Financial Statements 2013
Arup Group Limited (Consolidated)

ARUP

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Chairman's report

Performance

I am delighted to report that the Arup Group has delivered another year of sustained growth. This is a solid performance in what continues to be a challenging business environment globally. Our strategy of maintaining a healthy diversity of income streams across a range of businesses and geographies continues to deliver the quality projects on which we thrive.

This year we have witnessed continued growth in Asia with many strategic wins in China and Hong Kong where we continue to lead the market. We have also seen something of a resurgence in the UK. This is a clear testament to our outstanding technical excellence and client-focused delivery. We are also acutely aware of the need to continue to strengthen our position, which is why we are consolidating the integration of our former sister firm in Ireland and expanding our global presence via new offices in Brazil and Indonesia, for example.

Unlike most other organisations, the reward for our excellent performance is returned directly to the people who delivered it. I am delighted to announce that we were able to increase our profit distribution to staff this year. The profit share mechanism we operate across the globe means that all staff members benefit from the rewards of sharing knowledge and experience across the firm to deliver the best solutions for our clients.

People

It is important to recognise that Arup is fundamentally a people business. We share a strongly aligned set of values that have been at the core of our activities since the firm was founded in 1946. Our 100% employee ownership model continues to drive engagement and commitment from our growing number of dedicated members worldwide. Over the past year, average headcount grew by 7% to 10,828 as we recruited more graduates and experienced professionals across the globe.

As well as establishing global knowledge networks that are second to none, the firm also supports the pursuit of excellence via the Arup Fellows programme. This scheme provides clear recognition for technical pre-eminence within our teams and I am very proud to announce that during the year we increased the number of Arup Fellows to 23, recognising their talents as world leading experts.

Our global mobility programme means that our people are highly experienced at working in cross-cultural environments. At any given time, more than 5% of our staff are on international assignment, expanding the technical and cultural reach of our teams. This programme also supports the shared ethos of a truly global firm and I am pleased to note that three of our Group Board currently work outside their 'home' region to deliver key services for the business.

As Chairman of the Group Board, I am committed to excellence in respect to governance and management. To this end, I supported an independent review of the effectiveness of the Board carried out by the Trustees. The valuable insights gained will drive a number of actions to enhance the overall effectiveness of the Board.

This year saw Jenny Baster retire from the Group Board. Jenny has been our Group legal counsel since 1993 and served the firm with great dedication and commitment over that time. I am pleased to note that she remains a Trustee and will continue to provide wise advice and support.

Outlook

The Group has remained resilient in these challenging times through its breadth of services, geographic reach and client-focused delivery. We recognise the major economies in which we operate will continue to face diverse challenges in the coming year. At the same time, we will remain loyal to our core principles and strategic priorities to drive continued improvement in the year ahead.

Directors' report

The directors present their report together with the audited consolidated financial statements of Arup Group Limited for the year ended 31 March 2013 which were approved by the board of directors on 27 August 2013.

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

Principal activities

The Company and its subsidiaries practice in the field of consulting engineering services, in architecture and in other related professional skills.

Review of the business and future developments

The Group turnover for the year increased by 3.9% (2012: 2.6%) and the Group made a total profit before tax, dividends and staff profit share of £56m (2012: £56m).

The performance and development of the Group is in line with the expectations of the directors.

The principal risks and uncertainties facing the business include foreign exchange risk and risk resulting from the diverse geographical spread of the business and its ability to continue to secure new projects and deliver the performance of existing projects in line with management's objectives. To monitor and manage these, the directors use the following key performance indicators (KPIs):

- Turnover and profit per person is a financial KPI used to monitor the continued contribution to the Group. In calculating this measure, profit is stated before tax, dividends and staff profit share. For the year ended 31 March 2013, Group turnover per person was £95k (2012: £98k) and profit per person was £5k (2012: £6k).
- Staff turnover is a key non-financial measure of business performance. For the year ended 31 March 2013, staff turnover for the Group was 14.0% (2012: 13.0%).

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

Dividends

The directors do not recommend a dividend payment (2012: nil).

Directors

The directors of the Company during the year and up to the date of signing this report, were as follows:

P A Bailey (Appointed 01/04/2012)
J Baster (Resigned 31/03/2013)
M D Bear
A J Belfield
R F Care
T G A Carfrae
A K C Chan
P G Dilley
G S Hodkinson
K Y Kwok
L M Lui
M Raman
D A Whittleton
N T Woods

No director has an interest in the shares of the Company (or any other member of the Group) other than through their interest as an employee of the Group (where applicable) in the employee trusts which own the equity shares of the ultimate parent of the Company.

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 and its directors.

Independent auditors

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

Directors' report (continued)

Financial risk management

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

It is the Group's policy to finance its operations through a mixture of cash and borrowings and to review periodically the mix of these with regard to the projected cash flow requirements of the Group and an acceptable level of risk exposure.

The Group has overseas subsidiaries where transactions, assets and liabilities are denominated in foreign currencies and is therefore exposed to currency fluctuations arising from these sources. Note 1(g) in the notes to the financial statements provides further information on accounting for exchange differences.

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 does not currently 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-1/P1.

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 and development are immediately expensed to the profit and loss account.

Charitable donations

During the year, the Group made donations to charities and for charitable purposes of £743k (2012: £884k) of which £253k (2012: £267k) went to beneficiaries in the UK.

The majority of the donations to beneficiaries in the UK were made through the Ove Arup Partnership Charitable Trust, whose financial statements are publicly available at the Charities Commission. In addition, the Group provided approximately 17,000 hours of pro bono work to various charities, at a cost of approximately £850k.

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 job, 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 initiative.

Directors' report (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. The directors have prepared the Group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group'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. They 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.

Post year end events

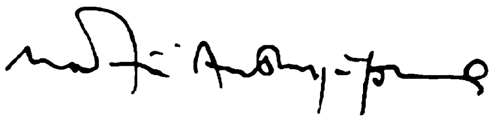
In June 2013 Ove Arup & Partners International Limited agreed to surrender the lease on Carlow House (property in London) with effect from 31 December 2013. The Group will pay consideration of £1m due to early surrender of the lease.

In June 2013 Arup Pty Limited purchased 100% of shares in Strategic Economics Consulting Group. The purchase price consisted of a fixed-price component of approximately £0.5m and an earn out component estimated at £0.5m, both paid over seven years.

Disclosure of audit information

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 and Group's auditors are unaware and that he or she has taken all the steps he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information, and to establish that the Company's and Group's auditors are aware of that information.

By Order of the Board



M J Ansley-Young
Company Secretary
27 August 2013
Registered Office: 13 Fitzroy Street, London W1T 4BQ

Independent auditors' report to the members of Arup Group Limited

We have audited the Group and parent company financial statements (the "financial statements") of Arup Group Limited for the year ended 31 March 2013 which comprise the consolidated profit and loss account, the consolidated and parent company balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses and the related notes numbered 1 to 31.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities set out on page 4, 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). 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 Group's and parent 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.

