

OVE ARUP HOLDINGS LIMITED
FINANCIAL STATEMENTS AND REPORTS
FOR THE YEAR ENDED 31 MARCH 2017



OVE ARUP HOLDINGS LIMITED
FINANCIAL STATEMENTS AND REPORTS
FOR THE YEAR ENDED 31 MARCH 2017

Contents	Pages
Strategic report	1
Directors' report	2 - 3
Independent auditors' report	4 - 5
Income statement	6
Balance sheet	7
Statement of changes in equity	8
Notes to the financial statements	9 - 17

OVE ARUP HOLDINGS LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2017

The directors present their strategic report for Ove Arup Holdings Limited (the "Company") for the year ended 31 March 2017 which was approved by the board of directors.

Review of the business

These are the results for the Company for the financial year ended 31 March 2017. The results show a profit for the financial year of £6,236,987 (2016: £1,261,125).

The net assets as at 31 March 2017 are £65,488,171 (2016: £59,251,183).

The performance developments of the Company are in line with the expectations of the directors. During the year to 31 March 2018 the directors will review the capital structure of the Company.

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

- Revenue and profit per person are financial KPIs used to monitor the continued contribution to the Group. In calculating profit per person, profit is stated before income tax, dividends and staff profit-sharing.
- Staff turnover is a key non-financial measure of business performance.

By order of the Board


V J Shakespeare
Company Secretary

26 November 2017
Registered Office: 13 Fitzroy Street, London, W1T 4BQ

OVE ARUP HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The directors present their report together with the audited financial statements of the Company for the year ended 31 March 2017 which were approved by the board of directors.

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

Principal activities

The Company is an investment holding company within the Group.

Future developments

The performance developments of the Company are in line with the expectations of the directors. During the year to 31 March 2018 the directors will review the capital structure of the Company.

Dividends

As at the date of the financial statements the directors do not recommend a dividend for the year ended 31 March 2017 (2016: nil). A dividend was not paid in the year ended 31 March 2017 (2016: nil).

Directors

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

M J Ansley-Young (Appointed 31/05/2017)	G S Hodgkinson* (Appointed 31/05/2017)
A J Belfield* (Resigned 31/05/2017)	M S Tweedie (Resigned 31/05/2017)
T G A Carfrae* (Appointed 31/05/2017)	D A Whittleton (Resigned 31/03/2017)

All directors marked with an * were also directors of Arup Group Limited at 31 March 2017.

Directors' remuneration

Directors' salaries are borne by other group subsidiaries and no recharges are made to the Company. The directors are directors of this Company and a number of fellow Group companies and it is not possible to make an accurate apportionment of emoluments in respect of each of these companies.

Directors' indemnities

As permitted by the Company's Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' Liability Insurance in respect of itself, its directors and officers.

Independent auditors

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

Financial risk management

The Company is a holding company, and thus financial risk is minimal. The Company monitors its investment values and adjusts accordingly. The Company's financial assets and liabilities comprise trade and other receivables and trade and other payables, whose main purpose is to maintain adequate finance for the Company's operations.

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

- Liquidity risk: The Company does not have a bank account, however other Group companies will receive cash and make payments on behalf of Ove Arup Holdings Limited.
- Foreign exchange risk: where possible the Company matches its currency earnings with currency costs. Where this is not possible, appropriate derivative contracts may be used. There is no speculative use of financial instruments.
- Interest rate risk: the Company currently does not hedge interest rate risk, however the need to do so is regularly reviewed.
- Credit risk: the main exposure to credit risk is on amounts due from customers. Controls and procedures are in place to mitigate this risk. Cash investments are held with banks with a minimum credit rating of A-3/P2.

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

OVE ARUP HOLDINGS LIMITED
DIRECTORS' REPORT (Continued)
FOR THE YEAR ENDED 31 MARCH 2017

Employees

No employees are directly employed by the Company.

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

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

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

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

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

Statement of directors' responsibilities

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

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing 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 United Kingdom Accounting Standards, including FRS 101 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 Company will continue in business.

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

Disclosure of information to auditors

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

By order of the Board



V J Shakespeare
 Company Secretary

26 November 2017

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

OVE ARUP HOLDINGS LIMITED

FOR THE YEAR ENDED 31 MARCH 2017

Report on the financial statements

Our opinion

In our opinion, Ove Arup Holdings Limited's financial statements (the 'financial statements'):

- give a true and fair view of the state of the Company's affairs as at 31 March 2017 and of its profit 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.

