Annual Report 2014

Arup Group Limited

ARUP

Annual report 2014

Arup is an independent firm of planners, designers, engineers and consultants working across the built environment.

Founded in 1946 with an enduring set of values, our unique trust ownership fosters a distinctive culture and an intellectual independence that encourages collaborative working.

This report highlights some of the projects, people and ways of working that contributed to an increase in both turnover and profitability during 2013-2014

Continuing to deliver quality

Despite continuing economic challenges, the firm increased its turnover and profitability while delivering quality projects for clients around the world

The past 12 months have proved to be a time when cautious optimism at the start of the period was matched by careful progress throughout the year. Despite highly competitive markets and pockets of economic weakness, the firm delivered an increase in both turnover and profitability during 2013-2014, reaching £1,048.3 million overall with £75 million in profits (before tax, dividends and staff profit share).

This compares with the previous year's turnover of £1,030.6 million and £56 million in profits (before tax, dividends and staff profit share).

The Group strengthened its presence in key markets such as China and witnessed a welcome revival in more mature markets, including Australasia, North America and the UK.

At the same time, our teams forged closer links with clients who share our views on quality, innovation and value on projects around the world. From projects such as the Cityringen Metro in Copenhagen to the striking China Zun Tower, which will soon become the tallest building in Beijing, Arup continues to maintain its strong reputation across the industry.

The firm has refreshed its strategy to provide a clearer focus on key areas where we can add greatest value in a rapidly urbanising world. These include city development, transport, energy, water and infrastructure resilience.

We will also build on our diversity, continuing to carefully broaden our geographical footprint and further develop the broad range of professional skills we offer across the built environment, from business advice, planning and design to the management of project delivery.

To achieve these goals, we need the best people. That is why we continue to invest in the talent that represents the lifeblood of the firm through graduate recruitment and professional development through the Arup University.

Leadership

We have strong leadership teams throughout the firm who are well equipped to face the challenges ahead. While the competitive landscape is changing rapidly, we are confident that our continuing focus on quality and the delivery of value to our clients will allow the firm to maintain its strong positive trajectory.

Gregory Hodkinson
Chairman, Arup Group

Front Cover: Michael Markieta, Transport Planner, Arup used Geographic Information Systems (GIS) to collect data for more than 58,000 global flight paths, available from open-source project www.openflights.org.
Above: Chairman Gregory Hodkinson
Top left: Nordhaven Extension, Copenhagen
Top right: China Zun Tower, Beijing

Core values are key to our future

Independence and good governance provide strong foundations for the firm's long term success

There are many advantages to operating as a trust-owned firm, including the independence to focus on the quality of the work rather than growth and short-term shareholder returns. In practice, this means the firm invests in research and development, charitable causes and staff members who benefit from a global profit share plan.

The Group Board has the responsibility for directing the business of Arup, as well as pursuing the aims and ideals of the firm. As several Board members, including the former Chairman, completed their terms this year, there is a new team in place from 1 April 2014.

Gregory Hodkinson chairs the Board, which has 12 members, including two non-executive Directors.

Operations are run by the Management Board which includes the leaders of our five operating regions (Americas, Australasia, East Asia, Europe and UKMEA). The regional structure provides business focus, while a shared set of values, integrated skills networks and global business teams allow the firm to effectively deliver the same high quality of work to clients regardless of time zone or project location.

Business delivery

From the start of this financial year, the firm has simplified its business delivery structures across the organisation to improve its effectiveness and reinforce lines of accountability across the Group.

The new structure maintains the firm's strengths in global knowledge networks which ensure the Group has 'best in class' skills and professional excellence and supports the professional development of our staff.

The firm operates global business networks that deliver benefits to our clients by a coordinated global approach.

With these changes, the Group Board aims to maintain strong relationships with global clients while maintaining the high quality of our work, the development of our people and the overall success of our business.

Group Board Directors


Peter Bailey


Sir Michael Bear*


Alan Belfield


Tristram Carfrae


Peter Chamley
(Appointed 01/04/14)


Gregory Hodkinson


Michael Kwok


LM Lui


Dervilla Mitchell
(Appointed 01/04/14)


Mahadev Raman


David Whittleton


Ngaire Woods*

Officers


Martin Ansley-Young

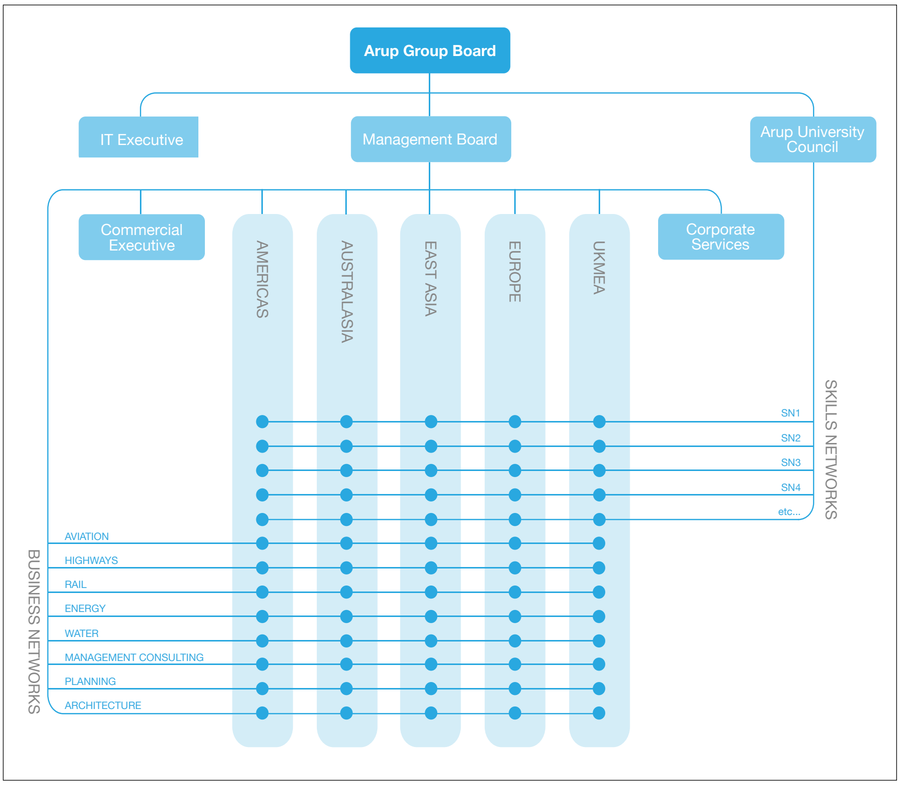

Clare Bristow

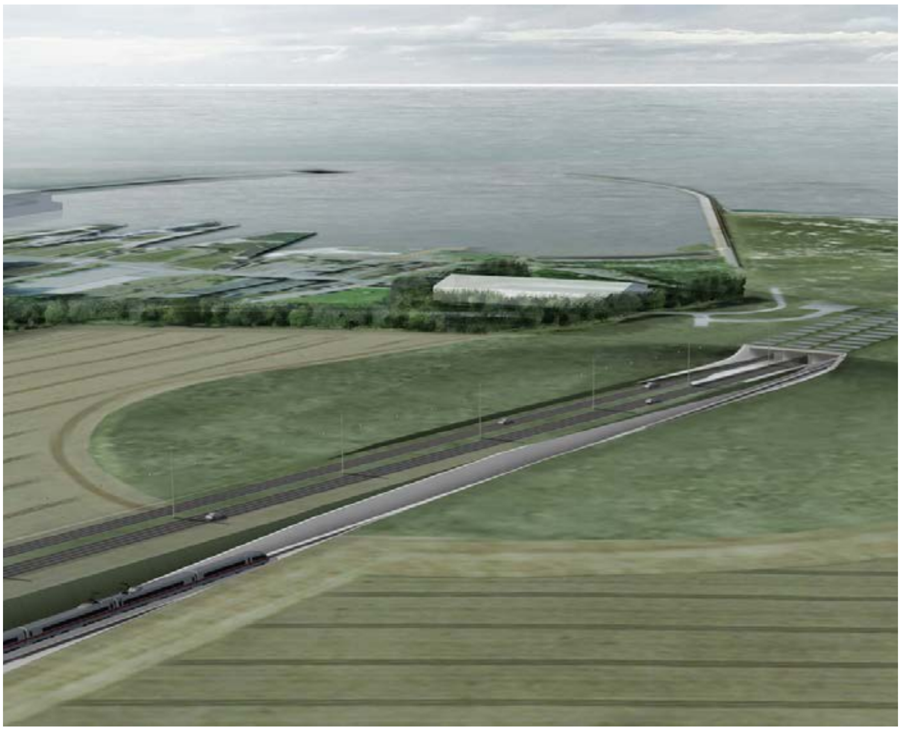

Matt Tweedie


Paul Robinson

*Non-Executive Director

Organisation Structure





High quality projects deliver value to our clients

The firm's strategy of working on challenging projects in diverse sectors has delivered value to clients and generated positive results

In financial terms, the firm broadly matched aspirations set at the beginning of the year. The Group saw total income rise to £1,048.3 million, while profit (before tax, dividends and staff profit share) was £75 million, slightly ahead of plan.