Scope of the audit of the financial statements

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's and parent 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. In addition, we read all financial and non-financial information to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent company's affairs as at 31 March 2013 and of the Group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Jonathan Hook

Jonathan Hook (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
27 August 2013

Consolidated profit and loss account

	Note	2013 £'000	2012 £'000
Turnover	1c & 2	**1,030,600**	991,804
Staff costs	3		
Wages and salaries		**(477,075)**	(442,496)
Social security costs		**(37,693)**	(36,304)
Pension contributions		**(36,970)**	(32,173)
Other staff costs		**(39,993)**	(38,790)
		(591,731)	(549,763)
Depreciation	1d & 9	**(23,222)**	(24,058)
Goodwill write back on acquisition	11	**-**	4,277
Other operating charges			
Charges from sub-consultants and other direct project costs		**(224,394)**	(219,081)
Accommodation		**(59,184)**	(56,219)
Communications and other overheads		**(108,407)**	(118,298)
		(391,985)	(393,598)
Operating profit	5	**23,662**	28,662
Dividend received	14	**496**	4,073
Other finance income		**1,585**	5,485
Interest receivable and similar income	6	**1,701**	1,344
Interest payable and similar charges	7	**(1,159)**	(1,326)
Profit on ordinary activities before taxation	2	**26,285**	38,238
Tax on profit on ordinary activities	1e & 8	**(5,797)**	(7,159)
Profit for the financial year	22 & 23	**20,488**	31,079

All activities of the Group are derived from continuing operations.

Consolidated statement of total recognised gains and losses

		2013 £'000	2012 £'000
Profit for the financial year	22 & 23	**20,488**	31,079
Exchange translation gain	22 & 23	**2,715**	2,791
Actuarial loss recognised in the pension schemes	31	**(29,928)**	(33,362)
Deferred tax asset movement related to the actuarial loss		**4,026**	4,760
Total (losses)/gains recognised since last annual report		**(2,699)**	5,268

There is no material difference between the profit on ordinary activities before taxation and the profit for the current and prior financial year stated above, and their historical cost equivalents.

Consolidated balance sheet – Arup Group Ltd and its subsidiary undertakings

	Note	**2013 £'000**	2012 £'000
Fixed assets			
Tangible assets	9	**137,365**	144,092
Financial assets	12	**204**	124
		137,569	144,216
Current assets			
Debtors	13	**324,581**	307,093
Investments	14	**685**	685
Cash at bank and in hand	20	**95,020**	96,123
		420,286	403,901
Creditors: amounts falling due within one year	15	**(328,507)**	(343,556)
Net current assets		**91,779**	60,345
Total assets less current liabilities		**229,348**	204,561
Creditors: amounts falling due after more than one year	16	**(43,741)**	(34,045)
Provisions for liabilities	17	**(6,550)**	(6,331)
Net assets excluding pensions		**179,057**	164,185
Pension assets	31	**120**	6,321
Pension liabilities	31	**(111,705)**	(100,335)
Net assets after pensions		**67,472**	70,171
Capital and reserves			
Called up share capital	21	**120**	120
Capital reserve	22	**3**	3
Profit and loss account	22	**67,349**	70,048
Shareholders' funds	23	**67,472**	70,171

The financial statements on pages 6 to 28 were approved and authorised by the board of directors on 27 August 2013 and signed on its behalf by:

P G Dilley
Chairman

Company balance sheet – Arup Group Ltd excluding its subsidiary undertakings

	Notes	2013 £'000	2012 £'000
Fixed assets			
Tangible assets	9	**2,306**	2,369
Investment in subsidiary undertakings	10	**120,810**	114,233
Financial assets		**4**	4
		123,120	116,606
Current assets			
Debtors	13	**20,681**	20,342
Creditors: amounts falling due within one year	15	**(85,350)**	(87,208)
Net current liabilities		**(64,669)**	(66,866)
Total assets less current liabilities		**58,451**	49,740
Creditors: amounts falling due after more than one year	16	**(35,007)**	(32,885)
Net assets		**23,444**	16,855
Capital and reserves			
Called up share capital	21	**120**	120
Profit and loss account	22	**23,324**	16,735
Shareholders' funds		**23,444**	16,855

The financial statements on pages 6 to 28 were approved and authorised by the board of directors on 27 August 2013 and signed on its behalf by:

P G Dilley
Chairman

Consolidated cash flow statement

	Notes	2013 £'000	2012 £'000
Net cash inflow from operating activities	19	**22,541**	13,190
Returns on investment and servicing of finance			
Interest received		**1,701**	1,344
Interest paid		**(1,159)**	(1,269)
Dividends received		**496**	4,073
Net cash inflow on investment and servicing of finance		**1,038**	4,148
Taxation			
Corporation tax paid		**(11,392)**	(9,676)
Capital expenditure and financial investment			
Payments to acquire fixed assets		**(15,106)**	(23,474)
Receipts from sales of fixed assets		**252**	686
Payments for acquisition of subsidiaries net of cash acquired		**-**	1,060
Receipts from disposal of current asset investments		**-**	272
Net cash outflow on capital expenditure and financial investment		**(14,854)**	(21,456)
Financing			
Payments of finance leases		**(66)**	(20)
Repayments of long term loan		**-**	(7,199)
Drawdown on loan facility		**2,122**	-
Repayment of mortgage		**(3,462)**	(3,462)
Net cash outflow from financing		**(1,406)**	(10,681)
Decrease in cash		**(4,073)**	(24,475)
Reconciliation of net cash flow to movement in net funds	20		
Net funds at 1 April		**59,683**	81,165
Decrease in cash		**(4,073)**	(24,475)
Foreign exchange on cash		**2,093**	(489)
Cash inflow from debt financing		**1,340**	3,462
Cash inflow from finance lease		**66**	20
Movement in net funds in the year		**(574)**	(21,482)
Net funds at 31 March		**59,109**	59,683

1 Accounting policies

a) Basis of accounting

These financial statements are prepared on the going concern basis, under the historical cost convention in accordance with the Companies Act 2006 and applicable UK accounting standards.

Having considered post year end trading and forecasts and the cash resources available to the Group, the directors are satisfied that it is appropriate to continue to use the going concern assumption.

The principal accounting policies, which have been applied consistently and uniformly throughout the Group during the year, are set out below unless otherwise stated.

b) Basis of consolidation

The consolidated financial statements include the Company and all its subsidiary undertakings. Intragroup trading is eliminated within turnover, charges from sub-consultants and other direct project costs and communications and other overheads.

c) Turnover

Turnover represents the value of work performed on contracts in the year.

For contracts on which turnover exceeds fees rendered, the excess is included as amounts recoverable on contracts within debtors. For contracts on which fees rendered exceed turnover, the excess is included as deferred income within creditors.

d) Tangible fixed assets and depreciation

Tangible fixed assets are carried at cost less accumulated depreciation and impairment. Cost comprises purchase price after discounts and rebates plus all directly attributable costs of bringing the asset to working condition for its intended use. Freehold land and property are depreciated over 50 years, expenditure on leasehold properties is depreciated over the period of the lease and all other tangible fixed assets are depreciated over a 4 to 10 year period.

Fixed assets and investments are reviewed for impairment wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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.

e) Taxation

Current and deferred income tax are recognised in the profit and loss account for the period except where the taxation arises as a result of a transaction or event that is recognised in the statement of total recognised gains and losses or directly in equity. Income tax arising on transactions or events recognised in the statement of total recognised gains and losses or directly in equity is charged or credited to the statement of total recognised gains and losses or directly to equity respectively.

f) Deferred taxation

Full provision is made for timing differences at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted at the balance sheet date, in respect of timing differences which have arisen but not reversed at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements, which are not permanent. Deferred tax is measured on a non-discounted basis.

No deferred tax has been provided for on any gain arising from the sales of any assets where the taxable gain has been, or will be, rolled over to replacement assets.

