.3

The Company has no provisions for other liabilities and charges (2016: nil).

22 Other non-current liabilities

	Lease incentives 2017 Group £m	Lease incentives 2016 Group £m
Later than one year and no later than two years	0.8	0.8
Later than two years and no later than five years	2.4	0.9
Later than five years	3.8	2.1
	7.0	3.8

The Company has no other non-current liabilities (2016: nil).

23 Deferred income tax

Group

Deferred income tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and there is a legally enforceable right to settle tax assets and liabilities on a net basis. The offset amounts are as follows:

	2017 £m	2016 £m
Deferred income tax assets		
- deferred income tax assets to be recovered after more than 12 months	53.0	54.5
- deferred income tax assets to be recovered within 12 months	2.2	4.4
	55.2	58.9
Deferred income tax liabilities		
- deferred income tax liabilities to be recovered after more than 12 months	(8.2)	(6.6)
- deferred income tax liabilities to be recovered within 12 months	(0.1)	(1.0)
	(8.3)	(7.6)
Deferred income tax assets (net)	46.9	51.3

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

Notes to the financial statements (continued)

For the year ended 31 March 2017

23 Deferred income tax (continued)

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

	2017 £m	2016 £m
At 1 April	51.3	52.4
(Under) / over provision of deferred income tax in respect of prior years	(1.6)	1.2
Deferred income tax (charged) / credited to the income statement	(4.2)	2.0
Deferred income tax charge relating to components of other comprehensive income	(1.0)	(4.9)
Adjustment for exchange differences	2.4	0.6
Deferred income tax assets (net) at 31 March	46.9	51.3

Deferred income tax liabilities	Accelerated tax depreciation £m	Other £m	Total £m
At 1 April 2015	(0.2)	5.6	5.4
Charged / (credited) to the income statement	2.4	(1.0)	1.4
Charged to other comprehensive income	-	0.7	0.7
Adjustment for exchange differences	0.1	0.0	0.1
At 31 March 2016	2.3	5.3	7.6
Charged / (credited) to the income statement	0.1	(0.6)	(0.5)
Charged to other comprehensive income	-	0.4	0.4
Adjustment for exchange differences	0.3	0.5	0.8
At 31 March 2017	2.7	5.6	8.3

Deferred income tax assets	Unutilised tax depreciation £m	Retirement benefit obligations £m	Provisions £m	Tax losses £m	Other £m	Total £m
At 1 April 2015	7.0	35.7	10.8	2.4	1.9	57.8
(Charged) / credited to the income statement	(1.0)	(1.2)	0.1	2.3	4.4	4.6
Charged to other comprehensive income	-	(4.2)	-	-	-	(4.2)
Adjustment for exchange differences	-	0.2	0.4	0.1	-	0.7
At 31 March 2016	6.0	30.5	11.3	4.8	6.3	58.9
(Charged) / credited to the income statement	(1.3)	(1.9)	1.5	(4.0)	(0.6)	(6.3)
Charged to other comprehensive income	-	(0.6)	-	-	-	(0.6)
Adjustment for exchange differences	(0.1)	0.7	1.6	0.4	0.6	3.2
At 31 March 2017	4.6	28.7	14.4	1.2	6.3	55.2

The Company has not recognised any deferred income tax assets or liabilities (2016: nil).

Notes to the financial statements (continued)

For the year ended 31 March 2017

24 Share capital - Group and Company

	2017	2016
	£m	£m
Issued, called up and fully paid:		
65 (2016: 65) voting share of £1 each	0.0	0.0
120,000 (2016: 120,000) ordinary shares of £1 each	0.1	0.1
	0.1	0.1

25 Cash generated from operations

	2017	2016
	£m	£m
Profit before income tax	66.5	22.1
Adjustments for:		
- Depreciation	21.3	18.4
- Amortisation	1.7	1.4
- Loss on disposal of property, plant and equipment	1.4	0.2
- Impairment of available-for-sale investments and associates	-	1.7
- Finance costs (net)	5.7	5.8
- Share of loss from joint ventures and associates	-	0.0
- Other non-cash costs	(16.2)	-
Changes in working capital		
- Trade and other receivables	(38.1)	(27.8)
- Trade and other payables	(19.1)	39.6
- Pension deficit funding	(18.6)	(13.7)
	4.6	47.7

26 Contingent liabilities

The Group has recorded a liability in its balance sheet for the best estimate of certain claims that have been brought against it. At this time, it is not possible to reliably measure the potential liability from any other issue that may have occurred but where a claim has yet to be raised. The Group monitors all claims and takes appropriate insurance to mitigate its risk.