A broad economic revival in the UKMEA regional economies provided the backdrop for an increase in income and profitability, although currency movements and other factors impacted performance in the Middle East and South Africa.

Full-year results showed turnover of £534.1 million. Notable successes in the region include operational readiness programmes at Dubai Airport and Terminal 2 at Heathrow Airport in the UK.

Major infrastructure projects such as Crossrail in London, the Forth Replacement Bridge in Scotland and the award-winning Abu Dhabi Integrated Public Transport Network Programme provided scope for our teams to demonstrate their abilities to deliver high value and complex projects at scale.

Arup's wide range of specialist services have been deployed on cutting edge projects including a new Proton Beam therapy centre in Manchester that will deliver a specialist form of radiotherapy to target certain cancers.

Activity in East Asia continued to increase and turnover here was £247.6 million. The leadership believe that growth will be maintained as demographics and higher income per capita drive demand for infrastructure investment.

Hong Kong continues to make its mark with major infrastructure programmes such as the Shatin to

Far left: Fehmarnbelt Fixed Link
Left: Singapore Stadium
Below: Hong Kong International Airport, Mid-field Development

Central rail tunnel for the MTR, the Midfield Concourse at Hong Kong International Airport, and the redevelopment of the Kai Tak district.

Arup continues to extend its reach into mainland China as our staff working from offices in seven cities take on major projects across the country.

The firm's expertise is also in demand in Japan, India, the ASEAN countries and elsewhere. Other notable projects in the region include the Malampaya concrete gravity substructure in the Philippines and the Temburong Bridge – a 30km road and bridge link connection between Brunei-Muara and Temburong.

The Americas region produced a steady return for the year with turnover of £245.8 million. Major transport projects represented a significant part of the work as the firm supported strategic investments such as the Second Avenue Subway and Fulton Center interchange in New York. Bridge works were also among the list of high profile projects, including Champlain replacement bridge over the St Lawrence River in Montreal, Canada, Gerald Desmond bridge in Long Beach California and the new Tappan Zee bridge in New York.

The firm has been at the forefront of new design thinking on buildings such as the Stanford University Nanotechnology Building, one of the premier nanotechnology research facilities in the world. Reflecting the increasing importance of 'place' in urban planning, the firm has also been delivering highly praised urban projects such as Corktown Common in Canada, which has transformed a post-industrial site on Toronto's waterfront into a 7.3 ha sustainable urban park.

Selected Awards

- Singapore Sports Hub wins the Best Future Project award in the leisure development category at the World Architecture Festival.
- Arup wins Infrastructure Technical Adviser of the Year at the Infrastructure Journal Awards.
- GVK Sky Tower wins Outstanding Concrete Structure of the Year.
- The renovation of the Rijksmuseum in the Netherlands wins the Abe Bonnema Architecture Award.
- The Menil Museum in Houston, Texas, recognised with '25-year Award' by the American Institute of Architects.
- China Central Television Headquarters (CCTV) named Best Tall Building Worldwide by the Council for Tall Buildings and Urban Habitat (CTBUH).

Projects and Performance

The Group opened an office in Montreal, Canada, based on recent growth there, and in Sao Paulo and Rio de Janeiro in Brazil, as well as Bogota in Colombia. Latin America remains a longer term prospect for significant growth in global terms, however, projects such as the series of high-rise towers the firm is working on in Mexico City indicate that development potential is certainly there.

The Australasia region had to prove its resilience in 2013-2014 after a disappointing start to the year as the Australian economy suffered the after effects of a sharp slowdown. The team worked hard to produce a stronger second-half that generated a turnover of £156.3 million.

The region delivered some impressive projects. Among them are the award-winning 8 Chifley, a 140m tall high-rise that is one of Sydney's greenest buildings; the 31km Woolgoolga to Glenugie Pacific Highway Upgrade; a new stadium in Perth; and the Gold Coast Light Rail scheme, encompassing 13km of high capacity modern integrated public transit infrastructure with 16 stations.

A successful 2013-2014 saw the Europe region generate £100.5 million in turnover. It also delivered prominent projects such as the Bosco Verticale in Milan, Italy. In Germany, the Group is working on a ground-breaking design for a new media centre in central Berlin for the publishing company, Axel Springer.

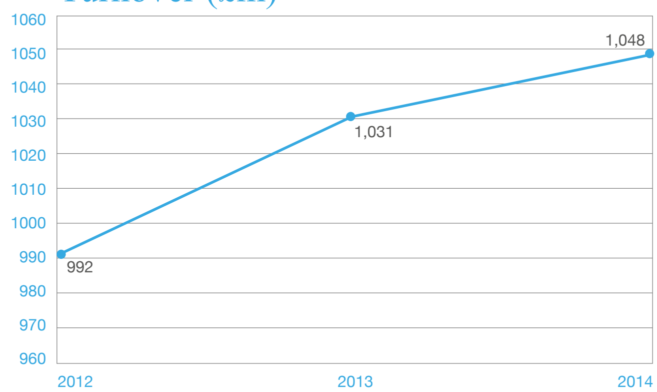
Meanwhile, large-scale infrastructure projects such as the Cityringen metro under construction in central Copenhagen and the master plan for what could become the world's largest airport terminal in Istanbul are contributing to the development of our activities in Europe.

Looking ahead

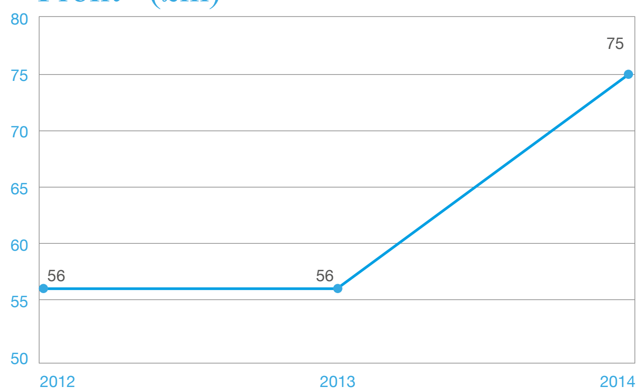
While there are certain geopolitical risks to consider, continued strengthening of the world economy and increased investment gives cause for cautious optimism for the coming year.

Looking further ahead, the firm has developed plans to increase its focus in strategic sectors, including cities, transport, water and energy – all areas where growth, demographic change and rapid urbanisation present major challenges and opportunities. Most importantly, these are the areas where Arup can add real value for our clients and for society as a whole.

Turnover (£m)



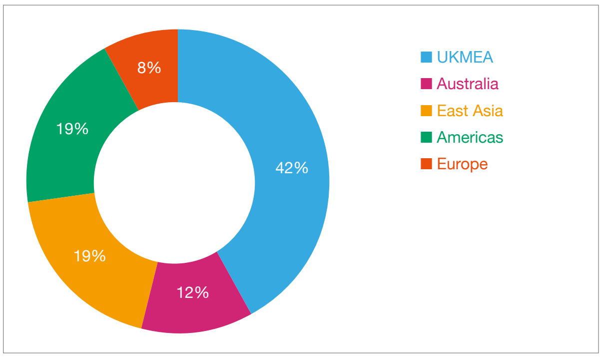
Profit* (£m)



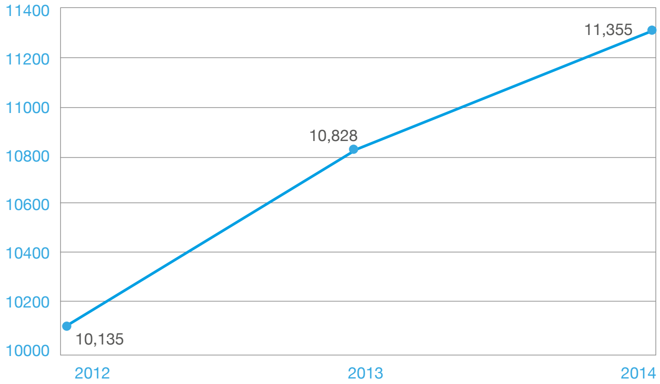
*profit (before tax, dividends and staff profit share)

Clockwise from far Left: Champlain Bridge, St Lawrence, Montreal, Canada; Gold Coast Light Railway, Australia; Second Avenue Subway, New York, USA; Crossrail, London, UK

2014 Turnover by Region (%)



Global Headcount (average)



Diversity helps teams perform better

Arup aims to attract, develop and retain talented people who share our values

Almost every job at Arup involves teamwork. Many projects rely on multi-disciplinary inputs and major projects are regularly designed by virtual groups working across different time zones.