Deferred tax assets are only recognised where they arise from timing differences where the recoverability is foreseen with reasonable certainty.

g) Exchange rates

Monetary assets and liabilities in foreign currencies have been translated into sterling at year end exchange rates. The trading results of foreign undertakings have been translated using an average rate for the year.

Exchange differences on the translation of the results of foreign undertakings together with those on assets and liabilities in foreign currencies are taken directly to reserves. All other exchange differences are included in the profit and loss account.

h) Long term contracts

The value of long term contracts is based on recoverable costs plus attributable profit. Cost is defined as engineering and technical 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.

For contracts on which turnover exceeds fees rendered, the excess is included as amounts recoverable on contracts (lump sum projects), and as accrued income (time basis projects), within debtors. For contracts on which fees rendered exceeds turnover, the excess is included as deferred income, within creditors.

i) Research and development

All research and development cost is expensed in the year incurred.

1 Accounting policies (continued)

j) Pension costs

Contributions to the Group's defined contribution schemes are charged to the profit and loss account when they fall due.

The Group also operated three defined benefit schemes during the year as described in note 31. The assets from the schemes are held separately from those of the company in independently administered funds. Under FRS 17, the assets of the defined benefit pension schemes are measured at their fair (market) value at the balance sheet date and compared to the liabilities of the schemes, at the same date, measured on an actuarial basis using the projected unit method. The discount rate used is the rate of return at the balance sheet date on a high quality corporate bond of equivalent currency and term to the schemes' liabilities. The extent to which the schemes' assets exceed/fall short of their liabilities is shown as a surplus/deficit in the balance sheet. The surplus/deficit is shown net of deferred taxation.

The increase in the present value of the pension schemes' liabilities arising as a result of employee service in the current period is charged to operating profit. Any increase in the present value of the pension schemes' liabilities arising in the current period, but as a result of employee service in prior periods, is charged to operating profit on a straight line basis over the period in which the increases in benefit vest.

The amount of expected return on the schemes' assets and the increase during the period in the present value of the schemes' liabilities arising from scheme liabilities being one year closer to payment are included as other finance income/costs in the profit and loss account.

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

Actuarial gains and losses are reported in the statement of total recognised gains and losses.

k) Leased assets

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

Benefits received and receivable as an incentive to sign an operating lease are spread on a straight line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

l) Investment in subsidiaries

Investments in subsidiaries are stated at cost less impairments.

m) Investments

Investments are stated at cost in accordance with FRS 23. Investments are tested for impairment when an event that might affect asset value has occurred. An impairment loss is recognised to the extent that the carrying amount cannot be recovered either by selling the asset or by the discounted future cash flows from the investment. Investments denominated in foreign currencies are translated at the rates prevailing on the balance sheet date, only to the extent that they are hedged by foreign currency borrowings. All such exchange differences are offset directly in reserves.

n) Business combinations

The Group uses the acquisition method of accounting for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

o) Goodwill

The consolidated financial statements adopt the provisions of FRS 10 Goodwill and Intangible Assets.

The Companies Act 2006 requires that capitalised goodwill be subject, normally, to systematic amortisation. In the case of goodwill which is regarded as having a limited useful economic life, the Group's accounting policy is to amortise the goodwill through the consolidated profit and loss account over the directors' estimate of the useful life, being 20 years for the goodwill that has arisen to date. The directors' assessment of the useful life of this goodwill is based on the nature of the business acquired, the durability of the products to which the goodwill attaches and the expected future impact of competition on the business.

Where goodwill is regarded as having an indefinite useful life, it is not amortised. The useful economic life is regarded as indefinite life where goodwill is capable of continued measurement and the durability of the acquired business can be demonstrated. Where goodwill is not amortised, the directors perform an annual impairment review and any impairment is charged to the profit and loss account.

1 Accounting policies (continued)

As described in note 11, the directors consider the purchased negative goodwill to have a one year life and hence this has been written off in the period.

p) Trade debtors

Trade debtors are recognised at the original invoice amount. A provision for impairment of trade debtors is established when there is reason to believe that the Group will not be able to collect all amounts due according to the original terms of the debtor. A provision for exchange differences is also recognised on debts raised in currencies other than the Group company's functional currency.

q) Cash

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

r) Dilapidation provision

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 are made where a legal obligation is identified and the liability can be reasonably quantified. The provision is discounted to net present value at the balance sheet date using an appropriate discount rate.

s) Company profit and loss account

In accordance with the concession quoted under Section 408(3) of the Companies Act 2006, the Company profit and loss account has not been separately presented in these financial statements.

2 Segmental report

	2013 £'000	**2013 £'000**	**2013 £'000**	2012 £'000	2012 £'000	2012 £'000
Turnover by destination						
United Kingdom			**282,274**			273,062
Asia			**198,242**			178,010
Australasia			**193,840**			195,338
Americas			**139,144**			112,131
Middle East & Africa			**108,914**			150,995
Europe			**108,186**			82,268
			1,030,600			991,804
Turnover by origin	**Total**	**Internal**	**Total less internal**	Total	Internal	Total less internal
United Kingdom	**447,824**	**76,315**	**371,509**	414,095	85,816	328,279
Australasia	**211,224**	**13,922**	**197,302**	219,357	16,385	202,972
Asia	**215,574**	**30,181**	**185,393**	189,016	30,613	158,403
Americas	**232,937**	**84,764**	**148,173**	216,408	82,343	134,065
Europe	**83,836**	**18,273**	**65,563**	67,091	12,194	54,897
Middle East & Africa	**71,970**	**9,310**	**62,660**	119,783	6,595	113,188
	1,263,365	**232,765**	**1,030,600**	1,225,750	233,946	991,804
Profit before taxation by destination						
United Kingdom			**6,482**			7,891
Asia			**4,551**			5,144
Australasia			**4,450**			5,645
Americas			**3,195**			3,241
Middle East & Africa			**2,500**			4,364
Europe			**2,484**			2,377
			23,662			28,662
Net interest and other financing income			**2,623**			9,576
Group profit before taxation			**26,285**			38,238

2 Segmental report (continued)

	2013 £'000	2013 £'000	2013 £'000	2012 £'000	2012 £'000	2012 £'000
Profit before taxation by origin						Restated*
Asia			**14,183**			11,905
Australasia			**8,281**			6,481
United Kingdom			**3,275**			3,729
Middle East & Africa			**1,185**			5,455
Americas			**370**			4,071
Europe			**(1,009)**			6,597
Group profit before taxation			**26,285**			38,238

* Prior year profit before taxation by origin has been restated to better reflect the internal recharging across the regions.

Net assets by destination	**Excluding net pensions**			Excluding net pensions	
United Kingdom	**129,886**	**25,756**		126,933	30,901
Asia	**21,110**	**13,535**		15,277	10,973
Americas	**10,620**	**10,620**		10,378	10,378
Europe	**9,705**	**9,825**		3,150	9,472
Australasia	**4,915**	**4,915**		4,149	4,149
Middle East & Africa	**2,821**	**2,821**		4,298	4,298
	179,057	**67,472**		164,185	70,171

The Group only operates materially in the business of consulting engineering.