The Company has a bank bond facility for the issuance of performance and contractual related bonds for subsidiary undertakings. The facility is supported by a corporate guarantee.

27 Commitments

Operating lease commitments

At the end of the financial year, future aggregate minimum lease payments under non-cancellable operating leases for the Group are payable as follows:

	2017		2016	
	Property £m	Vehicles, plant and equipment £m	Property £m	Vehicles, plant and equipment £m
No later than one year	43.0	1.2	40.7	1.1
Later than one year and no later than five years	174.1	3.2	107.8	3.3
Later than five years	-	-	80.8	0.4

The Company had no operating lease commitments as at 31 March 2017 (2016: none).

Notes to the financial statements (continued)

For the year ended 31 March 2017

28 Related parties

The Company is owned by Ove Arup Partnership Employee Trust, Ove Arup Partnership Charitable Trust and The Arup Service Trust. The controlling party is Ove Arup Partnership Charitable Trust. The Company had no transactions with related parties, the Group had the following transactions with related parties:

a) Group sales and purchases of goods and services

	2017 £m	2016 £m
Sale of goods and services to associates	-	0.4
Purchase of goods and services from associates	-	-

b) Group year-end balances arising from sales / purchases of goods and services to related parties:

	2017 £m	2016 £m
Receivables from associates	-	0.1
Payables to associates	-	-

c) Key management compensation

Key management includes the Company directors, the Company Secretary and the officers to the Group board. The compensation paid or payable to key management for employee services is shown below:

	2017 £m	2016 £m
Aggregate emoluments paid	9.7	9.1
Aggregate contributions paid to defined contribution schemes	0.4	0.4
	<u>10.1</u>	<u>9.5</u>

29 Post-employment benefits

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

	2017 £m	2016 £m
Balance sheet obligations for:		
- Defined pension benefits	(160.2)	(169.9)
Liability in the balance sheet	<u>(160.2)</u>	<u>(169.9)</u>
Income statement charge for:		
- Defined pension benefits	(6.4)	(6.7)
Remeasurements for:		
- Defined pension benefits	1.0	10.8

The income statement charge includes interest cost and administration expenses.

Notes to the financial statements (continued)

For the year ended 31 March 2017

29.1 Defined benefit pension plans

The Group operates a number of defined benefit retirement schemes that are managed by Trustees. These are registered in the UK, Hong Kong and Ireland. The valuation position of these schemes were assessed at 31 March 2017 by qualified independent actuaries for the purposes of the IAS 19r, 'Employee Benefits'.

The Group also has unfunded schemes in Japan, Philippines and Mauritius. As the unfunded schemes are not material to Arup Group Limited, apart from the summary below, no additional disclosures are included within these consolidated financial statements.

Defined benefit retirement schemes

UK registered scheme

Ove Arup & Partners International Limited ("OAPIL") operated a UK registered contributory pension scheme, which had a defined benefit and a defined contribution section, for employees. The Scheme was closed to new members on 31 March 2010, and the future accrual of benefits for existing members ceased with effect from 30 June 2010. OAPIL replaced this scheme with a personal pension plan for employees with effect from 1 July 2010. All contributions for the new plan are held and managed by BlackRock Life Limited. OAPIL has no ongoing liability to the funds held by BlackRock Life Limited in respect of the employees.

For the pension scheme which closed on 30 June 2010, contributions were made in accordance with the rules of the scheme and the advice of independent qualified actuaries on the basis of triennial valuations. The most recent valuation was at 31 March 2013 using the projected unit method. The actuarial valuation at 31 March 2013 showed a funding level of 72% on an ongoing basis based on a market value of assets of £604.0m at that date. The most significant assumptions made by the actuary in carrying out this valuation were the assumptions of 2.9% and 0.6% above the gilt curve for the pre retirement and post retirement discount rates. The weighted average duration of the defined benefit obligation is 25.2 years. A special employer's contribution of £17.3m was made during the year to 31 March 2017 (2016: £13.3m), OAPIL is expected to make a contribution of £12.6m by 31 March 2018. The next actuarial valuation is being carried out as at 31 March 2016 but the results will not be available at the date of signing these financial statements.