Arup aims for more than just effective teamwork. The firm aims to attract people who share common values too – a passion for creativity and innovation allied with an aspiration to 'shape a better world'. We aim to have the best skills, but also from diverse cultural backgrounds.

In terms of skills development, the firm has a strong reputation for its ability to encourage collaboration and drive innovation. However, there is always more to be done in this area and we have recently strengthened our Skills Networks that operate in every professional discipline across the firm.

The Group is investing in formal and informal collaborative channels to promote new ideas and encourage staff members to inspire and challenge each other.

Delivering quality work features highly on most Arup agendas, yet the firm also aims to create space for staff members to make their own mark on society on their own terms. Indeed, the firm actively encourages individuals to engage with external professional and civil society bodies, as well as supporting charitable causes through pro bono work.

The firm is always looking for new ways to inspire innovation and encourage staff members to meet their personal and professional goals. While this all adds up to a significant investment in both time and money, the firm believes it is well spent.

Top: Beijing Design School
Above: European Graduate Induction

Arup people

- Arup Trustee Chair, Andrew Chan, awarded the HKIE Gold Medal in recognition of his outstanding achievements and contribution to engineering.
- Former Arup Group Chairman, Terry Hill, honoured by the Royal Academy of Engineering with President's Medal.
- Joanna Kennedy wins Real Business 'First Woman of Engineering' award.
- Arup named in the Times Top Employer for Women list three years in a row, UK.

Resilient thinking drives a more sustainable future

It is crucial to maintain the delicate balance between economic growth and environmental protection, while working within social constraints

Sustainability and resilience are central in the firm's approach to project work and these principles are embedded in Group policy with a commitment to promote economic security, social betterment and environmental stewardship.

Over the past year the firm has been engaged in many important projects relating to the sustainability and resilience of the world's cities.

In a period of unparalleled urbanism, we have the opportunity and responsibility to create more liveable and resilient cities.

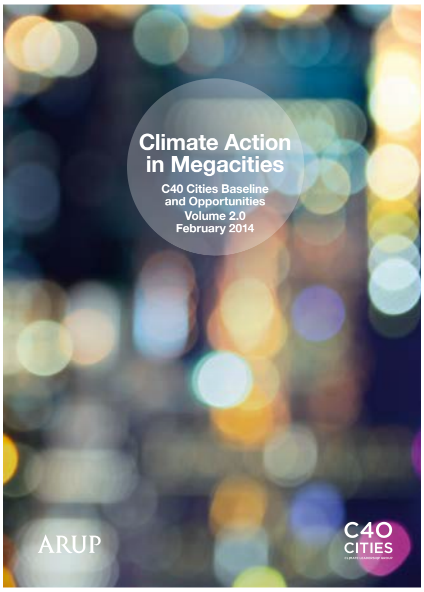
Important examples of our work in this area include the development of a comprehensive database of information from 59 cities around the world that allows the evaluation of climate change mitigation and adoption strategies between cities. This work has been carried out with the C40 Climate Leadership Group.

A City Resilience Framework was developed with The Rockefeller Foundation that provides an accessible evidence-based articulation of city resilience. It is the capacity for cities to function so that people living and working in cities survive and thrive no matter what stresses or shocks they encounter.

In *Cities Alive*, the firm developed proposals for green infrastructure for cities throughout the world designed to address social, environmental and economic issues in our urban environments and in *Out of the Blue*, the firm collated new thinking on water, social and natural capital.

In partnership with the World Economic Forum we worked on development strategies for the rapidly growing cities of Tianjin, Dalian and Zhangjiakou in China which address major urban challenges and help accelerate the transition to innovative models for urban development.

This work on cities demonstrates the firm's commitment to helping deal with the major urban challenges at the broadest scale and where needed most.



Arup at a glance

	2011-2012	2012-2013	2013-2014
Projects setting Sustainability objectives (%)	27.3	24.3	*
Profit (before tax, dividends and staff profit share) % of turnover	5.7	5.5	7.2
Cash at bank (weeks of costs, before profit share)	5.3	5.1	5.6
Repeat clients (%)	83	70	*
Women in the firm (all grades) (%)	30.5	31.6	*
Women in management positions (grades 7-9) (%)	14.3	16.2	*
Staff who have received relevant sustainability training (%)	23.6	16.7	*
Staff working in offices with an EMS certificated to ISO 14001 (%)	99.7	99.8	*
Carbon emissions per full-time employee per year (tCO2/empl/yr)	3.3	3.4	*
Paper consumption per full-time employee per year (kg/empl/yr)	40.1	41.5	*
Lost time accidents per 100,000 Employees	120	71.2	*
Charitable donations (£ to nearest £000)	749	743	730
Pro bono engagement (£ equivalent staff cost, to nearest £000)	560	850	528

* not available at time of publication

Selected Awards

- Arup with the Sabre Charitable Trust win the Corporate Partnership Award at the Third Sector Excellence Awards.
- The Netherlands Institute of Ecology recognised in Dutch Building Awards.
- Arup's Planning, Policy and Economics team wins Royal Town Planning Award in the UK.
- Russell Cole named Green Engineer of the Year at the annual BCA Awards in Singapore.
- Arup in Ireland wins the Green Professional Services Award.

Good partners make for good works

Collaboration with partners is important in delivering the best outcomes from the firm's ongoing investment in charitable causes

An appetite for close community engagement is evident in Arup's everyday work and its approach to major projects, but it is most obvious in the Group's approach to charitable giving, volunteering and pro bono activities.

At the corporate level, there is a formal framework for donating a proportion of the firm's profits directly into charities including the Ove Arup Foundation. In addition, Community Engagement committees in each of the firm's five Regions encourage and support a wide range of other activities.

Underpinning this approach is the principle that where possible staff members should work with external partners to build the capacity of local communities around the world to achieve their own development goals.

Raising up

The giving element is certainly clear. In terms of direct charitable donations, the firm channelled £730,000 of profits to various organisations over the past year. This is in keeping with a longstanding corporate commitment to donate directly to charitable causes.

This is only part of the story, though, as staff members around the world carried out fundraising activities for a host of causes that are close to their hearts and benefit the communities the firm serves.

In one of the biggest fundraising efforts this year, staff members responded generously in the wake of Typhoon Haiyan, which hit the Philippines to such devastating effect during November. Each region played its part through direct donations and salary sacrifice initiatives, while the firm added emergency donations, matched funding and sought opportunities to provide pro bono technical assistance to aid the relief work.

Pro bono activities

In addition to direct giving, the firm supports the provision of professional

services to provide support to key partners and over the past year, pro bono engagement totalled 6,134 hours, equating to around £528,000 in equivalent professional fees.

There are a number of strategic partnerships where the firm has established relationships with charities including Habitat for Humanity, Engineers Without Borders, Bridges to Prosperity, The Smith Family, WaterAid, the Engineering Development Trust and RedR. There are also a great many additional hours volunteered by individuals outside these frameworks.

In each case, the firm is keen to work with partners to raise awareness of the many challenges communities face around the globe, while helping to build their capacity to create stronger, more resilient communities.

Far left: Habitat for Humanity Global Village build, Nepal
Above left: Volunteering work with Africa Village Support
Top: Arup Cause B2P Bridge design project
Above: Wear Red for RedR

Our Global Reach

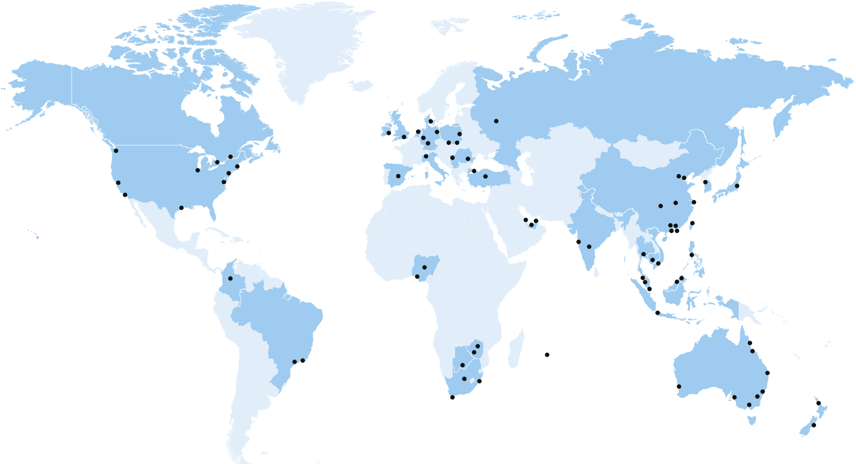
Arup is the creative force at the heart of many of the world's most prominent projects in the built environment and across industry.

