

OVE ARUP & PARTNERS JAPAN LIMITED

FINANCIAL STATEMENTS

31 MARCH 2005



A19
COMPANIES HOUSE

AHSUEBTD

394
05/01/2006

OVE ARUP & PARTNERS JAPAN LIMITED**DIRECTORS' REPORT****FOR THE YEAR ENDED 31 MARCH 2005**

The directors present their report together with the financial statements for the year ended 31 March 2005 which were approved by the Board of Directors on 16 September 2005.

The capital of the ultimate parent company is divided into equity shares which are held in trust for the benefit of the employees (Past, present and future) of the group and voting shares which are held by the Ove Arup Partnership Charitable Trust.

PRINCIPAL ACTIVITY

The Company undertakes consulting engineering services, principally in Japan.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

During the year Ove Arup & Partners Japan Limited made a total profit after taxation of £48,109 (2004: loss £84,705). The directors do not recommend a dividend payment (2004: nil).

The Company will continue its existing activities and will pursue new business opportunities as they arise.

DIRECTORS AND THEIR INTERESTS

The directors of Ove Arup & Partners Japan Limited during the year were as follows:-

P G Ayres
A K C Chan* (appointed 01.04.04)
P G Dilley
M Shears* (resigned 10.03.05)

No director has an interest in the shares of the company (or any other member of the group) other than through his interest as an employee of the group in the employee trusts which own the equity shares of the ultimate parent.

All directors marked with an * are also directors of Arup Group Limited at 31 March 2005.

AUDITORS

The auditors Horwath Clark Whitehill LLP will retire at the forthcoming Annual General Meeting and offer themselves for re-appointment.

NOTIFIABLE POLITICAL AND CHARITABLE DONATIONS

During the year the Company made no notifiable political donations. Charitable donations during the year amounted to £152 (2004: £NIL).

OVE ARUP & PARTNERS JAPAN LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2005

EMPLOYEES

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

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

The Company is active in the field of employee communications and due regard is paid to employees' interests when reaching major management decisions. Employees are also provided with an Annual Report that includes financial data.

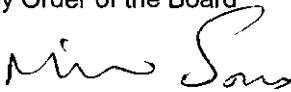
STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company at the end of the year, and its profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention of fraud and other irregularities.

By Order of the Board



M J Somers
Company Secretary

Dated:

16 September 2005

Registered Office:

13 Fitzroy Street, London, W1T 4BQ

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF**OVE ARUP & PARTNERS JAPAN LIMITED****FOR THE YEAR ENDED 31 MARCH 2005**

We have audited the financial statements of Ove Arup & Partners Japan Limited for the year ended 31 March 2005 on pages 4 to 10. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinion we have formed.

Respective Responsibilities of Directors and Auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985, we also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for audit, or if information specified by law regarding directors' remuneration and transactions with the company and other members of the group is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Audit opinion

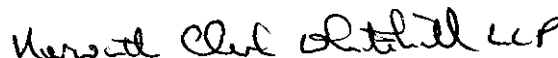
We conducted our audit in accordance with United Kingdom Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Unqualified Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2005 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

5 October 2005



Horwath Clark Whitehill LLP
Chartered Accountants
and Registered Auditors
London

OVE ARUP & PARTNERS JAPAN LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2005

	<u>Notes</u>	<u>2005</u>	<u>2004</u>
		£	£
TURNOVER	1(b)	<u>2,924,438</u>	<u>2,735,063</u>
STAFF COSTS	2	1,518,003	1,533,908
OTHER OPERATING CHARGES			
Charges from sub-consultants and other direct project costs		738,106	831,409
Accommodation		130,665	124,595
Depreciation		24,971	16,135
Communications and other overheads		<u>473,061</u>	<u>347,010</u>
		<u>1,366,803</u>	<u>1,319,149</u>
		<u>2,884,806</u>	<u>2,853,057</u>
OPERATING PROFIT / (LOSS)	3	39,632	(117,994)
Interest receivable		5	3
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>39,637</u>	<u>(117,991)</u>
Taxation on ordinary activities	4	8,472	33,286
PROFIT / (LOSS) FOR THE FINANCIAL YEAR	9 & 10	<u><u>48,109</u></u>	<u><u>(84,705)</u></u>

The profit and loss account contains all the gains and losses recognised in the current and preceding year.