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

Management assessed the expected return on scheme assets based on a review of past returns and professional advice on the level of future returns.

Hong Kong registered scheme

Ove Arup & Partners Hong Kong Limited ("OAPHK") operates a Hong Kong registered retirement scheme that has a defined benefit component. This was closed to new entrants with effect from 1 January 2011 and was frozen for service accruals for existing members with effect from 1 January 2012. Actuarial funding valuations are continuously performed for the defined benefit component by an independent qualified actuary. The frequency of the valuation is typically tri-annual but can be more frequent depending on the funding level of the scheme. At 31 March 2017 a new funding valuation was performed, assets at this date on an ongoing basis represented 88% of the actuarially calculated liabilities for benefits that had accrued to members. The defined benefit component's assets had a market value of £57.7m at that date. The most significant assumptions made by the actuary in carrying out this valuation were that the discount rate would be 5.5% p.a. and that salary inflation would be 4.0% for the first year and 4.5% thereafter. The weighted average duration of the defined benefit obligation is 11.5 years. A special employer's contribution of £1.3m was made during the year to 31 March 2017 (2016: £0.3m), OAPHK is expected to make a contribution of £0.7m by 31 March 2018. The next funding valuation is scheduled to be carried out as at 31 March 2018.

Ireland registered scheme

Ove Arup & Partners Ireland Limited ("OAPI") operates an Ireland registered defined benefit pension scheme and a defined contribution scheme.

The assets of the defined benefit scheme are held in separate trustee administered funds. The OAPI pension cost in respect of the defined benefit scheme, has been assessed in accordance with the advice of an independent qualified actuary using the attained age method of funding which provides for benefits over the working lifetime of the membership. Formal actuarial valuations are carried out every three years. The latest full valuation was at 1 April 2016. The results of that valuation confirmed that the scheme had a past service surplus of £1.2m and a funding ratio of 103%. The weighted average duration of the defined benefit obligation is 23.9 years. A special employer's contribution of £0.036m was made during the year to 31 March 2017 (2016: £0.106m), OAPI does not expect to make a contribution in the year ending 31 March 2017 inline with the recommendation from the 2016 triennial actuarial valuation.

Unfunded schemes

Japan unfunded scheme

Ove Arup & Partners Japan Limited provides a retirement allowance to employees. Provision is made in accordance with the advice of independent qualified actuaries. The most recent valuation was at 31 March 2017 using the projected unit method. The most significant assumptions made by the actuary in carrying out this valuation were that the discount rate would be 0.6% (2016: 0.5%) p.a. and that salary inflation would be 4.0% (2016: 4.0%) per annum. There was a benefit payment for the year to 31 March 2017 of £0.03m (2016: £0.04m). There was an actuarial gain in the year of £0.02m (2016: loss of £0.3m). The pension liability recognised in the financial statements was £2.5m (2016: £2.0m).

Notes to the financial statements (continued)

For the year ended 31 March 2017

29.1 Defined benefit pension plans (continued)

Philippines unfunded scheme

Ove Arup & Partners Hong Kong Limited - Philippines branch operates a retirement benefit scheme in the Philippines which requires an annual actuarial valuation. The most recent valuation was at 31 March 2017 using the projected unit method. The pension liability recognised in the financial statements was £0.11m (2016: £0.22m). The actuarial gain for the year on this scheme was £0.05m (2016: gain of £0.02m) which has been recorded in the statement of comprehensive income.

Mauritius unfunded scheme

Arup - S.I.G.M.A. Ltd provides a retirement allowance to its employees. Provision is made in accordance with the advice of independent qualified actuaries. The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligations were carried out at 31 December 2013. The pension liability recognised in the financial statements was £0.1m (2016: £0.1m).

UK, Hong Kong and Ireland registered schemes (the "Schemes") - further disclosure

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

	2017 £m	2016 £m
Present value of funded obligations	(1,032.3)	(923.8)
Fair value of plan assets	875.0	756.2
Deficit of funded plans	(157.3)	(167.6)

The movement in the defined benefit liability is as follows:

	Present value of obligation £m	Fair value of plan assets £m	Total £m
At 1 April 2015	(966.9)	782.6	(184.3)
Administration expenses	-	(0.8)	(0.8)
Interest (expense) / income	(31.1)	25.4	(5.7)
	(998.0)	807.2	(190.8)
Remeasurements:			
- Return on plan assets, excluding amounts included in interest income	-	(32.8)	(32.8)
- Gains from change in demographic assumptions	7.1	-	7.1
- Gains from change in financial assumptions	21.4	-	21.4
- Experience gains	15.5	-	15.5
	44.0	(32.8)	11.2
Contributions: employers	-	13.7	13.7
Payments from plans: benefit payments	37.1	(37.1)	-
Adjustment for exchange differences	(6.9)	5.2	(1.7)
At 31 March 2016	(923.8)	756.2	(167.6)

Notes to the financial statements (continued)

For the year ended 31 March 2017

29.1 Defined benefit pension plans (continued)

	Present value of obligation £m	Fair value of plan assets £m	Total £m
At 31 March 2016	(923.8)	756.2	(167.6)
Current service cost	-	-	-
Administration expenses	-	(0.8)	(0.8)
Past service cost (incl. curtailments)	-	-	-
Settlement cost	-	-	-
Interest (expense) / income	(30.9)	25.6	(5.3)
	(954.7)	781.0	(173.7)
Remeasurements:			
- Return on plan assets, excluding amounts included in interest (expense)	-	105.2	105.2
- Gains from change in demographic assumptions	82.6	-	82.6
- Losses from change in financial assumptions	(193.9)	-	(193.9)
- Experience gains	6.8	-	6.8
	(104.5)	105.2	0.7
Contributions: employers	-	18.6	18.6
Payments from plans: benefit payments	38.2	(38.2)	-
Adjustment for exchange differences	(11.3)	8.4	(2.9)
At 31 March 2017	(1,032.3)	875.0	(157.3)

The defined benefit obligation and plan assets are composed by country as follows:

	2017			2016		
	UK £m	Hong Kong £m	Ireland £m	UK £m	Hong Kong £m	Ireland £m
Present value of funded obligation	(917.0)	(62.9)	(52.4)	(817.0)	(59.3)	(47.5)
Fair value of plan assets	779.1	36.1	59.8	674.5	30.3	51.4
	(137.9)	(26.8)	7.4	(142.5)	(29.0)	3.9

Notes to the financial statements (continued)

For the year ended 31 March 2017

29.1 Defined benefit pension plans (continued)

The significant actuarial assumptions were as follows:

	2017			2016		
	UK	Hong Kong	Ireland	UK	Hong Kong	Ireland
Discount rate	2.6%	1.7%	1.9%	3.6%	1.7%	1.9%
Salary growth rate	N/A	4.5%	N/A	N/A	5.0%	N/A
Retail Price Index inflation	3.2%	2.5%	1.6%	2.9%	2.5%	1.3%
Consumer Price Index inflation	1.9%	N/A	N/A	1.6%	N/A	N/A
Pension growth rate:						
- Pre 88 Guaranteed Minimum Pension	0.0%	N/A	N/A	0.0%	N/A	N/A
- Post 88 Guaranteed Minimum Pension	1.7%	N/A	N/A	1.6%	N/A	N/A
- NGMP accrued before 01/10/2006 (5% LPI)	3.0%	N/A	N/A	2.8%	N/A	N/A
- Pension accrued after 30/09/20016 (2.5% LPI)	1.9%	N/A	N/A	1.9%	N/A	N/A

Mortality %

UK

113% S2 tables (2016: 108% SAPS Light tables) for males and 114% S2 tables (2016: 101% SAPS Light tables) for females using the CMI 2016 (2016: CMI 2015) projections, allowing for LTR of 1% per annum.

Hong Kong

Attained age	2017		2016		
	Hong Kong Life Table 2015		Hong Kong Life Table 2013		
	Male	Female	Attained age	Male	Female
25	0.035	0.015	25	0.038	0.020
30	0.042	0.022	30	0.056	0.026
35	0.063	0.033	35	0.082	0.035
40	0.119	0.060	40	0.105	0.057
45	0.170	0.100	45	0.161	0.093
50	0.253	0.153	50	0.254	0.143
55	0.420	0.229	55	0.420	0.231
60	0.669	0.334	60	0.690	0.336
65	1.039	0.509	65	1.051	0.487

Ireland

88% of ILT15 tables (males) and 91% of ILT15 tables (females) with CSO improvements from 2011 onwards (2016: no change).

Cash commutation for 2017 and 2016

For the UK, 25% of members' pensions are assumed to be taken as cash on current terms, for Hong Kong a 100% lump sum is taken on retirement and for Ireland no cash commutations are assumed to be taken.