We offer a broad range of professional services that combine to make a real difference to our clients and the communities in which we work.

We are truly global. From 90 offices in 38 countries, our planners, designers, engineers and consultants deliver innovative projects worldwide.

Founded in 1946 with an enduring set of values, our unique trust ownership fosters a distinctive culture and an intellectual independence that encourages collaborative working. This is reflected in everything we do, allowing us to develop meaningful ideas, help shape agendas and deliver results that frequently surpass the expectations of our clients.

The people at Arup are driven to find a better way and to deliver better solutions for our clients.



Above: Proposed Istanbul Airport

Strategic report

The directors present their strategic report for the year ended 31 March 2014 which was approved by the board of directors on 26 August 2014.

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

The Group turnover for the year increased by 1.7% (2013: 3.9%) and the Group made a total profit before tax, dividends and staff profit share of £75m (2013: £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 2014, Group turnover per person was £92k (2013: £95k) and profit per person was £7k (2013: £5k).
- Staff turnover is a key non-financial measure of business performance. For the year ended 31 March 2014, staff turnover for the Group was 12% (2013: 14%).

By Order of the Board

M J Ansley-Young
Company Secretary
26 August 2014
Registered Office: 13 Fitzroy Street, London W1T 4BQ

Directors' report

The directors present their directors' report together with the audited consolidated financial statements of Arup Group Limited for the year ended 31 March 2014 which were approved by the board of directors on 26 August 2014.

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 Ove Arup Partnership Charitable Trust.

Future developments

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 (2013: 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
M D Bear
A J Belfield
R F Care (Resigned 31/03/14)
T G A Carfrae
P J Chamley (Appointed 01/04/14)
A K C Chan (Resigned 31/03/14)
P G Dilley (Resigned 31/03/14)
G S Hodkinson
K Y Kwok
L M Lui
D M Mitchell (Appointed 01/04/14)
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 interests 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.

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 subsidiaries where transactions, assets and liabilities are denominated in non-pound sterling 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.

Directors' report (continued)

- 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.

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.

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, 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. Under that law, 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; and
- 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.

Directors' report (continued)

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 him 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

26 August 2014
Registered Office: 13 Fitzroy Street, London W1T 4BQ

Independent auditors' report to the members of Arup Group Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 March 2014 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The Group financial statements and parent company financial statements (the "financial statements"), which are prepared by Arup Group Limited, comprise:

- the consolidated balance sheet and Company balance sheet as at 31 March 2014;
- the consolidated profit and loss account and consolidated statement of total recognised gains and losses for the year then ended;
- the consolidated cash flow statement 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 their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("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 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 the financial and non-financial information in the annual report 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion 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.

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, or returns adequate for our audit have not been received from branches not visited by us; or

Independent auditors' report to the members of Arup Group Limited (continued)

- the parent 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 20, 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 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.

Jonathan Hook

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

London

Consolidated profit and loss account

	Note	2014 £'000	2013 £'000
Turnover	1c & 2	**1,048,276**	1,030,600
Staff costs	3		
Wages and salaries		**(486,885)**	(477,075)
Social security costs		**(38,892)**	(37,693)
Pension contributions		**(35,883)**	(36,970)
Other staff costs		**(35,264)**	(39,993)
		(596,924)	(591,731)
Depreciation	1d & 9	**(20,505)**	(23,222)
Other operating charges			
Charges from sub-consultants and other direct project costs		**(249,546)**	(224,394)
Accommodation		**(49,998)**	(59,184)
Communications and other overheads		**(96,475)**	(108,407)
		(396,019)	(391,985)
Operating profit	5	**34,828**	23,662
Dividend received	13	**10**	496
Other finance income		**5,515**	1,585
Interest receivable and similar income	6	**1,004**	1,701
Interest payable and similar charges	7	**(927)**	(1,159)
Profit on ordinary activities before taxation	2	**40,430**	26,285
Tax on profit on ordinary activities	1e & 8	**(10,703)**	(5,797)
Profit for the financial year	21 & 22	**29,727**	20,488

All activities of the Group are derived from continuing operations.

Consolidated statement of total recognised gains and losses

	Note	2014 £'000	2013 £'000
Profit for the financial year	21 & 22	**29,727**	20,488
Exchange translation (loss) / gain		**(9,403)**	2,715
Investment property revaluation gain	22	**1,737**	-
Actuarial gain / (loss) recognised in the pension schemes	29	**7,124**	(29,928)
Deferred tax asset movement related to the actuarial gain / loss		**(7,880)**	4,026
Total gains / (losses) recognised since last annual report		**21,305**	(2,699)

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	2014 £'000	2013 £'000
Fixed assets			
Tangible assets	9	**127,281**	137,365
Financial assets	11	**573**	204
		127,854	137,569
Current assets			
Debtors	12	**310,610**	324,581
Investments	13	**-**	685
Cash at bank and in hand	19	**105,883**	95,020
		416,493	420,286
Creditors: amounts falling due within one year	14	**(313,085)**	(328,507)
Net current assets		**103,408**	91,779
Total assets less current liabilities		**231,262**	229,348
Creditors: amounts falling due after more than one year	15	**(40,224)**	(43,741)
Provisions for liabilities	16	**(5,011)**	(6,550)
Net assets excluding pensions		**186,027**	179,057
Net pension assets	29	**3,308**	120
Net pension liabilities	29	**(100,558)**	(111,705)
Net assets after pensions		**88,777**	67,472
Capital and reserves			
Called up share capital	20	**120**	120
Capital reserve	21	**3**	3
Profit and loss account	21	**86,947**	67,349
Revaluation reserve	21	**1,707**	-
Shareholders' funds	22	**88,777**	67,472

The financial statements on pages 24 to 46 were approved and authorised by the board of directors on 26 August 2014 and signed on its behalf by:

G S Hodkinson
Chairman

Company balance sheet – Arup Group Ltd excluding its subsidiary undertakings

	Notes	2014 £'000	2013 £'000
Fixed assets			
Tangible assets	9	**2,230**	2,306
Investment in subsidiary undertakings	10	**156,018**	120,810
Financial assets		**4**	4
		158,252	123,120
Current assets			
Debtors	12	**22,337**	20,681
Cash at bank and in hand		**71**	-
		22,408	20,681
Creditors: amounts falling due within one year	14	**(113,449)**	(85,350)
Net current liabilities		**(91,041)**	(64,669)
Total assets less current liabilities		**67,211**	58,451
Creditors: amounts falling due after more than one year	15	**(30,000)**	(35,007)
Net assets		**37,211**	23,444
Capital and reserves			
Called up share capital	20	**120**	120
Profit and loss account	21	**37,091**	23,324
Shareholders' funds		**37,211**	23,444

The financial statements on pages 24 to 46 were approved and authorised by the board of directors on 26 August 2014 and signed on its behalf by:

G S Hodkinson
Chairman

Consolidated cash flow statement

	Notes	2014 £'000	2013 £'000
Net cash inflow from operating activities	18	**40,361**	22,541
Returns on investment and servicing of finance			
Interest received		**1,004**	1,701
Interest paid		**(927)**	(1,159)
Dividends received		**10**	496
Net cash inflow on investment and servicing of finance		**87**	1,038
Taxation			
Corporation tax paid		**(3,903)**	(11,392)
Capital expenditure and financial investment			
Payments to acquire fixed assets		**(15,666)**	(15,106)
Receipts from sales of fixed assets		**632**	252
Receipts from disposal of current asset investments	13	**915**	-
Net cash outflow on capital expenditure and financial investment		**(14,119)**	(14,854)
Financing			
Payments of finance leases		**(8)**	(66)
Repayments of mortgage		**-**	(3,462)
(Repayment) / drawdown on loan facility		**(5,007)**	2,122
Net cash outflow from financing		**(5,015)**	(1,406)
Increase / (decrease) in cash		**17,411**	(4,073)
Reconciliation of net cash flow to movement in net funds	19		
Net funds at 1 April		**59,109**	59,683
Increase / (decrease) in cash		**17,411**	(4,073)
Foreign exchange (loss) / gain on cash		**(6,010)**	2,093
Cash inflow from debt financing		**5,007**	1,340
Cash inflow from finance leases		**8**	66
Movement in net funds in the year		**16,416**	(574)
Net funds at 31 March		**75,525**	59,109

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 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 (excluding investment properties) 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.

Investment properties are independently revalued to their open market value every five years. Interim revaluations in the intervening years are only carried out when the directors expect there to be a material change in the investment properties carrying value. Revaluation gains are recognised in the profit and loss account, after adjustment for subsequent depreciation, to the extent that they reverse revaluation losses on the same assets that were previously recognised in the profit and loss account. All other revaluation gains are recognised in the statement of total recognised gains and losses.

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 non-pound sterling currency have been translated into sterling at year end exchange rates. The trading results of non-pound sterling operations have been translated using an average rate for the year.