The notes on pages 6 to 10 form part of these financial statements

OVE ARUP & PARTNERS JAPAN LIMITED

BALANCE SHEET

AS AT 31 MARCH 2005

	<u>Notes</u>	<u>2005</u>	<u>2004</u>
		£	£
FIXED ASSETS			
Tangible assets	5	57,176	27,526
CURRENT ASSETS			
Debtors	6	672,470	851,998
Cash at bank and in hand		<u>506,142</u>	<u>710,146</u>
		1,178,612	1,562,144
CREDITORS:			
Amounts falling due within one year	7	<u>729,069</u>	<u>691,067</u>
NET CURRENT ASSETS		<u>449,543</u>	<u>871,077</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		506,719	898,603
CREDITORS:			
Amounts falling due after more than one year		<u>1,514,488</u>	<u>1,994,032</u>
NET LIABILITIES		<u>(1,007,769)</u>	<u>(1,095,429)</u>
SHARE CAPITAL	8	100	100
RESERVES			
Profit and loss account	9	<u>(1,007,869)</u>	<u>(1,095,529)</u>
SHAREHOLDERS' FUNDS	10	<u>(1,007,769)</u>	<u>(1,095,429)</u>

Approved by the Board of Directors on 16 September 2005 and
signed on its behalf:



Andrew Ka Ching Chan

The notes on pages 6 to 10 form part of these financial statements

OVE ARUP & PARTNERS JAPAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2005

1 ACCOUNTING POLICIES

a) **Basis of Accounting**

The financial statements are prepared under the historical cost convention, in accordance with applicable accounting standards and on the going concern basis. The directors believe this basis to be applicable as Arup Group Ltd has indicated its intention to provide sufficient financial support to enable the Company to continue to trade until at least 12 months from the date the accounts are signed. The directors have also estimated the Company's likely cash requirements until that date and believe Arup Group Ltd has adequate resources to provide the necessary support.

b) **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 fees in advance within creditors.

c) **Depreciation**

Fixed assets are written off over their estimated useful lives on a straight line basis. Provision for depreciation is made on all assets at a rate of 25% per annum on a straight line basis.

d) **Deferred Taxation**

In accordance with Financial Reporting Standard 19 full provision is made, 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 company's taxable profits and its results as stated in the accounts, which are not permanent. Deferred tax is measured on a non-discounted basis.

In accordance with Financial Reporting Standard 19, no deferred tax has been provided for on revalued amounts, as no binding agreement to sell any property have been entered into prior to the balance sheet date or to the extent that any gain on any property contracted to be sold will be rolled over on to replacement assets.

Deferred tax assets are only recognised where they arise from timing differences where their recoverability in the foreseeable future is regarded as more likely than not.

e) **Exchange Rates**

Assets and liabilities have been translated at the year end rate. The trading results of overseas operations have been translated using an average rate for the year.

Exchange differences on the translation of the results of overseas 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.

f) **Long Term Contracts**

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

OVE ARUP & PARTNERS JAPAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MARCH 2005

g) **Other Contracts**

Other contracts are mostly time basis contracts which are valued at external charging rates. Profits are taken as services are performed.

h) **Pension Costs**

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

i) **Leased Assets**

Rentals payable under operating leases are charged to the profit and loss account as incurred.

2 STAFF COSTS

	<u>2005</u>	<u>2004</u>
	£	£
Salaries	1,221,092	1,158,485
Staff profit sharing	20,244	22,178
Social security	81,801	71,000
Pension contributions	120,935	187,999
Other staff costs	73,931	94,246
	<u>1,518,003</u>	<u>1,533,908</u>

An analysis of the average number of persons employed by the Company is set out below:-

	<u>2005</u>	<u>2004</u>
	Number	Number
Technical	33	31
Support services	5	3
	<u>38</u>	<u>34</u>

3 OPERATING PROFIT / (LOSS)

	<u>2005</u>	<u>2004</u>
	£	£
This is stated after charging:		
Auditors' remuneration - audit services	9,864	16,306
Loss on disposal of fixed assets	571	939
Operating leases - land & buildings	<u>79,926</u>	<u>81,598</u>