Notes to the financial statements (continued)

For the year ended 31 March 2017

29.1 Defined benefit pension plans (continued)

Assumed life expectations on retirement

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 65 for the UK and age 62 for Ireland. Assumed life expectation is not shown for Hong Kong as 100% of their pension scheme benefit is paid on retirement.

	2017			2016		
	UK	Hong Kong	Ireland	UK	Hong Kong	Ireland
	years	years	years	years	years	years
Retiring at the end of the reporting period:						
- Male	21.0	N/A	24.1	22.8	N/A	23.9
- Female	22.8	N/A	26.7	24.6	N/A	26.5
Retiring 20 years after the end of the reporting period:						
- Male	22.1	N/A	26.2	24.1	N/A	26.1
- Female	24.0	N/A	28.5	26.1	N/A	28.4

Considering the key assumption of each scheme, the sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

At 2017	UK		Hong Kong		Ireland	
	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Impact on defined benefit obligation of a 50 basis points change:						
Discount rate	(8.4%)	9.7%	(5.7%)	6.2%	(8.9%)	10.3%
Salary growth rate	N/A	N/A	6.5%	(6.0%)	3.5%	(3.3%)
Inflation rate	6.4%	(6.6%)	N/A	N/A	N/A	N/A

At 2016	UK		Hong Kong		Ireland	
	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Impact on defined benefit obligation of a 50 basis points change:						
Discount rate	(7.8%)	8.9%	(5.7%)	6.2%	(9.1%)	10.5%
Salary growth rate	N/A	N/A	6.5%	(6.0%)	3.7%	(3.5%)
Inflation rate	6.1%	(5.6%)	N/A	N/A	N/A	N/A

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.

Notes to the financial statements (continued)

For the year ended 31 March 2017

29.1 Defined benefit pension plans (continued)

The assets in the Schemes at 31 March were:

	2017			2016		
	UK £m	Hong Kong £m	Ireland £m	UK £m	Hong Kong £m	Ireland £m
Equities	172.1	27.8	31.2	166.5	22.5	23.9
Diversified growth funds / hedge funds	204.6	-	-	237.3	-	-
Gilts and corporate bonds	102.9	-	23.4	93.1	-	22.3
Alternate credit	65.1	-	-	32.1	-	-
Liability driven investment	191.2	-	-	105.2	-	-
Property investments	37.7	-	3.8	37.0	-	3.1
Cash and net current assets	5.5	1.1	1.4	3.3	2.3	2.1
Debt instruments	-	7.2	-	-	5.5	-
	779.1	36.1	59.8	674.5	30.3	51.4

Defined benefit membership data	2017			2016		
	UK number	Hong Kong number	Ireland number	UK number	Hong Kong number	Ireland number
Deferred pensioners	3,862	418	89	3,859	467	95
Pensioners	1,303	-	34	1,306	-	29
	5,165	418	123	5,165	467	124

IFRIC 14 is not applicable to the Schemes and there are no minimum funding levels.

Post-employment benefit liabilities – risks

Through its defined benefit pension Schemes the Group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The retirement benefit liabilities of the Schemes are calculated using a discount rate set with reference to corporate bond yields. If the Schemes' assets underperform this yield, this will create a deficit. The UK, Hong Kong and Irish Schemes hold a significant proportion of equities, which are expected to outperform corporate bonds in the long term while exposing the Group to greater volatility and valuation risk in the short term.

Changes in bond yields

A decrease in corporate bond yields will increase the Schemes' liabilities. This would be partially offset by an increase in the value of Schemes' bond holdings.

Inflation risk

Some of the Group pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the scheme against extreme inflation). Whilst some of the Schemes' assets are real in nature and so loosely correlated with inflation (e.g. equities, index-linked gilts), some of the Schemes' assets are not expected to move in line with inflation (e.g. corporate bonds) and therefore an increase in inflation is likely to also increase the deficit.

Life expectancy

The majority of the Schemes' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the Schemes' liabilities.

Credit risk

The Schemes invest in pooled investment vehicles and are therefore exposed to direct credit risk in relation to the solvency of the investment manager and custodian of those funds.

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled funds being ring-fenced from the investment managers, the regulatory environments in which the pooled fund managers operate and diversification of the Schemes' investments across a number of pooled funds. The Schemes' Trustees, with the help of their advisers, carry out due diligence checks prior to the appointment of any new investment manager or fund, and monitor for changes to the operating environment of the existing investments either through reports from the investment consultants or questioning in meetings with the managers. Due to their nature pooled funds are unrated.