What we have audited

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

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

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework' ("FRS 101"), and applicable law (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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

OVE ARUP HOLDINGS LIMITED (Continued)

FOR THE YEAR ENDED 31 MARCH 2017

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 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

What an audit of financial statements involves

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

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

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

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

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



Craig Skelton (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
 Chartered Accountants and Statutory Auditors

London
 26 November 2017

OVE ARUP HOLDINGS LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2017

	<u>Note</u>	<u>2017</u> £	<u>2016</u> £
Other income		6,274,420	2,143,327
Communications and other overheads		<u>(32,734)</u>	<u>(877,116)</u>
Operating profit	4	6,241,686	1,266,211
Finance costs	5	<u>(4,699)</u>	<u>(5,086)</u>
Profit before income tax		6,236,987	1,261,125
Income tax expense	6	<u>-</u>	<u>-</u>
Profit for the financial year		<u><u>6,236,987</u></u>	<u><u>1,261,125</u></u>

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

No separate statement of comprehensive income has been presented as all such gains and losses have been dealt with in the income statement above.

The notes on pages 9 to 17 are an integral part of these financial statements.

OVE ARUP HOLDINGS LIMITED

BALANCE SHEET

AS AT 31 MARCH 2017

	<u>Note</u>	31 March 2017 £	31 March 2016 £
Assets			
Non-current assets			
Investments in subsidiaries	7	51,260,001	57,760,001
Current assets			
Trade and other receivables	9	15,248,093	2,688,398
Total assets		<u>66,508,094</u>	<u>60,448,399</u>
Liabilities			
Current liabilities			
Trade and other payables	10	1,019,923	1,197,216
Total liabilities		<u>1,019,923</u>	<u>1,197,216</u>
Net assets		<u>65,488,171</u>	<u>59,251,183</u>
Equity			
Share capital	11	10,000,000	9,999,999
Share premium account	12	47,710,001	47,710,001
Retained earnings		<u>7,778,170</u>	<u>1,541,183</u>
Total equity		<u>65,488,171</u>	<u>59,251,183</u>

The notes on pages 9 to 17 are an integral part of these financial statements.

The financial statements on pages 6 to 17 were approved and authorised for issue by the board of directors and signed on its behalf by:



M J Ansley-Young

Director

26 November 2017

OVE ARUP HOLDINGS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017

	<u>Share capital</u> £	<u>Share premium</u> £	<u>Retained earnings</u> £	<u>Total equity</u> £
Balance as at 1 April 2015	9,999,999	47,710,001	280,058	57,990,058
Profit for the financial year	-	-	1,261,125	1,261,125
Total comprehensive income for the year	-	-	1,261,125	1,261,125
Balance as at 31 March 2016	9,999,999	47,710,001	1,541,183	59,251,183
Profit for the financial year	-	-	6,236,987	6,236,987
Total comprehensive income for the year	-	-	6,236,987	6,236,987
Proceeds from shares issued	1	-	-	1
Total transactions with owners, recognised directly in equity	1	-	-	1
Balance as at 31 March 2017	10,000,000	47,710,001	7,778,170	65,488,171

OVE ARUP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

1 ACCOUNTING POLICIES

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

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

a) Basis of preparation

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

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the preparation of the financial statements are disclosed in note 2.

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

- Paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3, 'Business Combinations';
- Paragraph 33 (c) of IFRS 5, 'Non-current Assets Held for Sale and Discontinued Operations';
- IFRS 7, 'Financial Instruments: Disclosures';
- Paragraphs 91 to 99 of IFRS 13, 'Fair Value Measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- Paragraph 38 of IAS 1, 'Presentation of Financial Statements' comparative information requirements in respect of:
 - 79(a)(iv) of IAS 1, 'Presentation of Financial Statements' (reconciliation of the number of shares outstanding at the beginning and at the end of the period);
 - 73(e) of IAS 16, 'Property, Plant and Equipment' (reconciliation of the carrying amount at the beginning and end of the period);
 - 118(e) of IAS 38, 'Intangible Assets'; (reconciliation of the carrying amount at the beginning and end of the period); and
 - 76 and 79(d) of IAS 40, 'Investment Property' (reconciliation of the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1:
 - 10(d) (statement of cash flows);
 - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements);
 - 16 (statement of compliance with IFRSs);
 - 38A (requirement for minimum of two primary statements including cash flow statements);
 - 38B-D (additional comparative information);
 - 40A-D (requirements for a third statement of financial position);
 - 111 (cash flow statement information); and
 - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows';
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRSs that has been issued but is not yet effective);
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation); and
- IAS 24 (disclosure of related parties entered into between two or more members of a group providing that the parties are wholly owned by the group).

b) Going concern

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

OVE ARUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MARCH 2017

1 ACCOUNTING POLICIES (continued)

c) Changes in accounting policy and disclosures

New standards and interpretations not yet adopted by the Company

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

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

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

- IFRS 15, 'Revenue from Contracts with Customers' is a new standard based on a five-step model framework, which replaces all existing revenue recognition standards. The standard requires revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration the entity expects to be entitled in exchange for those goods or services. This standard is effective for accounting periods commencing on or after 1 January 2018.