Exchange differences on the translation of the results of non-pound sterling operations together with those on assets and liabilities in foreign currency 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.

1 Accounting policies (continued)

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.

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 defined benefit schemes during the year as described in note 29. The assets from the schemes are held separately from those of the Group in an independently administered fund. 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 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 scheme 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 of 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 non-pound sterling 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 to account 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.

1 Accounting policies (continued)

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 would be charged to the profit and loss account.

p) Trade debtors

Trade debtors are recognised at 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 Company's functional currency (pound sterling).

q) Cash

Cash comprises cash in hand, on-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 is 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 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

	2014 £'000	2014 £'000	2014 £'000	2013 £'000	2013 £'000	2013 £'000
Turnover by destination						
United Kingdom			**311,688**			282,274
Asia			**229,661**			198,242
Americas			**145,177**			139,144
Australasia			**141,722**			193,840
Europe			**123,625**			108,186
Middle East & Africa			**96,403**			108,914
			1,048,276			1,030,600
Turnover by origin	**Total**	**Internal**	**Total less internal**	Total	Internal	Total less internal
United Kingdom	**478,017**	**71,914**	**406,103**	447,824	76,315	371,509
Asia	**247,615**	**27,135**	**220,480**	215,574	30,181	185,393
Americas	**245,846**	**96,616**	**149,230**	232,937	84,764	148,173
Australasia	**156,300**	**13,538**	**142,762**	211,224	13,992	197,302
Europe	**100,538**	**20,126**	**80,412**	83,836	18,273	65,563
Middle East & Africa	**56,096**	**6,807**	**49,289**	71,970	9,310	62,660
	1,284,412	**236,136**	**1,048,276**	1,263,365	232,765	1,030,600
Profit before taxation by origin						
Asia			**20,683**			14,183
United Kingdom			**10,337**			3,275
Australasia			**6,301**			8,281
Americas			**4,807**			370
Europe			**4,636**			(1,009)
Middle East & Africa			**(6,334)**			1,185
Group profit before taxation			**40,430**			26,285

2 Segmental report (continued)

Net assets by origin	2014 £'000 Excluding net pensions	2014 £'000	2013 £'000 Excluding net pensions	2013 £'000
United Kingdom	**135,879**	**42,949**	129,886	25,756
Europe	**11,869**	**15,177**	9,705	9,825
Asia	**22,009**	**14,381**	21,110	13,535
Americas	**9,049**	**9,049**	10,620	10,620
Australasia	**4,771**	**4,771**	4,915	4,915
Middle East & Africa	**2,450**	**2,450**	2,821	2,821
	186,027	**88,777**	179,057	67,472

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

3 Staff costs

	2014 £'000	2013 £'000
Ordinary staff costs		
Wages and salaries	**452,300**	446,513
Staff profit sharing	**34,585**	30,562
Social security costs	**38,892**	37,693
Pension contributions	**35,883**	36,970
Redundancy costs	**3,486**	5,849
Other staff costs	**31,778**	34,144
Total staff costs	**596,924**	591,731

Average number of persons employed by the Group	**Number**	Number
Engineering and technical staff	**8,707**	8,333
Administrative staff	**1,706**	1,716
Government site staff	**817**	647
Company directors	**125**	132
Total average staff numbers	**11,355**	10,828

4 Directors' remuneration

	2014 £'000	2013 £'000
Aggregate remuneration:		
Aggregate emoluments paid	**5,025**	5,745
Aggregate contributions paid to money purchase schemes	**325**	204
Number of directors accruing pension benefits under:	**Number**	Number
Money purchase schemes	**8**	8
Defined benefit schemes	**8**	9

Some directors are included under both money purchase and defined benefit due to the closure of the defined benefit scheme in June 2010.

Highest paid director:	**£'000**	£'000
Emoluments excluding contributions paid to pension schemes	**415**	411
Assignment related benefits	**119**	120
Assignment related tax and social security costs	**223**	272
Total emoluments excluding contributions paid to pension schemes	**757**	803

5 Group operating profit

	2014 £'000	2013 £'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	**175**	165
Fees payable for other services:		
- Audit of the Company's subsidiaries, pursuant to legislation	**550**	465
- Other audit related assurance services	**3**	-
- Tax compliance services	**80**	50
- Tax advisory services	**125**	-
- Other advisory services	**242**	-
Loss on disposal of fixed assets	**46**	186
(Profit) / loss on foreign exchange from trading activities	**(4,784)**	76
Research and development costs	**16,260**	15,336
Operating leases - land & buildings	**43,424**	43,263
Operating leases - plant & machinery	**816**	944
Depreciation	**20,505**	23,222

6 Interest receivable and similar income

	2014 £'000	2013 £'000
Bank interest	**762**	1,238
Other interest	**242**	463
	1,004	1,701

7 Interest payable and similar charges

	2014 £'000	2013 £'000
Bank interest	**663**	1,084
Finance lease interest	**-**	4
Other interest	**264**	71
	927	1,159

8 Taxation

	2014 £'000	2013 £'000
a) Analysis of tax charge		
The charge for taxation comprises:		
UK corporation tax for the year at 23% (2013: 24%)	**561**	387
Less: double tax relief	**(327)**	(138)
	234	249
Over provision in respect of prior years	**-**	(47)
	234	202
Non-UK tax for the current year	**8,809**	8,145
Under/(over) provision of non-UK tax in respect of prior years	**373**	(534)
Current tax charge	**9,416**	7,813
UK deferred taxation for the current year	**1,080**	(1,495)
Under/(over) provision in respect of prior years	**207**	(521)
Total tax charge	**10,703**	5,797

b) Factors affecting the tax charge for the year

The tax assessed for the year is higher (2013: higher) than the standard rate of corporation tax in the UK 23% (2013: 24%). The differences are explained below:

	2014 £'000	2013 £'000
Profit on ordinary activities before taxation	**40,430**	26,285
Profit on ordinary activities at the standard rate of corporation tax in the UK of 23% (2013: 24%)	**9,299**	6,308
Effects of:		
Permanent differences	**(4,138)**	(3,374)
Timing adjustments	**1,710**	1,446
Adjustments to tax charge in respect of prior years including non-UK tax charge	**373**	(582)
Unrelieved losses carried forward	**1,118**	-
Utilised brought forward losses	**(277)**	(155)
Non-UK tax in excess of UK tax	**1,331**	4,170
Current tax charge	**9,416**	7,813

c) Factors affecting current and future tax charges

The standard rate of corporation tax in the UK changed from 24% to 23% with effect from 1 April 2013. Accordingly, the Group's profits for this accounting period are taxed at an effective rate of 23%. A number of changes to the UK corporation tax system were announced in the 2012 Autumn Statement and the March 2013 UK Budget Statement. The main rate of corporation tax reduces to 21% from 1 April 2014 and 20% from 1 April 2015. These changes had been substantively enacted at the balance sheet date and, therefore, are included in these financial statements.

For the year ending 31 March 2014 local tax rates have been used to calculate deferred tax assets or liabilities.

9 Tangible fixed assets - Group

£'000

	Freehold land & property	Leasehold property	Furniture, fittings & IT	Motor vehicles	Leased motor vehicles	Total
Cost or valuation						
Balance at 1 April 2013	77,996	57,267	133,544	1,458	304	270,569
Additions during the year	1,737	2,779	10,858	131	161	15,666
Disposals during the year	-	(700)	(7,779)	(118)	(112)	(8,709)
Adjustment for exchange differences	(255)	(2,691)	(10,338)	(245)	(18)	(13,547)
Balance at 31 March 2014	**79,478**	**56,655**	**126,285**	**1,226**	**335**	**263,979**
Accumulated depreciation						
Balance at 1 April 2013	6,517	28,443	97,156	949	139	133,204
Charge for the year	2,035	4,870	13,305	97	198	20,505
Eliminated in respect of disposals	-	(175)	(7,711)	(94)	(51)	(8,031)
Adjustment for exchange differences	-	(1,340)	(7,433)	(195)	(12)	(8,980)
Balance at 31 March 2014	**8,552**	**31,798**	**95,317**	**757**	**274**	**136,698**
Net book value at 31 March 2014	**70,926**	**24,857**	**30,968**	**469**	**61**	**127,281**
Net book value at 31 March 2013	71,479	28,824	36,388	509	165	137,365

Included within Freehold Land and Property are investment properties valued at £7.5m (2013: £5.8m). The investment properties have been independently valued by Jones Lang LaSalle Limited as at 31 March 2014 and have been revalued accordingly. The revaluation gain has been taken to the investment property revaluation reserve. For all other tangible fixed assets 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 2013	3,790
Disposals during the year	(258)
Balance at 31 March 2014	**3,532**
Depreciation	
Balance at 1 April 2013	1,484
Charge for the year	60
Eliminated in respect of disposals	(242)
Balance at 31 March 2014	**1,302**
Net book value at 31 March 2014	**2,230**
Net book value at 31 March 2013	2,306