Notes to the financial statements (continued)

For the year ended 31 March 2017

Post-employment benefit liabilities – risks (continued)

Currency risk

The Schemes are also subject to currency risk indirectly because they invest in overseas investments. This is particularly the case in the UK's equity funds. The UK scheme holds overseas equities funds of £172.1m (2016: £166.5m) of which 50% of the currency risk is hedged. If the hedged / unhedged allocation for any of the overseas equity region lies more than 5% away from the 50% / 50% split, on a weekly basis the investment manager will be required to rebalance the split for that region.

The diversified growth and hedge fund managers will vary the degree to which they hedge currency risk. Currency risk is accepted where this facilitates overseas investments, taking into account the risks and expected reward.

30 Post balance sheet events

Following the year-end, the three properties classified as assets held for sale in the balance sheet (note 18) were sold.

Notes to the financial statements (continued)

For the year ended 31 March 2017

31 Registered addresses of investments in subsidiaries

The registered address of the investments in subsidiaries in note 11 is 13 Fitzroy Street, London, W1T 4BQ, UK, unless listed below:

Name of investment	Registered address
Arup Americas Inc.	77 Water Street, New York, 10005, USA
Arup International Consultants (Shanghai) Co., Limited	39/F, Huai Hai Plaza, No. 1045 Huai Hai Road (M) Shanghai, 200031, China
Arup Partner Pty Limited	C/- Boroughs Australia Pty Ltd, Level 6, 77 Castlereagh Street, Sydney, New South Wales, 2000, Australia
Arup (Pty) Limited	10 High Street, Melrose Arch, Gauteng 2076, Johannesburg, South Africa
Broomco (141) GmbH	Joachimstaler Straße 41, 10623 Berlin, Germany
Broomco (92854) Limited	50 Ringsend Road, Dublin 4, Ireland
Ove Arup Holdings B.V.	Naritaweg 118 Beta Building / 1043 CA, Amsterdam, Netherlands
Ove Arup Holdings Private Limited	38 Beach Road, #29-11 South Beach Tower, 189767, Singapore
Ove Arup International (Holdings) Limited	Level 5 Festival Walk, 80 Tat Chee Avenue, Kowloon Tong, Kowloon, Hong Kong
AAC, Inc.	3 Bloor Street East, Toronto, Ontario, M4W 1B9, Canada
Arup Advisory Inc.	Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware, County of New Castle DE, 19801, USA
Arup Brasil Consultoria Ltda	Avenida Rio Branco, 01, sala 708 Centro, Rio de Janeiro CEP 20040-001, Rio de Janeiro, Brazil
Arup B.V.	Naritaweg 118 Beta Building / 1043 CA, Amsterdam, Netherlands
Arup (Cambodia) Limited	Office No. 301, Level 3, Tower 1, Vattanac Capital, No. 66, Preah Monivong Boulevard, Sangkat Wat Phnom, Khan Daun Penh, Phnom Penh, Cambodia
Arup Canada Inc.	2 Bloor Street East, Toronto, Ontario, M4W 1B9, Canada
Arup China Limited	Level 5 Festival Walk, 80 Tat Chee Avenue, Kowloon Tong, Kowloon, Hong Kong
Arup Colombia S.A.S.	Calle 72, No 10-07 Oficina, 1106, Bogota, Colombia
Arup Consultores Internacionales Mexico, S. de R.L. de C.V.	Calle Presidente Masarik 111, Piso 1, Col. Polanco V Sección Miguel Hidalgo, Distrito Federal C.P.11560, Mexico
Arup Deutschland GmbH	Joachimstaler Straße 41, 10623 Berlin, Germany
Arup d.o.o.	Knežinje Zorke 77/4, 11000 Belgrade, Serbia
Arup East Africa Limited	LR. No. 209/6921, 5th Floor, ICEA Lion Centre West Wing, Riverside Park, Chiromo Road, Westlands, P.O Box 10643-00100, Nairobi, Kenya
Arup Government Projects Inc.	1775 K St., NW Ste 200, Washington DC 20006-1502, USA
Arup India Private Limited	Jet Prime, 5th Floor, Suren Road, Off Western Express Highway, Andheri (East), Mumbai, 400093, India
Arup Ingeniería y Consultoría Mexico, S. de R.L. de C.V.	Calle Presidente Masarik 111 Piso 1, Col. Polanco V Sección Miguel Hidalgo, Distrito Federal C.P. 11560, Mexico
Arup Ireland Partner Limited	50 Ringsend Road, Dublin 4, Ireland
Arup Ireland Properties Limited	50 Ringsend Road, Dublin 4, Ireland
Arup Italia S.r.l.	Corso Italia 1, Milano, 20122, Italy
Arup Latin America S.A.U.	C/Alcalá, 54, Madrid, 28014, Spain
Arup (Luxembourg) S.a.r.l.	7, Avenue Gaston Diderich, L-1420 Luxembourg, Grand Duche de Luxembourg