OVE ARUP & PARTNERS JAPAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MARCH 2005

4 TAXATION

2005
£2004
£

(a) Analysis of tax charge

The charge for taxation comprises:

Corporation tax for the year at 30% (2004: 30%)

Less: double tax relief

-

-

-

-

-

-

Foreign taxation for the current year

354

365

Deferred taxation for the current year

(8,797)

(33,651)

(Over)/Under provision in respect of previous years

(29)

-

(8,472)

(33,286)

(b) Factors affecting the tax charge for the year

The tax assessed for the year is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:

2005
£2004
£

Profit / (Loss) On Ordinary Activities Before Taxation

39,637

(117,991)

Profit on ordinary items activities multiplied by standard rate of corporation tax in the UK of 30% (2004: 30%)

11,891

(35,397)

Effects of:

Group relief

(25,957)

1,725

Permanent differences

5,150

4

Timing differences

649

17

Small company rate

(205)

-

Foreign tax expensed

-

365

Current tax charge

(8,472)

(33,286)

OVE ARUP & PARTNERS JAPAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MARCH 2005

5 TANGIBLE FIXED ASSETS	Fixt. Fitt. Computing & other equipment £	
Cost		
Balance at 1 April 2004	155,588	
Additions during the year	56,343	
Disposals during the year	(28,040)	
Adjustment for exchange differences	(5,654)	
Balance at 31 March 2005	178,237	
Depreciation		
Balance at 1 April 2004	128,062	
Charge for the year	24,971	
Eliminated in respect of disposal	(27,469)	
Adjustment for exchange differences	(4,503)	
Balance at 31 March 2005	121,061	
Net book value at 31 March 2005	57,176	
Net book value at 31 March 2004	27,526	
6 DEBTORS	<u>2005</u> £	<u>2004</u> £
Amounts recoverable on contracts	273,512	496,331
Trade debtors	248,391	245,359
Deferred tax asset	42,396	33,622
Other debtors	92,979	62,372
Prepayments and accrued income	15,192	14,314
	<u>672,470</u>	<u>851,998</u>
7 CREDITORS	<u>2005</u> £	<u>2004</u> £
Amounts falling due within one year		
Fees in advance	267,925	300,737
Provision for foreign tax	352	365
Taxation and social security costs	66,242	29,434
Accruals and deferred income	394,550	360,531
	<u>729,069</u>	<u>691,067</u>

OVE ARUP & PARTNERS JAPAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MARCH 2005

8 SHARE CAPITAL	2005	2004
	£	£
Authorised		
1,000 Ordinary Shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up & fully paid		
100 Ordinary Shares of £1 each	<u>100</u>	<u>100</u>
9 PROFIT AND LOSS ACCOUNT	2005	2004
	£	£
Balance at 1 April	(1,095,529)	(1,029,761)
Retained profit / (loss) for the financial year	48,109	(84,705)
Adjustment for exchange differences	<u>39,551</u>	<u>18,937</u>
Balance at 31 March	<u>(1,007,869)</u>	<u>(1,095,529)</u>
10 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2005	2004
	£	£
Opening shareholders' funds	(1,095,429)	(1,029,661)
Retained profit / (loss) for the financial year	48,109	(84,705)
Adjustment for exchange differences	<u>39,551</u>	<u>18,937</u>
Closing shareholders' funds	<u>(1,007,769)</u>	<u>(1,095,429)</u>
11 OTHER FINANCIAL COMMITMENTS		
The Company has the following property leasing commitments in the year to 31 March 2006 in respect of leases expiring in the years ending 31 March:		
2006	-	
2007	111,445	
2008 - 2010	-	
2011 onwards	<u>-</u>	

12 ULTIMATE PARENT COMPANY

The Company's ultimate parent company is Arup Group Limited, a company incorporated in Great Britain. Arup Group Limited is owned by the Ove Arup Partnership Employee Trust, the Ove Arup Partnership Charitable Trust and the Arup Service Trust.

13 RELATED PARTY TRANSACTIONS

The Company transacts with other group companies in the normal course of business. These transactions are not disclosed as they are eliminated on consolidation in the group financial statements of the ultimate parent company.