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 2014 (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 Ireland Limited, Arup (Luxembourg) Sarl, Arup Property Guernsey Limited, Fitzroy Street Limited and Scotstoun Property 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 Consulting Engineers EPE [1]	Greece
Arup GmbH	Germany
Arup Pty Limited	Australia
Arup International Consultants (Shanghai) Co., Ltd	China
Arup Ireland Limited	Ireland
Arup Ltd	Mauritius
Arup Muhendislik ve Musavirlik Limited Sirketi	Turkey
Arup Partner Pty Limited	Australia
Arup (Pty) Limited (70% holding)	South Africa
Arup - S.I.G.M.A. Ltd [2]	Mauritius
Ove Arup & Partners Poland Sp. zo.o	Poland
Ove Arup Holdings B.V.	Netherlands
Ove Arup Holdings Limited	England & Wales
Ove Arup Holdings Private Limited	Singapore
Ove Arup International (Holdings) Limited	Hong Kong
Ove Arup Partnership Limited	England & Wales

Indirect holdings:	**Country of incorporation**
A.C.N. 087 962 865 Pty Ltd [5]	Australia
Arup Advisory Inc.	USA
Arup Africa [1]	Mauritius
Arup Associates Limited	England & Wales
Arup Botswana Limited	England & Wales
Arup Brasil Consultoria Ltda	Brazil
Arup B.V.	Netherlands
Arup (Cambodia) Limited	Cambodia
Arup Canada Inc.	Canada
Arup China Limited	Hong Kong
Arup Colombia S.A.S.	Colombia
Arup Corporate Finance Limited	England & Wales
Arup Deutschland GmbH	Germany
Arup d.o.o.	Serbia
Arup East Africa Limited	Kenya
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 (Luxembourg) S.a.r.l.	Luxembourg
Arup New Zealand Limited	New Zealand

Indirect holdings:	**Country of incorporation**
Arup North America Limited	England & Wales
Arup Pacific Pty Limited	Australia
Arup Pty Limited	Australia
Arup Riyadh Metro Limited	England & Wales
Arup Services B.V.	Netherlands
Arup Services New York Limited	England & Wales
Arup Singapore Private Limited	Singapore
Arup Texas Inc.	USA
Arup Treasury Limited	England & Wales
Arup USA Inc.	USA
Arup Vietnam Limited	Vietnam
Babylon Investment Company	Ireland
Broomco (3384702) Limited [4]	England & Wales
Broomco (360580) Limited [3]	Ireland
Broomco (469104) Limited [3]	Ireland
Broomco (50415) Limited [3]	Ireland
Feldcross and Company Limited [3]	Ireland
Fitzroy Insurance Services Limited	Guernsey
Fitzroy Property Guernsey Limited	Guernsey
Fitzroy Street Limited	England & Wales
Forlyster Limited [3]	Ireland
Networked Electricity Storage Technology Limited (60% holding)	England & Wales
Oasys (Ireland) Limited [3]	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 (Thailand) Limited	Thailand
PT Arup Indonesia	Indonesia
Scotstoun Property Limited	England & Wales
Shelbourne Plaza (Block C) Management Company Limited (78% holding)	Ireland
Wellington Printing Limited [3]	Ireland
Williamsburg Investment Company	Ireland

Key

1 Company in the process of being liquidated.

2 Company transferred to an intermediate holding company on 12 May 2014.

3 Companies were dissolved from the company register on 16 May 2014.

4 Company was dissolved from the company register on 20 May 2014.

5 Company was dissolved from the company register on 28 May 2014.

10 Subsidiary undertakings (continued)

£'000

	Cost	Investment Impairment	Net Value
Movement of investment			
Opening balance at 1 April 2013	138,105	(17,295)	120,810
Additions / recapitalisations	83,646	-	83,646
Transfers	(48,397)	-	(48,397)
Investment impairments	-	(41)	(41)
Balance at 31 March 2014	173,354	(17,336)	156,018

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

11 Financial assets

£'000

	Country of incorporation
2 (2013: 2) ordinary shares of £1 each in The Arup Partnerships Trustees Limited	England & Wales
50 (2013: 50) ordinary shares of 10,000 Riyals each in Arup Iran SSK	Iran
30,000 (2013: 30,000) ordinary shares of £0.01 each in St Helena Leisure Corporation Limited	England & Wales
320 (2013: 200) ordinary shares of £1,000 each in MBK Arup Sustainable Projects Limited)	England & Wales
250,000 (2013: nil) shares of £1 eFleet Integrated Service Limited	England & Wales

Movement of unlisted investments at cost	**2014**	2013
Opening balance at 1 April	**204**	124
Additions	**370**	80
Exchange Difference	**(1)**	-
Balance at 31 March	**573**	204

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

12 Debtors

£'000

	2014		2013	
	Group	**Company**	Group	Company
Amounts recoverable on contracts	**75,312**	**-**	75,207	-
Trade debtors	**166,254**	**-**	172,711	-
Amounts owed by Group undertakings	**-**	**21,817**	-	20,031
Foreign tax recoverable	**1,403**	**-**	5,519	-
Deferred tax asset	**18,137**	**-**	19,313	-
Corporation tax	**1,526**	**-**	2,818	-
Other debtors	**16,858**	**520**	18,413	650
Prepayments and accrued income	**31,120**	**-**	30,600	-
	310,610	**22,337**	324,581	20,681

13 Current asset investment

£'000

	2014		2013	
	Group	**Company**	Group	Company
Unlisted investment	**-**	**-**	685	-

In 2013 the unlisted investment was made up of 685,000 preference shares of £1 each in Halo Inductive Power Technologies Limited. A dividend of £420k was paid in the period ending 31 March 2013. On 13 January 2014 the Group sold their investment in Halo Inductive Power Technologies Limited for £915k. Separately, in 2014 a dividend of £10k was received from Strategic Economics Consulting Group an investment that was acquired and dissolved during 2014.

14 Creditors: amounts falling due within one year

£'000

	2014		2013	
	Group	**Company**	Group	Company
Amounts falling due within one year				
Deferred income	**172,445**	**-**	169,250	-
Bank overdraft	**358**	**-**	896	-
Trade creditors	**16,156**	**-**	24,670	-
Amounts owed to Group undertakings	**-**	**112,271**	-	83,522
Amounts due on finance leases within one year	**-**	**-**	8	-
Provision for foreign tax	**1,415**	**-**	1,744	-
Corporation tax	**1,182**	**950**	1,199	950
Taxation and social security costs	**8,808**	**-**	9,502	-
Other creditors	**21,049**	**-**	22,779	-
Accruals	**90,085**	**228**	96,415	878
Deferred tax liability	**1,587**	**-**	2,044	-
	313,085	**113,449**	328,507	85,350

15 Creditors: amounts falling due after more than one year

£'000

	2014			2013
Group				
	Bank loan	**Lease incentives**	**Total**	Total
In more than one year but no more than two years	**-**	**716**	**716**	110
In more than two years but no more than five years	**30,000**	**8,758**	**38,758**	42,773
In more than five years (non-installment debts)	**-**	**750**	**750**	858
	30,000	**10,224**	**40,224**	43,741
Company				
In more than one year but no more than two years	**-**	**-**	**-**	-
In more than two years but no more than five years	**30,000**	**-**	**30,000**	35,007
In more than five years (non-installment debts)	**-**	**-**	**-**	-
	30,000	**-**	**30,000**	35,007

The Group had adequate funding facilities in place at 31 March 2014 to finance the business going forward. The available funding is in the form of a comitted secured revolving credit facility and bears a market floating rate of interest based on LIBOR.