- IFRS 16, 'Leases' is a new standard which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract. The standard eliminates the classification of leases as either operating leases or finance leases as required by IAS 17 and, instead, introduces a single lessee accounting model. A lessee will be required to recognise assets and liabilities for all leases with a term of more than 12 months and depreciate lease assets separately from interest on lease liabilities in the income statement. This standard is effective for accounting periods commencing on or after 1 January 2019.

The Company is currently assessing the impact of the new standards, amendments and interpretations that are not yet effective.

d) Consolidation

The Company is a wholly owned subsidiary of Arup Group Limited and is included in the consolidated financial statements of Arup Group Limited which are publically available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

e) Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

f) Other income

Other income represents dividend income from subsidiaries. Dividend income is recognised when the right to receive payments is established.

OVE ARUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MARCH 2017

1 ACCOUNTING POLICIES (continued)

g) Current and deferred income tax

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

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

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

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

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

h) Investments in subsidiaries

Investments are recognised at cost less impairments.

i) Intangible assets

Computer software

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

j) Property, plant and equipment

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

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

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives as follows: Freehold land and property is depreciated over 50 years; expenditure on leasehold properties is depreciated over the period of the lease; and all other property, plant and equipment is depreciated over a three to ten year period.

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

k) Impairment of non-financial assets

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

OVE ARUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MARCH 2017

1 ACCOUNTING POLICIES (continued)**l) Financial assets*****Classification***

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

Financial assets at fair value through profit or loss

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

Loans and receivables

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

Available-for-sale financial assets

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

m) Recognition and measurement

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

n) Offsetting financial instruments

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

o) Impairment of financial assets***Assets carried at amortised cost***

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

OVE ARUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MARCH 2017

1 ACCOUNTING POLICIES (continued)**o) Impairment of financial assets (continued)*****Assets carried at amortised cost (continued)***

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

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

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

Assets classified as available-for-sale

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

p) Derivatives financial instruments

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

q) Trade receivables

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

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

r) Cash and cash equivalents

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

s) Leases

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

OVE ARUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MARCH 2017

1 ACCOUNTING POLICIES (continued)**t) Trade payables**

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

u) Provisions for liabilities

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

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

v) Employee benefits**Pension obligations**

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

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

Staff profit-sharing

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

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Value of investments and available-for-sale financial assets

Judgement is required in determining whether to impair the value of investments in subsidiaries and available-for-sale financial assets.

3 DIRECTORS' REMUNERATION

Directors' salaries are borne by another group subsidiary.

4 OPERATING PROFIT

This is stated after charging:

	<u>2017</u> £	<u>2016</u> £
Loss on exchange from trading activities	32,734	10,310
Impairment of available-for-sale assets and associates	<u>-</u>	<u>866,807</u>

Audit fees are borne by another group subsidiary.

OVE ARUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MARCH 2017

5 FINANCE COSTS

	2017	2016
	£	£
Interest expense - Group undertakings	4,699	5,086
Total finance costs	<u>4,699</u>	<u>5,086</u>

Interest due to Group undertakings is regards to the Group's cash pooling facility.

6 INCOME TAX EXPENSE

	2017	2016
	£	£
(a) Analysis of tax charge		
Current income tax		
- UK: corporation tax on profits for the year	-	-
- adjustment in respect of prior years	-	-
Total current income tax	<u>-</u>	<u>-</u>
Income tax expense	<u>-</u>	<u>-</u>

(b) Factors affecting the tax charge for the year

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

Profit before income tax	<u>6,236,987</u>	<u>1,261,125</u>
Profit multiplied by the standard rate of corporation tax in the UK	1,247,397	252,225
Effects of:		
Group relief	7,487	-
Income not subject to tax	(1,254,884)	-
Expenses not deductible for tax purposes	-	176,440
Other	-	(428,665)
Total tax expense	<u>-</u>	<u>-</u>

(c) Factors affecting current and future tax charges

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

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

OVE ARUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MARCH 2017

7 INVESTMENTS IN SUBSIDIARIES

The companies noted below were owned by Ove Arup Holdings Limited at 31 March 2017.