Notes to the financial statements (continued)

For the year ended 31 March 2017

31 Registered addresses of investments in subsidiaries (continued)

Name of investment	Registered address
Arup Muhendislik ve Musavirlik Limited Sirketi	Nispetiye Mah. Başlık Sok. MM Plaza Apt. No. 3/4 Beşiktaş, Istanbul, Turkey
Arup New Zealand Limited	PricewaterhouseCoopers, Level 8, Pwc Tower, 188 Quay Street, Auckland, 1010, New Zealand
Arup Pacific Pty Limited	C/- Boroughs Australia Pty Ltd, Level 6, 77 Castlereagh Street, Sydney, New South Wales, 2000, Australia
Arup Projects 'A' Limited	36/F., Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong
Arup Projects A Pty Ltd	Level 6, 77 Castlereagh Street, Sydney NSW 2000, Australia
Arup Pty Limited	C/- Borough Mazars, Level 6, 77 Castlereagh Street, Sydney, New South Wales, 2000, Australia
Arup Services B.V.	Naritaweg 118 Beta Building / 1043 CA, Amsterdam, Netherlands
Arup - S.I.G.M.A. Ltd	Bagatelle Office Park, Bagatelle Moka 1808-14, Mauritius
Arup Singapore Private Limited	10 Hoe Chiang Road, #26-01 Keppel Towers, 089315, Singapore
Arup Texas Inc.	c/o United Corporate Services Inc, 612 Brazos Street, Suite 110, Austin, Texas, 78701, USA
Arup USA Inc.	CT Corporation System, 2 Oliver Street, Boston, Massachusetts, MA 02109, USA
Arup Vietnam Limited	8/F, Star Building, 33 ter-33 bis Mac Dinh Chi Street, District 1, Ho Chi Minh City, Vietnam
Babylon Investment Company Unlimited Company	50 Ringsend Road, Dublin 4, Ireland
Fitzroy Insurance Services Limited	Heritage Group, Heritage Hall, Le Merchant Street, St Peter Port, Guernsey, Channel Islands
Fitzroy Property Guernsey Limited	Heritage Hall, Le Merchant Street, St Peter Port, Guernsey, GY1 4HY
Ove Arup & Partners Danmark A/S	Frederiksborggade 15, 7. th., København K, Denmark
Ove Arup & Partners Ireland Limited	50 Ringsend Road, Dublin 4, Ireland
Ove Arup & Partners Korea Limited	Room 602, Rodeo Plaza Building 772, Samseong-ro Gangnam-gu Seoul 06070 South Korea
Ove Arup & Partners P.C.	3631 North Front Street, Harrisburg, Pennsylvania, PA 17101, USA
Ove Arup & Partners Poland Sp. z o. o.	ul. Inflancka 4, 00-189 Warszawa, Poland
Ove Arup & Partners S.A.U.	C/Alcalá, 54, Madrid, 28014, Spain
Ove Arup & Partners Scotland Limited	Scotstoun House, South Queensferry, West Lothian, EH30 9SE, Scotland
Ove Arup (Thailand) Limited	31/F Italthai Building, 2034/134 New Petchburi Road, Bangkok, Huay Kwang, Bangkok 10320 Thailand
PT Arup Indonesia	Sahid Sudirman Centre, 56th Floor, Jalan Jenderal Sudirman Kav. 86, Jakarta 10220, Indonesia
Shelbourne Plaza (Block C) Management Company Limited	50 Ringsend Road, Dublin 4, Ireland
Williamsburg Investment Company Unlimited Company	50 Ringsend Road, Dublin 4, Ireland

Shaping a
better world

REGISTERED OFFICE

Arup Group

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London W1T 4BQ
United Kingdom