3 Staff costs

	2013 £'000	2012 £'000
Ordinary staff costs		
Wages and salaries	**446,513**	420,331
Staff profit sharing	**30,562**	22,165
Social security costs	**37,693**	36,304
Pension contributions	**36,970**	32,173
Redundancy costs	**5,849**	3,821
Other staff costs	**34,144**	34,969
Total staff costs	**591,731**	549,763

Average number of persons employed by the Group	**Number**	Number
Engineering and technical staff	**8,333**	7,845
Administrative staff	**1,716**	1,640
Government site staff	**647**	515
Company directors	**132**	135
Total staff numbers	**10,828**	10,135

4 Directors' remuneration

	2013 £'000	2012 £'000
Aggregate remuneration:		
Aggregate emoluments paid	**5,745**	4,598
Aggregate contributions paid to money purchase schemes	**204**	174

Number of directors accruing pension benefits under:	**Number**	Number
Money purchase schemes	**8**	8
Defined benefit schemes	**9**	9

Some directors are included under both money purchase and defined benefit due to the closure of the defined benefit scheme.

Highest paid director:	**£'000**	£'000
Total emoluments excluding contributions paid to pension schemes	**803**	564

Emoluments paid to the highest paid Director includes a provision for tax equalisation costs.

5 Group operating profit

	2013 £'000	2012 £'000
This is stated after charging:		
During the year, the Group obtained the following services from the Company's auditor:		
Audit of parent company and consolidated financial statements	**165**	165
Fees payable for other services:		
- Audit of the Company's subsidiaries, pursuant to legislation	**465**	465
- Tax services	**50**	50
Loss on disposal of fixed assets	**186**	60
Loss on foreign exchange from trading activities	**76**	1,582
Research and development costs	**15,336**	12,480
Operating leases - land & buildings	**43,263**	43,877
Operating leases - plant & machinery	**944**	922
Depreciation	**23,222**	24,058

6 Interest receivable and similar income

	2013 £'000	2012 £'000
Bank interest	**1,238**	1,344
Finance lease interest	**463**	-
	1,701	1,344

7 Interest payable and similar charges

	2013 £'000	2012 £'000
Bank interest	**1,084**	1,138
Finance lease interest	**4**	-
Other interest	**71**	188
	1,159	1,326

8 Taxation

	2013 £'000	2012 £'000
a) Analysis of tax charge		
The charge for taxation comprises:		
UK corporation tax for the year at 24% (2012: 26%)	**387**	7,073
Less: double tax relief	**(138)**	(6,786)
	249	287
(Over)/under provision in respect of prior years	**(47)**	508
	202	795
Non-UK tax for the current year	**8,145**	7,220
(Over)/under provision of non-UK tax in respect of prior years	**(534)**	1,237
Current tax charge	**7,813**	9,252
UK deferred taxation for the current year	**(1,495)**	(1,750)
Over provision in respect of prior years	**(521)**	(343)
Total tax charge	**5,797**	7,159

b) Factors affecting the tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax of 24% (2012: 26%). The differences are explained below:

	2013 £'000	2012 £'000
Profit on ordinary activities before taxation	**26,285**	38,238
Profit on ordinary activities at the standard rate of corporation tax of 24% (2012: 26%)	**6,308**	9,942
Effects of:		
Permanent differences	**(3,374)**	(5,321)
Timing adjustments	**1,446**	3,763
Adjustments to tax charge in respect of prior years including non-UK tax charge	**(582)**	1,747
Utilised brought forward losses	**(155)**	(1,025)
Unrelieved losses carried forward	**-**	340
Non-UK tax in excess/(shortfall) of UK tax	**4,170**	(194)
Current tax charge	**7,813**	9,252

c) Factors affecting current and future tax charges

Effective from 1 April 2012 the UK main corporation tax rate was 24%. Following the March 2013 Budget Statement, the main rate of corporation tax was further reduced from 24% to 23% from 1 April 2013, and the relevant deferred tax assets have been re-measured. Further reductions to the main rate are proposed to reduce the rate to 21% by 1 April 2014 but these later reductions had not been substantively enacted at the balance sheet date and, therefore, are not reflected in these financial statements.

The Group has elected into the Branch Exemption Regime for the majority of branches. This takes effect for the accounting period commencing from 1 April 2012. It is expected that the effect of this election will be to reduce the Group's long term effective tax rate.

For the year ending 31 March 2013 local tax rates have been used to calculate deferred tax assets or liabilities.

9 Tangible fixed assets - Group

	Freehold land & property	Leasehold property	Furniture, fittings & IT	Motor vehicles	Leased motor vehicles	£'000 Total
Cost or valuation						
Balance at 1 April 2012	**77,852**	**53,885**	**119,445**	**1,481**	**346**	**253,009**
Additions during the year	**2**	**2,230**	**12,681**	**173**	**20**	**15,106**
Disposals during the year	**-**	**(131)**	**(2,107)**	**(252)**	**(54)**	**(2,544)**
Adjustment for exchange differences	**142**	**1,283**	**3,525**	**56**	**(8)**	**4,998**
Balance at 31 March 2013	**77,996**	**57,267**	**133,544**	**1,458**	**304**	**270,569**
Accumulated depreciation						
Balance at 1 April 2012	**4,481**	**22,562**	**80,799**	**952**	**123**	**108,917**
Charge for the year	**2,036**	**5,293**	**15,701**	**120**	**72**	**23,222**
Eliminated in respect of disposals	**-**	**(3)**	**(1,897)**	**(152)**	**(54)**	**(2,106)**
Adjustment for exchange differences	**-**	**591**	**2,553**	**29**	**(2)**	**3,171**
Balance at 31 March 2013	**6,517**	**28,443**	**97,156**	**949**	**139**	**133,204**
Net book value at 31 March 2013	**71,479**	**28,824**	**36,388**	**509**	**165**	**137,365**
Net book value at 31 March 2012	73,371	31,323	38,646	529	223	144,092

Included within freehold land and property is investment property valued at £5.8m. The investment properties have been independently valued by an independent chartered surveyor as at 31 March 2012. There are no differences between the historical cost convention and the market value.

9 Tangible fixed assets - Company

	£'000 Leasehold property
Cost or valuation	
Balance at 1 April 2012	**3,790**
Balance at 31 March 2013	**3,790**
Accumulated depreciation	
Balance at 1 April 2012	**1,421**
Charge for the year	**63**
Balance at 31 March 2013	**1,484**
Net book value at 31 March 2013	**2,306**
Net book value at 31 March 2012	2,369

10 Subsidiary undertakings

Arup Group Limited owns ordinary shares in the companies noted below. These companies were all wholly owned subsidiary undertakings of Arup Group Limited at 31 March 2013 (unless otherwise stated), and their results are consolidated into the accounts of Arup Group Limited. The operating companies were all engaged in the same principal activities as the parent company, except for Arup (Luxembourg) S.a.r.l., Arup Property Guernsey Limited and Arup Ireland Limited whose principal activity is property holdings; Fitzroy Insurance Services Limited whose principal activity is insurance services and Arup Treasury Limited whose principal activity is group treasury.