The operating companies principal activities are transaction advice services and consulting engineering services.

	<u>Address of the registered office</u>	<u>Proportion of ordinary shares directly held by parent (%)</u>
Direct holdings:		
Arup Corporate Finance Limited	13 Fitzroy Street, London, W1T 4BQ, UK	100
Arup Gulf Limited	13 Fitzroy Street, London, W1T 4BQ, UK	100
Arup International Limited	13 Fitzroy Street, London, W1T 4BQ, UK	100
Arup Limited	13 Fitzroy Street, London, W1T 4BQ, UK	100
Arup Projects 'A' Ltd *	13 Fitzroy Street, London, W1T 4BQ, UK	100
Arup Riyadh Metro Limited	13 Fitzroy Street, London, W1T 4BQ, UK	100
Ove Arup & Partners International Limited	13 Fitzroy Street, London, W1T 4BQ, UK	100
Indirect holdings:		
Arup Associates Limited	13 Fitzroy Street, London, W1T 4BQ, UK	-
Arup India Private Limited	Jet Prime, 5th Floor, Suren Road, Off Western Express Highway, Andheri (East), Mumbai, 400093, India	-
OASYS Limited	13 Fitzroy Street, London, W1T 4BQ, UK	-
Ove Arup & Partners Limited	13 Fitzroy Street, London, W1T 4BQ, UK	-
Ove Arup & Partners Scotland Limited	Scotstoun House, South Queensferry, West Lothian, EH30 9SE, Scotland	-
Redcliffe Wharf Limited *	13 Fitzroy Street, London, W1T 4BQ, UK	-

* Companies are dormant

	<u>Cost</u>	<u>Investment Impairment</u>	<u>Net Value</u>
	£	£	£
Movement of investment			
Balance as at 1 April 2016	57,760,001	-	57,760,001
Repaid	(6,500,000)	-	(6,500,000)
Balance as at 31 March 2017	51,260,001	-	51,260,001

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

During the year the share capital of Arup Gulf Limited was reduced by 6,500,000 ordinary shares of £1 each and this was repaid to Ove Arup Holdings Limited.

8 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<u>Country of incorporation</u>	
100 (2016:100) shares of US\$0.10 each in Arup Zimbabwe (Private) Limited	Zimbabwe	
	<u>2017</u>	<u>2016</u>
	£	£
Movement of unlisted investments at cost		
Opening balance at 1 April	-	866,807
Impairment	-	(866,807)
Balance at 31 March	<u>-</u>	<u>-</u>

OVE ARUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 MARCH 2017

9 TRADE AND OTHER RECEIVABLES

	<u>2017</u>	<u>2016</u>
	£	£
Amounts due from Group undertakings	<u>15,248,093</u>	<u>2,688,398</u>

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

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

10 TRADE AND OTHER PAYABLES

	<u>2017</u>	<u>2016</u>
	£	£
Amounts owed to Group undertakings	1,019,923	987,955
Accrued expenses	-	209,261
	<u>1,019,923</u>	<u>1,197,216</u>

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

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

11 SHARE CAPITAL

	<u>2017</u>	<u>2016</u>
	£	£
Issued, called up and fully paid: 10,000,000 (2016: 9,999,999) ordinary shares of £1 each	<u>10,000,000</u>	<u>9,999,999</u>

	<u>2017</u>	<u>2016</u>
	£	£
Balance at 1 April	9,999,999	9,999,999
Increase in share capital	1	-
Balance at 31 March	<u>10,000,000</u>	<u>9,999,999</u>

12 SHARE PREMIUM

	<u>2017</u>	<u>2016</u>
	£	£
Balance at 1 April and 31 March	<u>47,710,001</u>	<u>47,710,001</u>

13 DIVIDENDS

As at the date of the financial statements the directors do not recommend a dividend for the year ended 31 March 2017 (2016: nil). A dividend was not paid in the year ended 31 March 2017 (2016: nil).

14 RELATED PARTIES

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

Arup Group Limited is the parent undertaking of the smallest and largest group to consolidate these financial statements at 31 March 2017. The consolidated financial statements of Arup Group Limited are publicly available at 13 Fitzroy Street, London, W1T 4BQ.

The ultimate parent undertakings and controlling parties are Ove Arup Partnership Employee Trust, Ove Arup Partnership Charitable Trust and The Arup Service Trust. These are the owners of Arup Group Limited. The controlling party is Ove Arup Partnership Charitable Trust.

There were no transactions carried out with related parties that are not 100% owned by the Group.