16 Provision for liabilities

	£'000
Movement of liabilities and charges	
Opening balance at April 2013	6,550
Utilisation / release of provision in the year	(1,539)
Balance at 31 March 2014	5,011

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

17 Deferred taxation - Group

£'000

	2014		2013	
	Provided	**Unprovided**	Provided	Unprovided
Timing differences due to accelerated taxation depreciation allowances	**4,539**	-	3,156	-
Short term timing differences	**12,011**	-	14,113	-
	16,550	-	17,269	-
Movement of deferred tax asset:				
At 1 April	**17,269**		13,741	
Reclassification of opening balance	**-**		(232)	
(Over) / under provision of deferred tax in respect of prior years	**(207)**		521	
Restated opening balance	**17,062**		14,030	
Charge for the year	**(1,080)**		1,495	
Less: deferred tax on pension scheme deficit	**3,565**		2,472	
Adjustment for changes in corporation tax	**(877)**		(728)	
Exchange rate difference	**(2,120)**		-	
At 31 March	**16,550**		17,269	
Deferred tax asset	**18,137**		19,313	
Deferred tax liability	**(1,587)**		(2,044)	
Deferred tax asset as at 31 March	**16,550**		17,269	

18 Cash flow from operating activities

	2014 £'000	2013 £'000
Reconciliation of operating profit to net cash flow from operating activities		
Operating profit	**34,828**	23,662
Depreciation charges	**20,505**	23,222
Loss on disposal of fixed assets	**46**	186
Difference between pension charge and cash contributions	**(9,900)**	(8,409)
Increase in debtors	**(13,407)**	(4,696)
Increase / (decrease) in creditors	**9,828**	(11,643)
(Decrease) / increase in provision for liabilities	**(1,539)**	219
Net cash inflow from operating activities	**40,361**	22,541

19 Analysis of changes in net funds

£'000

	At 1 April 2013	Cash flow	Foreign exchange	**At 31 March 2014**
Cash at bank and in hand	95,020	16,873	(6,010)	**105,883**
Overdrafts	(896)	538	-	**(358)**
Bank loan due within one year	-	-	-	**-**
Bank loan due after more than one year	(35,007)	5,007	-	**(30,000)**
	59,117	22,418	(6,010)	**75,525**
Finance leases	(8)	8	-	**-**
	59,109	22,426	(6,010)	**75,525**

20 Called up share capital – Group and Company

	2014 £'000	2013 £'000
Issued, called up and fully paid:		
65 (2013: 65) voting shares of £1 each	**-**	-
120,000 (2013: 120,000) equity shares of £1 each	**120**	120
	120	120

21 Reserves

£'000

	Group			**Company**
	Capital reserve	**Investment property revaluation reserve**	**Profit and loss account**	**Profit and loss account**
Balance at 1 April 2013	**3**	**-**	**67,349**	**23,324**
Profit for the financial year	**-**	**-**	**29,727**	**13,767**
Movement in revaluation	**-**	**1,737**	**-**	
Actuarial gain recognised in the pension schemes	**-**	**-**	**7,124**	**-**
Deferred tax liability movement related to the actuarial loss	**-**	**-**	**(7,880)**	**-**
Exchange translation differences	**-**	**(30)**	**(9,373)**	**-**
Balance at 31 March 2014	**3**	**1,707**	**86,947**	**37,091**
Profit and loss reserve excluding net pension scheme liabilities			**184,197**	
Net pension scheme liabilities (note 29)			**(97,250)**	
Profit and loss reserve			**86,947**	

22 Reconciliation of movements in shareholders' funds - Group

	2014 £'000	2013 £'000
Balance at 1 April	**67,472**	70,171
Profit for the financial year	**29,727**	20,488
Movement in investment property revaluation reserve	**1,737**	-
Exchange translation differences	**(9,403)**	2,715
Actuarial gain / (loss) recognised in the pension schemes	**7,124**	(29,928)
Deferred tax asset movement related to the actuarial loss	**(7,880)**	4,026
Closing shareholders' funds	**88,777**	67,472
Shareholders' funds excluding net pension scheme liabilities	**186,027**	179,057
Net pension scheme liabilities (note 29)	**(97,250)**	(111,585)
Closing shareholders' funds	**88,777**	67,472

23 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.

24 Trust monies

The Group has historically operated a number of bank accounts which were maintained in the name of Group companies in Australia on behalf of third party clients. These accounts were not available to meet any liabilities of the Group and are therefore excluded from the consolidated balance sheet. During the 2014 financial year these accounts were closed and all monies were returned to their respective parties. Therefore the total of these accounts at 31 March 2014 was £nil (2013: £5.5m).

25 Capital commitments

£'000

	2014		2013	
	Group	**Company**	Group	Company
Authorised and contracted for	1,539	-	345	-

26 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:

	2014		2013	
	Group	**Company**	Group	Company
Within one year	**8,640**	-	9,590	-
In two to five years	**19,445**	-	21,430	-
After five years	**14,865**	-	15,936	-

27 Ultimate controlling party

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.

28 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.

29 Pension commitments

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

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. A special employer's contribution of £10m was made during the year to 31 March 2014 (2013: £9.5m). The next actuarial valuation is being carried out as at 31 March 2013 but the results will not be available at the date of signing these financial statements.

The valuation position of this scheme was reassessed at 31 March 2014 by a qualified independent actuary for the purposes of the financial reporting standard FRS 17.

The cumulative amount of actuarial gains recognised in the statement of recognised gains and loss is £4.3m (2013: loss of £19.2m).

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 of the level of future returns.

Hong Kong registered scheme

The Company operates a HK registered retirement scheme that has a defined benefit component. The defined benefit component 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 (as frequent as annual) depending on the funding level of the scheme. Under the 31 March 2011 funding valuation, there was no employer contribution to the defined benefit component for the year to 31 March 2014 (2013: nil). As at 31 March 2014, however, a new funding valuation was performed. This funding valuation of the defined benefit component's assets at 31 March 2014 on an ongoing basis represented 97.9% of the actuarially calculated liabilities for benefits that had accrued to members and the defined benefit component's assets had a market value of £29.4m at that date. The most significant assumptions made by the actuary in carrying out this valuation were that the investment return would be 6.8% pa and that salary inflation would be 5.0% pa. The Company expects to make £0.9m contribution to the defined benefit component for the year to 31 March 2015. The next funding valuation is scheduled to be carried out no later than 31 March 2015.

The valuation position of this scheme was reassessed at 31 March 2014 by a qualified independent actuary for the purposes of the financial reporting standard FRS 17.

Ireland registered scheme

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

The defined contribution pension charge for the year was £1.7m (2013: £1.2m).

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 2013. The results of that valuation confirmed that the scheme had a past service surplus of £1.0 million and a funding ratio of 102.5%. This report is not available for public inspection.

In the opinion of the Actuary, the scheme satisified the funding standard as at 31 March 2014.

The valuation of the defined benefit scheme used for the purposes of FRS17 disclosures was based on the valuation at 1 April 2013. 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.

29 Pension commitments (continued)

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% per annum and that salary inflation would be 1% per annum. There was an employer contribution for the year to 31 March 2014 of £0.04m (2013: £0.03m). There was an actuarial loss in the year of £0.3m (2013: £0.1m). The pension liability recognised in the financial statements was £1.1m (2013: £1m).

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 unfunded liability as at 31 March 2014 was £0.1m (2013: £0.1m). As this liability is not material to Arup Group Limited, no additional disclosure is contained in these consolidated financial statements.

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

	Long term rate of return expected							
	UK		Hong Kong		Ireland		Japan	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
Equities and property	**7.1%**	7.4%	**8.3%**	8.2%	**5.8%**	5.6%	**N/A**	N/A
Bonds and cash including net current assets	**3.9%**	3.7%	**1.5%**	1.3%	**3.3%**	3.1%	**N/A**	N/A

	Value of assets in the schemes							
	UK		Hong Kong		Ireland		Japan	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	£'m	£'m	**£'m**	£'m	**£'m**	£'m	**£'m**	£'m
Equities and property	**453.5**	459.8	**22.9**	24.2	**29.0**	27.0	**-**	-
Bonds and cash including net current assets	**168.8**	144.7	**6.5**	7.2	**17.4**	16.8	**-**	-
Total market value of assets	**622.3**	604.5	**29.4**	31.4	**46.4**	43.8	**-**	-
Present value of defined benefit obligation	**(738.6)**	(739.8)	**(37.1)**	(39.3)	**(42.6)**	(44.2)	**(1.2)**	(1.0)
(Deficit) / surplus in the scheme	**(116.3)**	(135.3)	**(7.7)**	(7.9)	**3.8**	(0.4)	**(1.2)**	(1.0)
Less: related deferred tax asset / (liability) at 20% (2013: 23%)	**23.3**	31.1	**1.2**	1.3	**(0.5)**	0.5	**-**	-
Net scheme (liability) / asset	**(93.0)**	(104.2)	**(6.5)**	(6.6)	**3.3**	0.1	**(1.2)**	**(1.0)**

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

	UK		Hong Kong		Ireland		Japan	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
Equities and property	**73%**	76%	**78%**	77%	**63%**	62%	**N/A**	N/A
Bonds and cash including net current assets	**27%**	24%	**22%**	23%	**37%**	38%	**N/A**	N/A
	100%	100%	**100%**	100%	**100%**	100%	**N/A**	N/A

29 Pension commitments (continued)

Amounts recognised in the profit and loss account:

	UK		Hong Kong		Ireland		Japan	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	£'m	£'m	**£'m**	£'m	**£'m**	£'m	**£'m**	£'m
Current service cost	**-**	-	**-**	-	**(0.3)**	(0.5)	**(0.1)**	(0.1)
Interest on obligation	**(34.2)**	(34.6)	**(1.4)**	(1.4)	**(1.5)**	(1.5)	**-**	-
Expected return on scheme assets	**38.9**	35.4	**2.0**	1.9	**1.7**	2.0	**-**	-
Employer contributions	-	-	**-**	-	**-**	-	**-**	-
Gains on curtailments and settlements	-	-	-	-	**0.4**	-	-	-
Net income / (charge)	**4.7**	0.8	**0.6**	0.5	**0.3**	-	**(0.1)**	(0.1)
Actual return on scheme assets	**30.7**	66.0	**(0.9)**	3.7	**3.7**	5.4	**N/A**	N/A

Movement of deficit during the year

	UK		Hong Kong		Ireland		Japan	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	£'m	£'m	**£'m**	£'m	**£'m**	£'m	**£'m**	£'m
(Deficit) / surplus in scheme at 1 April	**(135.3)**	(126.4)	**(7.9)**	(4.2)	**(0.4)**	6.6	**(1.0)**	(0.8)
Movement in the year:								
Current service cost	**-**	-	**-**	-	**(0.3)**	(0.5)	**(0.1)**	(0.1)
Employer contributions	**10.0**	9.5	**-**	-	**(0.1)**	0.3	**-**	-
Past service cost	**-**	-	**-**	-	**-**	(0.8)	**-**	-
Interest cost	**(34.2)**	(34.6)	**(1.4)**	(1.4)	**(1.5)**	(1.5)	**-**	-
Expected return on scheme assets	**38.9**	35.4	**2.0**	1.9	**1.7**	2.0	**-**	-
Actuarial gain / (loss)	**4.3**	(19.2)	**(1.1)**	(4.0)	**4.0**	(6.6)	**(0.3)**	(0.1)
Adjustment for exchange difference	**-**	-	**0.7**	(0.2)	**0.4**	0.1	**0.2**	-
(Deficit) / surplus in scheme at 31 March	**(116.3)**	(135.3)	**(7.7)**	(7.9)	**3.8**	(0.4)	**(1.2)**	(1.0)

	UK		Hong Kong		Ireland		Japan	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	£'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	**739.8**	676.9	**39.3**	33.0	**44.2**	32.8	**1.0**	0.8
Current service cost	**-**	-	**-**	-	**0.3**	0.5	**0.1**	0.1
Interest cost	**34.2**	34.6	**1.4**	1.4	**1.6**	1.5	**-**	-
Members' contributions	**-**	-	**-**	-	**-**	-	**-**	-
Actuarial (gain) / loss on scheme liabilities	**(12.5)**	49.8	**1.0**	4.2	**(1.0)**	9.4	**0.3**	0.1
Benefits paid	**(22.9)**	(21.5)	**(1.1)**	(1.1)	**(1.0)**	(1.4)	**-**	-
Past service cost	**-**	-	**-**	-	**-**	0.8	**-**	-
Gains on curtailments and settlements	**-**	-	**-**	-	**(0.4)**	-	**-**	-
Adjustment for exchange difference	**-**	-	**(3.5)**	1.8	**(1.1)**	0.6	**(0.2)**	-
Present value of defined benefit obligation at 31 March	**738.6**	739.8	**37.1**	39.3	**42.6**	44.2	**1.2**	1.0

29 Pension commitments (continued)

	UK		Hong Kong		Ireland		Japan	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	£'m	£'m	**£'m**	£'m	**£'m**	£'m	**£'m**	£'m
Reconciliation of fair value of scheme assets:								
Fair value of scheme assets at 1 April	**604.5**	550.5	**31.4**	28.8	**43.8**	39.5	**-**	-
Expected return on scheme assets	**38.9**	35.4	**2.0**	1.9	**1.7**	2.0	**-**	-
Actuarial (loss) / gain on scheme assets	**(8.2)**	30.6	**(0.1)**	0.4	**2.9**	3.0	**-**	-
Adjustment for exchange difference	**-**	-	**(2.8)**	1.4	**(0.9)**	0.4	**-**	-
Actual return on scheme assets	**30.7**	66.0	**(0.9)**	3.7	**3.7**	5.4	**-**	-
Employer contributions	**10.0**	9.5	**-**	-	**(0.1)**	0.3	**-**	-
Members' contributions	**-**	-	**-**	-	**-**	-	**-**	-
Benefits paid	**(22.9)**	(21.5)	**(1.1)**	(1.1)	**(1.0)**	(1.4)	**-**	-
Fair value of scheme assets at 31 March	**622.3**	604.5	**29.4**	31.4	**46.4**	43.8	**-**	-

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

	UK		Hong Kong		Ireland		Japan	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
At 31 March								
Future average rate of increase in salaries	**N/A**	N/A	**5.0%**	4.5%	**N/A**	N/A	**3.0%**	1.0%
Future average rate of increase for pensions in payment and deferred pensions	**1.9%**	1.9%	**N/A**	N/A	**2.0%**	2.0%	**N/A**	N/A
Future average rate used to discount liabilities	**4.6%**	4.7%	**4.3%**	3.7%	**3.5%**	3.8%	**1.0%**	1.1%
Retail price inflation	**3.3%**	3.3%	**2.5%**	2.5%	**2.0%**	2.0%	**N/A**	N/A
Consumer price inflation	**1.9%**	1.9%	**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%**	1.9%	**N/A**	N/A	**N/A**	N/A	**N/A**	N/A

NGMP – Non guaranteed minimum pension
L PI – Limited price indexation

Mortality 2014 & 2013

UK

2014: 108% SAPS Light tables for males and 101% SAPS Light tables for females using the CMI 2013 projections, allowing for LTR of 1% per annum.

2013: PNA00 birth year mortality tables using the 92 series medium cohort projections, allowing for minimum improvements in mortality of 1% per annum.

Hong Kong

Age	Mortality (%) Hong Kong Life Table 2011	
	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 2014 & 2013

UK

25% of members' pensions assumed to be taken as cash on current terms (2013: 30%)

Hong Kong

N/A

29 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	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	Number of Years		**Number of Years**		**Number of Years**		**Number of Years**	
Retiring today								
Males	**22.9**	22.7	**22.6**	22.6	**25.6**	25.5	**22.8**	22.8
Females	**24.7**	25.1	**27.7**	27.7	**27.0**	26.9	**28.8**	28.8
Retiring in 20 years*								
Males	**24.3**	24.6	**22.6**	22.6	**27.7**	27.9	**22.8**	22.8
Females	**26.2**	27.0	**27.7**	27.7	**28.8**	29.0	**28.8**	28.8

* For Ireland this is retiring in 17 years.

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

UK registered scheme
History of experience gains and losses

	2014	2013	2012	2011	2010
	£'m	£'m	£'m	£'m	£'m
Defined benefit obligation	**(738.6)**	(739.8)	(676.9)	(629.2)	(608.5)
Scheme assets	**622.3**	604.5	550.5	524.6	494.8
Scheme deficit	**(116.3)**	(135.3)	(126.4)	(104.6)	(113.7)
Experience adjustments on scheme liabilities	**15.5**	11.3	(14.0)	(23.7)	12.4
Experience adjustments on scheme assets	**(8.2)**	30.6	1.9	4.1	101.8

Hong Kong registered scheme
History of experience gains and losses

	2014	2013	2012	2011	2010
	£'m	£'m	£'m	£'m	£'m
Defined benefit obligation	**(37.1)**	(39.3)	(33.0)	(31.0)	(31.0)
Scheme assets	**29.4**	31.4	28.8	29.7	28.8
Scheme deficit	**(7.7)**	(7.9)	(4.2)	(1.3)	(2.2)
Experience adjustments on scheme liabilities	**(1.3)**	(2.3)	-	-	-
Experience adjustments on scheme assets	**(0.1)**	0.4	(2.8)	0.4	6.2

Ireland registered scheme
History of experience gains and losses

	2014	2013	2012
	£'m	£'m	£'m
Defined benefit obligation	**(42.6)**	(44.2)	(32.8)
Scheme assets	**46.4**	43.8	39.5
Scheme surplus / (deficit)	**3.8**	(0.4)	6.7
Experience adjustments on scheme liabilities	**1.4**	(0.7)	0.3
Experience adjustments on scheme assets	**2.9**	3.0	(0.6)

29 Pension commitments (continued)

Japan registered scheme
History of experience gains and losses

	2014	2013	2012
	£'m	£'m	£'m
Defined benefit obligation	**(1.2)**	(1.0)	(0.8)
Scheme assets	**-**	-	-
Scheme deficit	**(1.2)**	(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 scheme next year are:

	UK	**Hong Kong**	**Ireland**	**Japan**
	£'m	**£'m**	**£'m**	**£'m**
Employer	12.0	0.9	0.1	0.1

Defined contribution schemes
The Group also made payments to defined contribution schemes of £25.7m (2013: £22.3m).

Arup Group
13 Fitzroy Street
London W1T 4BQ
United Kingdom