Direct holdings:	Country of incorporation
Arup Americas Inc	USA
Arup S.I.G.M.A. Ltd	Mauritius
Arup (Luxembourg) S.a.r.l.	Luxembourg
Arup (Pty) Limited (70% holding)	South Africa
Arup Botswana Limited	England & Wales
Arup Consulting Engineers EPE	Greece
Arup GmbH	Germany
Arup International Consultants (Shanghai) Co Limited	China
Arup Ireland Limited	Ireland
Arup Ltd	Mauritius
Arup Muhendislik ve Musavirlik Limited Sirketi	Turkey
Arup Partner Pty Limited	Australia
Arup Pty Limited	Australia
Fitzroy Insurance Services Limited	Guernsey
Ove Arup & Partners Poland Sp.z.o.o.	Poland
Ove Arup Holdings BV	Netherlands
Ove Arup Holdings Limited	England & Wales
Ove Arup International (Holdings) Limited	Hong Kong
Ove Arup Partnership Limited	England & Wales

Indirect holdings:	Country of incorporation
APGL Services Limited	England & Wales
Arup (Cambodia) Limited	Cambodia
Arup Advisory Inc	USA
Arup Africa	Mauritius
Arup Associates Limited	England & Wales
Arup Brasil Consultoria Ltda	Brazil
Arup BV	Netherlands
Arup Canada Inc	Canada
Arup China Limited	Hong Kong
Arup Corporate Finance Limited	England & Wales
Arup Deutschland GmbH	Germany
Arup d.o.o.	Serbia
Arup East Africa Limited	Kenya
Arup Environmental Consultants Pty Limited	Australia
Arup Government Projects Inc	USA
Arup Gulf Limited	England & Wales
Arup India Private Limited	India
Arup International Limited	England & Wales
Arup Ireland Incorporated	Ireland
Arup Ireland Partner Limited	Ireland
Arup Italia S.r.l.	Italy
Arup Latin America S.A.U.	Spain
Arup Limited	England & Wales
Arup New Zealand Limited	New Zealand
Arup North America Limited	England & Wales
Arup Pacific Pty Limited	Australia
Arup Property Guernsey Limited	Guernsey
Arup Services BV	Netherlands
Arup Services New York Limited	England & Wales
Arup Singapore Pte Limited	Singapore
Arup Texas Inc	USA
Arup Treasury Limited	England & Wales
Arup USA Inc	USA
Arup Vietnam Limited	Vietnam
Babylon Investment Company	Ireland
Broomco (06838312) Limited	England & Wales
Broomco (360580) Limited	Ireland
Broomco (469104) Limited	Ireland
Broomco (50415) Incorporated	Ireland
Feldcross and Co Limited	Ireland
Fortlyster Limited	Ireland
Networked Electricity Storage Technology Limited (60% holding)	England & Wales
Oasys (Ireland) Limited	Ireland
OASYS Limited	England & Wales
Ovarpart Nominee Limited	England & Wales
Ove Arup & Partners Danmark A/S	Denmark
Ove Arup & Partners Hong Kong Limited	England & Wales
Ove Arup & Partners International Limited	England & Wales
Ove Arup & Partners Ireland Limited	Ireland
Ove Arup & Partners Japan Limited	England & Wales
Ove Arup & Partners Korea Limited	Korea
Ove Arup & Partners Limited	England & Wales
Ove Arup & Partners PC	USA
Ove Arup & Partners S.A.U.	Spain
Ove Arup & Partners Scotland Limited	Scotland
Ove Arup & Partners Thailand Limited	England & Wales
Ove Arup (Thailand) Limited	Thailand
Ove Arup Incorporated	England & Wales
PT Arup Indonesia	Indonesia
Shelbourne Plaza (Block C) Management Co. Limited (78% holding)	Ireland
The Shelbourne Property Trust	Ireland
Wellington Printing Limited	Ireland
Williamsburg Investment Company	Ireland

10 Subsidiary undertakings (continued)

£'000

	Cost	Investment Impairment	Net Value
Movement of investment			
Opening balance at 1 April 2012	**135,971**	**(21,738)**	**114,233**
Additions	**12,865**	**-**	**12,865**
Transfers	**(10,731)**	**-**	**(10,731)**
Investment impairments	**-**	**4,443**	**4,443**
Balance at 31 March 2013	**138,105**	**(17,295)**	**120,810**

The directors believe that the carrying value of the investments is supported by their underlying net assets.

11 Acquisitions and disposals

Acquisition of Arup Ireland Limited and Arup Ireland Partner Limited (and their subsidiaries)

In the financial statements for year ended 31 March 2012 the acquisitions of Arup Ireland Limited and Arup Ireland Partner Limited (and their subsidiaries) were included. The net assets acquired were £6,277k which resulted in negative goodwill of £4,277k which was written off in the year acquired.

12 Financial assets

£'000

	Country of incorporation
2 (2012: 2) ordinary shares of £1 each in The Arup Partnerships Trustees Limited	England & Wales
50 (2012: 50) ordinary shares of 10,000 Riyals each in Arup Iran SSK	Iran
30,000 (2012: 30,000) ordinary shares of 1p each in St Helena Leisure Corporation Limited	England & Wales
200 (2012: 120) ordinary shares of £1,000 each in MBK Arup Sustainable Projects Limited	England & Wales

Movement of unlisted investments at cost	**2013**	2012
Opening balance at 1 April	**124**	4
Additions	**80**	120
Balance at 31 March	**204**	124

The directors believe that the carrying value of the investments is supported by their underlying net assets.

13 Debtors

£'000

	2013		2012	
	Group	**Company**	Group	Company
Amounts recoverable on contracts	**75,207**	**-**	56,066	-
Trade debtors	**172,711**		178,126	-
Amounts owed by Group undertakings	**-**	**20,031**	-	19,501
Foreign tax recoverable	**5,519**	**-**	6,828	-
Deferred tax asset	**19,313**	**-**	13,741	-
Corporation tax	**2,818**	**-**	2,000	-
Other debtors	**18,413**	**650**	15,247	841
Prepayments and accrued income	**30,600**	**-**	35,085	-
	324,581	**20,681**	307,093	20,342

14 Current asset investments

£'000

	2013 Group	2013 Company	2012 Group	2012 Company
Unlisted investment	**685**	**-**	685	-

The unlisted investment is made up of 685,000 preference shares of £1 each in Halo Inductive Power Technologies Limited. Halo Inductive Power Technologies paid a dividend of £420k (2012: £3,859k) to Arup Group Limited, this makes up the majority of the dividend received by the Group.

15 Creditors: amounts falling due within one year

£'000

	2013 Group	2013 Company	2012 Group	2012 Company
Amounts falling due within one year				
Deferred income	**169,250**	**-**	172,330	-
Bank overdraft	**896**	**-**	19	-
Trade creditors	**24,670**	**-**	35,761	-
Amounts owed to Group undertakings	**-**	**83,522**	-	82,613
Amounts due on finance leases within one year	**8**	**-**	9	-
Provision for foreign tax	**1,744**	**-**	4,268	-
Corporation tax	**1,199**	**950**	950	950
Taxation and social security costs	**9,502**	**-**	8,471	-
Other creditors	**22,779**	**-**	25,501	-
Accruals	**96,415**	**878**	92,785	183
Bank loan	**-**	**-**	3,462	3,462
Deferred tax liability	**2,044**	**-**	-	-
	328,507	**85,350**	343,556	87,208

16 Creditors: amounts falling due after more than one year

£'000

	2013 Bank loan	2013 Lease incentives	2013 Other*	2013 Total	2012 Total
Group					
In more than one year but no more than two years	**-**	**110**	**-**	**110**	3,829
In more than two years but no more than five years	**35,007**	**34**	**7,732**	**42,773**	11,134
In more than five years (non-installment debts)	**-**	**858**	**-**	**858**	19,082
	35,007	**1,002**	**7,732**	**43,741**	34,045
Company					
In more than one year but no more than two years	**-**	**-**	**-**	**-**	3,462
In more than two years but no more than five years	**35,007**	**-**	**-**	**35,007**	10,385
In more than five years (non-installment debts)	**-**	**-**	**-**	**-**	19,038
	35,007	**-**	**-**	**35,007**	32,885

The Group had adequate funding facilities in place at 31 March 2013 to finance the business going forward. The available funding is in the form of a revolving credit facility and bears a market floating rate of interest based on LIBOR.

* The majority of this amount relates to rent free periods on property leases.

17 Provision for liabilities

	£'000
Opening balance at 1 April 2012	**6,331**
Additional provision in the year	**219**
Balance at 31 March 2013	**6,550**

This provision relates to dilapidations on buildings leased by the Group, in accordance with our lease contracts.

18 Deferred taxation - Group

£'000

	2013		2012	
	Provided	**Unprovided**	Provided	Unprovided
Timing differences due to accelerated taxation depreciation allowances	**3,156**	**-**	3,813	-
Short term timing differences	**14,113**	**-**	9,928	-
	17,269	**-**	13,741	-
Movement of deferred tax asset:				
Balance at 1 April	**13,741**		9,016	
Reclassification of opening balance	**(232)**		1,244	
Under provision of deferred tax in respect of previous years	**521**		343	
Restated opening balance	**14,030**		10,603	
Charge for the year	**1,495**		1,750	
Less: deferred tax on pension scheme deficit	**2,472**		2,437	
Adjustment for changes in corporation tax	**(728)**		(1,057)	
Exchange rate difference	**-**		8	
At 31 March	**17,269**		13,741	
Deferred tax asset	**19,313**		13,741	
Deferred tax liability	**(2,044)**		-	
Deferred tax asset as at 31 March	**17,269**		13,741	

19 Cash flow from operating activities

	2013 £'000	2012 £'000
Reconciliation of operating profit to net cash flow from operating activities		
Operating profit	**23,662**	28,662
Depreciation charges	**23,222**	24,058
Write off negative goodwill	**-**	(4,277)
Loss on disposal of fixed assets	**186**	60
Difference between pension charge and cash contributions	**(8,409)**	(10,359)
Increase in debtors	**(4,696)**	(32,058)
(Decrease)/increase in creditors	**(11,643)**	6,427
Increase in provision for liabilities	**219**	677
Net cash inflow from operating activities	**22,541**	13,190

20 Analysis of changes in net funds

£'000

	At 1 April 2012	**Cash flow**	**At 31 March 2013**
Cash at bank and in hand	96,123	**(1,103)**	**95,020**
Overdrafts	(19)	**(877)**	**(896)**
Bank loan due within one year	(3,462)	**3,462**	**-**
Bank loan due after more than one year	(32,885)	**(2,122)**	**(35,007)**
	59,757	**(640)**	**59,117**
Finance leases	(74)	**66**	**(8)**
	59,683	**(574)**	**59,109**

21 Called up share capital – Group and Company

	2013 £'000	2012 £'000
Issued, called up and fully paid:		
65 (2012: 65) voting shares of £1 each	**-**	-
120,000 (2012: 120,000) equity shares of £1 each	**120**	120
	120	120

22 Reserves

£'000

	Group		**Company**
	Capital reserve	**Profit and loss account**	**Profit and loss account**
Balance at 1 April 2012	**3**	**70,048**	**16,735**
Profit for the financial year	-	**20,488**	**6,589**
Actuarial loss recognised in the pension schemes	-	**(29,928)**	**-**
Deferred tax liability movement related to the actuarial loss	-	**4,026**	**-**
Exchange translation differences	-	**2,715**	**-**
Balance at 31 March 2013	**3**	**67,349**	**23,324**
Profit and loss reserve excluding net pension		**178,934**	
Net pensions (note 31)		**(111,585)**	
Profit and loss reserve		**67,349**	

23 Reconciliation of movements in shareholders' funds - Group

	2013 £'000	2012 £'000
Balance at 1 April	**70,171**	64,903
Profit for the financial year	**20,488**	31,079
Exchange translation difference	**2,715**	2,791
Actuarial loss recognised in the pension scheme	**(29,928)**	(33,362)
Deferred tax asset movement related to the actuarial loss	**4,026**	4,760
Closing shareholders' funds	**67,472**	70,171
Shareholders' funds excluding net pension scheme	**179,057**	164,185
Net pension scheme (note 31)	**(111,585)**	(94,014)
Closing shareholders' funds	**67,472**	70,171

24 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 occured 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 guaranteed bond support facilities granted to other companies in the Group. The guarantee is supported by a secured debenture dated 19 March 2013. No borrowings were outstanding as at 31 March 2013.

25 Trust monies

The Group operates a number of bank accounts which are maintained in the name of Group companies in Australia on behalf of third party clients. These accounts are not available to meet any liabilities of the Group and are therefore excluded from the consolidated balance sheet. The total of such accounts at 31 March 2013 was £5.5m (2012: £5.9m).

26 Capital commitments

£'000

	2013		2012	
	Group	**Company**	Group	Company
Authorised and contracted for	**345**	**-**	998	-

27 Other financial commitments

£'000

The Group and Company have the following annual property, plant and machinery leasing commitments at the year end in respect of leases expiring as follows:

	2013		2012	
	Group	**Company**	Group	Company
Within one year	**9,590**	**-**	5,843	-
In two to five years	**21,430**	**-**	14,881	-
After five years	**15,936**	**-**	18,123	-

28 Ultimate controlling party

The Company is owned by the Ove Arup Partnership Employee Trust, the Ove Arup Partnership Charitable Trust and the Arup Service Trust.

29 Related party transactions

The Company and its wholly owned subsidiaries transact with each other in the normal course of business. These transactions are not disclosed, in accordance with FRS 8 paragraph 3, as the transactions and balances between Group entities have been eliminated on consolidation. There are no other related party transactions.

30 Post year end events

In June 2013 Ove Arup & Partners International Limited agreed to surrender the lease on Carlow House (a property in London) with effect from 31 December 2013. The Group will pay consideration of £1m due to early surrender of the lease.

In June 2013 Arup Pty Limited purchased 100% of shares in Strategic Economics Consulting Group. The purchase price consisted of a fixed-price component of approximately £0.5m and an earn out component estimated at £0.5m, both paid over seven years.

31 Pension commitments

The Group operates three defined benefit retirement schemes for employees, one UK registered, one Hong Kong registered and one Ireland registered. The Group also has an unfunded scheme in Japan.

UK registered scheme

The Group operated a UK registered, contributory pension scheme, which had a defined benefit and a defined contribution section, for employees. On 31 March 2010, the scheme was closed to new members. With effect from 30 June 2010 the future accrual of benefits for existing members ceased. The Group replaced this scheme with a group 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. The Group has no ongoing liability to the funds held by BlackRock 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 2010 using the projected unit method. The actuarial valuation of the scheme's assets at 31 March 2010 (which took into account the closure of the scheme to come on 30 June 2010), on an ongoing basis, represented 74% of the actuarially calculated liabilities for benefits that had accrued to members and the scheme's assets had a market value of £494m at that date. The most significant assumptions made by the actuary in carrying out this valuation were the discount rate of 7.3% pre retirement and 5.0% post retirement and the consumer price inflation of 2.5%. Allowance was made for the closure of the scheme and no assumption was made for future salary inflation. A special employer's contribution of £9.5m was made during the year to 31 March 2013 (2012: £10.5m). The next actuarial valuation is being carried out as at 31 March 2013 but the results will not be available until 2014.

The valuation position of this scheme was reassessed at 31 March 2013 by a qualified independent actuary for the purposes of the financial reporting standard FRS 17.

The cumulative amount of actuarial losses recognised in the statement of recognised gains and loss is £19.2m (2012: £31m).

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

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

The Group operates a Hong Kong registered, contributory, defined benefit retirement scheme for employees. Contributions to the scheme are made in accordance with the advice of independent qualified actuaries on the basis of triennial valuations. The most recent valuation was at 31 March 2011 using the projected unit method. The actuarial valuation of the scheme's assets at 31 March 2011 on an ongoing basis represented 109% of the actuarially calculated liabilities for benefits that had accrued to members and the scheme's assets had a market value of £29.7m at that date. The most significant assumptions made by the actuary in carrying out this valuation were that the investment return would be 6% pre-retirement and that salary inflation would be 4.5% p.a. There was no employer's contribution for the year to 31 March 2013 (2012: £1.4m). The next actuarial valuation will be carried out no later than 31 March 2014.

31 Pension commitments (continued)

Ireland registered scheme

The Group operates a defined benefit pension scheme and a defined contribution pension scheme.

The assets of the defined benefit scheme are held in separate trustee administered funds. The Group 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 2010. This report is not available for public inspection.

At the date of the last full valuation the discounted value of the pension fund assets was £38.7m which represented 79.4% of past service benefits to normal pension date before taking account of future distributions. The discontinuance position was that the liabilities emerging in the event of a winding-up of the plan would not be fully covered by the plan's assets.

As a result of the scheme's inability to satisfy the funding standard as at 31 March 2011, the Scheme's Trustees made an application under Section 50 of the Pensions Act 1990 which was approved by the Pensions Board. Under the Section 50 application the guaranteed annual pension increase of 3% was removed, and pension accrual ceased for active members from the 31 December 2011 and member contributions ceased from that date.

In the opinion of the actuary, the scheme now satisfies the funding standard as at 31 March 2013.

The valuation of the defined benefit scheme used for the purposes of FRS17 disclosures was based on the valuation at 1 April 2010. It has been updated by an independent actuary to take account of the requirements of FRS17 in order to assess the liabilities at the balance sheet date. Scheme assets are stated at their market value at the balance sheet date.

Japan unfunded scheme

The Group 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 2013 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 1.1% p.a. and that salary inflation would be 1% p.a. There was an employer contribution for the year to 31 March 2013 of £0.03m (2012: £0.2m). There was an actuarial loss in the year of £0.1m (2012: nil). The pension liability recognised in the financial statements was £1m (2012: £0.8m).

Assets in the scheme and the expected rates of return at 31 March:

	Long term rate of return expected							
	UK		Hong Kong		Ireland		Japan	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
Equities and property	**7.4%**	7.8%	**8.2%**	8.2%	**5.6%**	6.5%	**N/A**	N/A
Bonds and cash including net current assets	**3.7%**	4.0%	**1.3%**	1.6%	**3.1%**	4.0%	**N/A**	N/A

	Value of assets in the schemes							
	UK		Hong Kong		Ireland		Japan	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	£'m	£'m	**£'m**	£'m	**£'m**	£'m	**£'m**	£'m
Equities and property	**459.8**	371.1	**24.2**	21.9	**27.0**	24.9	**-**	-
Bonds and cash including net current assets	**144.7**	179.4	**7.2**	6.9	**16.8**	14.5	**-**	-
Total market value of assets	**604.5**	550.5	**31.4**	28.8	**43.8**	39.4	**-**	-
Present value of defined benefit obligation	**(739.8)**	(676.9)	**(39.3)**	(33.0)	**(44.2)**	(32.7)	**(1.0)**	(0.8)
(Deficit)/surplus in the scheme	**(135.3)**	(126.4)	**(7.9)**	(4.2)	**(0.4)**	6.7	**(1.0)**	(0.8)
Less: related deferred tax asset/(liability) at 23% (2012: 24%)	**31.1**	30.3	**1.3**	0.7	**0.5**	(0.4)	**-**	-
Net scheme (liability)/asset	**(104.2)**	(96.1)	**(6.6)**	(3.5)	**0.1**	6.3	**(1.0)**	(0.8)

Major categories of scheme assets as a percentage of total scheme assets:

	UK		Hong Kong		Ireland		Japan	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
Equities and property	**76%**	68%	**77%**	76%	**62%**	63%	**N/A**	N/A
Bonds and cash including net current assets	**24%**	32%	**23%**	24%	**38%**	37%	**N/A**	N/A
	100%	100%	**100%**	100%	**100%**	100%	**N/A**	N/A

31 Pension commitments (continued)

Amounts recognised in the profit and loss account:

	UK		**Hong Kong**		**Ireland**		**Japan**	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	£'m	£'m	**£'m**	£'m	**£'m**	£'m	**£'m**	£'m
Current service cost	**-**	-	**-**	(1.6)	**(0.5)**	-	**(0.1)**	(0.1)
Interest on obligation	**(34.6)**	(35.9)	**(1.4)**	(1.4)	**(1.5)**	-	**-**	-
Expected return on scheme assets	**35.4**	34.6	**1.9**	1.8	**2.0**	-	**-**	-
Net income/(charge)	**0.8**	(1.3)	**0.5**	(1.2)	**-**	-	**(0.1)**	(0.1)
Actual return on scheme assets	**66.0**	36.5	**3.7**	(0.6)	**5.4**	2.6	**-**	-

Movement of deficit during the year

	UK		**Hong Kong**		**Ireland**		**Japan**	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	£'m	£'m	**£'m**	£'m	**£'m**	£'m	**£'m**	£'m
Deficit in scheme at 1 April	**(126.4)**	(104.6)	**(4.2)**	(1.3)	**6.6**	-	**(0.8)**	(0.9)
Pension asset acquired	**-**	-	**-**	-	**-**	6.1	**-**	-
Movement in the year:								
Current service cost	**-**	-	**-**	(1.6)	**(0.5)**	-	**(0.1)**	(0.1)
Employer contributions	**9.5**	10.5	**-**	1.4	**0.3**	-	**-**	0.2
Past service income	**-**	-	**-**	-	**(0.8)**	(0.2)	**-**	-
Interest cost	**(34.6)**	(35.9)	**(1.4)**	(1.4)	**(1.5)**	(0.6)	**-**	-
Expected return on scheme assets	**35.4**	34.6	**1.9**	1.8	**2.0**	0.6	**-**	-
Actuarial (loss)/gain	**(19.2)**	(31.0)	**(4.0)**	(3.0)	**(6.6)**	0.7	**(0.1)**	-
Adjustment for exchange differences	**-**	-	**(0.2)**	(0.1)	**0.1**	-	**-**	**-**
(Deficit)/surplus in scheme at 31 March	**(135.3)**	(126.4)	**(7.9)**	(4.2)	**(0.4)**	6.6	**(1.0)**	(0.8)

	UK		**Hong Kong**		**Ireland**		**Japan**	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	£'m	£'m	**£'m**	£'m	**£'m**	£'m	**£'m**	£'m
Reconciliation of the present value of the defined benefit obligation:								
Present value of defined benefit obligation at 1 April	**676.9**	629.2	**33.0**	31.0	**32.8**	-	**0.8**	0.9
Pension asset acquired	**-**	-	**-**	-	**-**	31.0	**-**	-
Current service cost	**-**	-	**-**	1.6	**0.5**	-	**0.1**	0.1
Interest cost	**34.6**	35.9	**1.4**	1.4	**1.5**	0.6	**-**	-
Members' contributions	**-**	-	**-**	-	**-**	-	**-**	-
Actuarial loss on scheme liabilities	**49.8**	32.9	**4.2**	0.2	**9.4**	1.3	**0.1**	**-**
Benefits paid	**(21.5)**	(21.1)	**(1.1)**	(1.7)	**(1.4)**	(0.2)	**-**	(0.2)
Past service cost	**-**	-	**-**	-	**0.8**	-	**-**	-
Adjustment for exchange differences	**-**	-	**1.8**	0.5	**0.6**	0.1	**-**	-
Present value of defined benefit obligation at 31 March	**739.8**	676.9	**39.3**	33.0	**44.2**	32.8	**1.0**	0.8

31 Pension commitments (continued)

	UK		Hong Kong		Ireland		Japan	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	£'m	£'m	**£'m**	£'m	**£'m**	£'m	**£'m**	£'m
Reconciliation of fair value of scheme assets:								
Fair value of scheme assets at 1 April	**550.5**	524.6	**28.8**	29.7	**39.5**	-	**-**	-
Pension asset acquired	**-**	-	**-**	-	**-**	37.1	**-**	-
Expected return on scheme assets	**35.4**	34.6	**1.9**	1.8	**2.0**	0.6	**-**	-
Actuarial gain/(loss) on scheme assets	**30.6**	1.9	**0.4**	(2.8)	**3.0**	2.0	**-**	-
Adjustment for exchange differences	**-**	-	**1.4**	0.4	**0.4**	-	**-**	-
Actual return on scheme assets	**66.0**	36.5	**3.7**	(0.6)	**5.4**	2.6	**-**	-
Employer contributions	**9.5**	10.5	**-**	1.4	**0.3**	-	**-**	0.2
Members' contributions	**-**	-	**-**	-	**-**	-	**-**	-
Benefits paid	**(21.5)**	(21.1)	**(1.1)**	(1.7)	**(1.4)**	(0.2)	**-**	(0.2)
Fair value of scheme assets at 31 March	**604.5**	550.5	**31.4**	28.8	**43.8**	39.5	**-**	-

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	UK		Hong Kong		Ireland		Japan	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
At 31 March								
Future average rate of increase in salaries	**N/A**	N/A	**4.5%**	4.5%	**0.0%**	2.0%	**1.0%**	1.0%
Future average rate of increase for pensions in payment and deferred pensions	**1.9%**	1.8%	**N/A**	N/A	**2.0%**	2.0%	**N/A**	N/A
Future average rate used to discount liabilities	**4.7%**	5.2%	**3.7%**	4.4%	**3.8%**	5.0%	**1.1%**	1.6%
Retail price inflation	**3.3%**	3.2%	**2.5%**	2.7%	**2.0%**	2.0%	**1.0%**	1.0%
Consumer price inflation	**1.9%**	1.8%	**N/A**	N/A	**N/A**	N/A	**N/A**	N/A
Pension increases:								
- Pre 88 Guaranteed Minimum Pension	**0.0%**	0.0%	**N/A**	N/A	**N/A**	N/A	**N/A**	N/A
- Post 88 Guaranteed Minimum Pension	**1.7%**	1.7%	**N/A**	N/A	**N/A**	N/A	**N/A**	N/A
- NGMP accrued before 01/10/2006 (5% LPI)	**3.0%**	3.0%	**N/A**	N/A	**N/A**	N/A	**N/A**	N/A
- Pension accrued after 31/09/2006 (2.5% LPI)	**1.9%**	2.0%	**N/A**	N/A	**N/A**	N/A	**N/A**	N/A

NGMP – Non Guaranteed Minimum Pension
L PI – Limited Price Indexation

Mortality 2013 & 2012

UK

PNA00 birth year mortality tables using the 92 series medium cohort projections, allowing for minimum improvements in mortality of 1% pa.

Hong Kong

Age	Mortality (%) Hong Kong Life Table 2001 Male %	Female %
25	**0.041**	**0.015**
30	**0.052**	**0.016**
35	**0.075**	**0.037**
40	**0.102**	**0.063**
45	**0.162**	**0.094**
50	**0.277**	**0.152**
55	**0.445**	**0.219**

Cash commutation 2013 & 2012

UK

30% of members' pensions assumed to be taken as cash.

Hong Kong

N/A

31 Pension commitments (continued)

Assumed life expectations on retirement at age 65 for the UK, age 60 for Hong Kong, age 62 for Ireland and age 62 for Japan:

	UK		Hong Kong		Ireland		Japan	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	Number of Years		**Number of Years**		**Number of Years**		**Number of Years**	
Retiring today								
Males	**22.7**	22.6	**22.6**	22.6	**25.5**	25.3	**22.8**	22.8
Females	**25.1**	25.0	**27.7**	27.7	**26.9**	26.7	**28.8**	28.8
Retiring in 20 years								
Males	**24.6**	24.5	**22.6**	22.6	**27.9**	27.8	**22.8**	22.8
Females	**27.0**	26.9	**27.7**	27.7	**29.0**	28.9	**28.8**	28.8

The assumptions used by the actuaries are the best estimates chosen from a range of possible actuarial assumptions.

UK registered scheme
History of experience gains and losses

	2013	2012	2011	2010	2009
	£'m	£'m	£'m	£'m	£'m
Defined benefit obligation	**(739.8)**	(676.9)	(629.2)	(608.5)	(492.0)
Scheme assets	**604.5**	550.5	524.6	494.8	359.9
Scheme deficit	**(135.3)**	(126.4)	(104.6)	(113.7)	(132.1)
Experience adjustments on scheme liabilities	**11.3**	(14.0)	(23.7)	12.4	11.9
Experience adjustments on scheme assets	**30.6**	1.9	4.1	101.8	(138.2)

Hong Kong registered scheme
History of experience gains and losses

	2013	2012	2011	2010	2009
	£'m	£'m	£'m	£'m	£'m
Defined benefit obligation	**(39.3)**	(33.0)	(31.0)	(31.0)	(24.0)
Scheme assets	**31.4**	28.8	29.7	28.8	20.5
Scheme deficit	**(7.9)**	(4.2)	(1.3)	(2.2)	(3.5)
Experience adjustments on scheme liabilities	**(2.3)**	-	-	-	-
Experience adjustments on scheme assets	**0.4**	(2.8)	0.4	6.2	(10.8)

Ireland registered scheme
History of experience gains and losses

	2013	2012
	£'m	£'m
Defined benefit obligation	**(44.2)**	(32.8)
Scheme assets	**43.8**	39.5
Scheme (deficit)/surplus	**(0.4)**	6.7
Experience adjustments on scheme liabilities	**(0.7)**	0.3
Experience adjustments on scheme assets	**3.0**	(0.6)

31 Pension commitments (continued)

Japan registered scheme

History of experience gains and losses

	2013	2012
	£'m	£'m
Defined benefit obligation	**(1.0)**	(0.8)
Scheme assets	**-**	-
Scheme deficit	**(1.0)**	(0.8)
Experience adjustments on scheme liabilities	**(0.1)**	-
Experience adjustments on scheme assets	**-**	-

Estimated contributions

The employer's best estimate of contributions to be paid to the defined benefit schemes next year are:

	UK	**Hong Kong**	**Ireland**	**Japan**
	£'m	**£'m**	**£'m**	**£'m**
Employer	**10.0**	**-**	**-**	**-**

Defined contribution schemes

The Group has also made payments to defined contribution schemes of £22.3m (2012: £19.1m).

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