ATKINS LIMITED

ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2015

COMPANY NUMBER 688424

ATKINS LIMITED

ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2015

Contents

ATKINS LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2015

Business review and future developments

Nature of the business

Atkins Limited's (the Company) core business is helping our clients to plan, design and enable capital programmes. The solutions we provide range from upfront strategic advice to large outcome-focused programme management engagements. The Company is able to plan all aspects of its clients' projects, conducting feasibility studies and impact analyses covering technical, logistical, legal, environmental and financial considerations. The Company designs systems, infrastructures, processes, buildings and civil structures. The Company enables its clients' complex programmes by optimising procurement methods and managing supply chains on their behalf to reduce timescales, cost and risk. The Company's employees include engineers, architects, surveyors, cost and project managers, planners, management consultants, geologists and experts in information technology, telecommunications and environmental management.

Objectives of the business and future developments

The Company's primary objective is to drive shareholder value with unrelenting focus on operational excellence and to implement our growth strategy with the priority on portfolio optimisation and focused sector, as well as regional, expansion. This requires earnings growth in the long term, combined with strong cash generation. The Company's strategy is to develop further the Company's identity, drive excellence in all that we do and thus deliver core growth. During the year, we continued to make progress on these strategic objectives.

The Company is a principal subsidiary of WS Atkins plc. The Company, and in turn WS Atkins plc and its subsidiary companies (the Group), made good progress in the last twelve months. Overall, our business performed in line with expectations as we continue to navigate difficult market conditions, notably in our rail business. Our broad multidisciplinary offering has helped mitigate the impact of constrained public sector spending by providing competitive, cost effective, high quality expertise.

The outlook for the UK as a whole is stable, despite a slowdown in our aerospace business. The infrastructure markets continue to present opportunities for our broad multidisciplinary offering as the UK Government stimulates the economy with its commitment to infrastructure spend. We believe our refreshed operating model, effective from 1 April 2015, is well placed to address this need and we enter the new financial year positioned to deliver growth in the year ahead.

Further details of the objectives and future developments for the Group are disclosed in the WS Atkins plc consolidated financial statements for the year ended 31 March 2015.

Principal risks and uncertainties

We continue to manage a number of potential risks and uncertainties which could have a material impact on our strategic and operational objectives. Many of these risks are common to other companies and we assess them regularly to establish the principal risks for the Group. We continue to assess these risks under two main categories: strategic and operational. Effective risk management continues to be embedded in our governance framework, which is summarised in the Corporate governance report and the Strategic Report sections of the WS Atkins plc consolidated financial statements for the year ended 31 March 2015.

Results and dividends

Revenue

In the year ended 31 March 2015, the Company's revenue reduced by 5.6% to £820.2m (2014: £868.9m).

Operating profit

Reported operating profit for the year was £63.8m, a year on year increase of £19.5m (44.0%). This profit includes the benefit of £5.0m of research and development expenditure credit (RDEC) following early adoption of new rules in the UK. In previous years the equivalent benefit was shown as a reduction in the Company's tax charge.

Profit after tax

The profit after tax for the year of £50.4m (2014: £43.3m) is shown in the income statement on page 11.

Cash

Net funds as at 31 March 2015 were £112.5m (2014: £89.5m). Cash generated from operating activities was £76.5m (2014: £15.6m) representing 119.9% of operating profit.

ATKINS LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)

Results and dividends (continued)

Dividends

The directors do not recommend a dividend in respect of the year ended 31 March 2015 (2014: £nil).

Key performance indicators

Management uses a range of performance measures to monitor and manage the business. Those that are particularly important in monitoring our progress in generating shareholder value are considered key performance indicators (KPIs).

Our KPIs measure past performance and also provide information and context to anticipate future events and, in conjunction with our detailed knowledge and experience of the segments in which we operate, allow us to act early and manage the business going forward. We track safety, volume, staff turnover, profitability, efficiency, secured workload and capacity.

Revenue, operating profit and margin, and operating cash flow provide indications as to the volume and quality of work we have undertaken. They measure both profitability and the efficiency with which we have turned operating profits into cash. The KPIs for 2015 are shown in the table below, along with prior year comparatives.

	2015	2014	% change in year
Financial metrics			
Revenue	**£820.2m**	£868.9m	(5.6)%
Underlying operating profit	**£66.1m**	£44.3m	49.2%
Underlying operating margin	**8.1%**	5.1%	3.0%
Cash generated from continuing operations	**£73.6m**	£13.3m	453.4%

Corporate sustainability

The Company is committed to acting responsibly towards all its stakeholders, and the Group is committed to taking a leadership position within its sector. The Group's corporate sustainability strategy and performance is published on its website at www.atkinsglobal.com. A summary of the year's activities is included in the WS Atkins plc consolidated financial statements for the year ended 31 March 2015, which is available on the Group's website at www.atkinsglobal.com/investors.

Approved by the board of directors and signed on its behalf by:

Richard Webster
Company Secretary
8 September 2015

ATKINS LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2015

The directors present their annual report on the affairs of Atkins Limited (the Company), together with the Financial Statements and the independent auditor's report, for the year ended 31 March 2015.

The directors of a company are required to prepare a strategic report about that company for each financial year, designed to inform shareholders and help them assess how the directors have performed their duty to promote the success of the company. Additionally the directors are required to prepare a directors' report containing certain disclosures, some of which may be included in the strategic report if they are considered to be of strategic importance. The following information has been included in the Strategic Report and is incorporated into this report by reference:

- review of the performance and future developments of the Company
- principal risks and uncertainties
- the amount (if any) that the directors recommend by way of a dividend

Research and development
The Company develops and delivers innovative technical solutions to its clients, the costs of which are expensed to the income statement.

Financial instruments
Details on the use of financial instruments and financial risk management are included in note 2 to the Financial Statements.

Pensions

IAS 19 (revised 2011) – valuation and accounting treatment

The Company determines pension scheme funding with reference to actuarial valuations but for reporting purposes uses IAS 19 (revised 2011). Under IAS 19 (revised 2011) the Company recognised a reduced retirement benefit liability of £291.5m at 31 March 2015 (2014: £320.4m).

The assumptions used in the IAS 19 (revised 2011) valuation are detailed in note 22 to the Financial Statements.

Funding

Cash contributions of £32.0m (2014: £32.0m) were made to the Atkins Pension Plan (the Plan) during the year. Under the latest agreed recovery plan the Company will contribute £32.8m to the Plan for the year ending 31 March 2016, with annual contributions then escalating by 2.5% each year until 31 March 2025.

There were no pension settlement or curtailment gains in 2015 or in the comparative period.

ATKINS LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)

Pensions (continued)

Charges

The total charge to the income statement in respect of defined benefit schemes was £15.9m (2014: £14.2m), comprising service cost of £2.2m (2014: £2.1m), administrative expenses of £0.2m (2014: £0.2m), and a net interest expense of £13.5m (2014: £11.9m). The charge relating to defined contribution schemes increased to £26.5m (2014: £25.2m).

Treasury policies and objectives

WS Atkins plc's (the ultimate parent company of Atkins Limited) group treasury function (Group Treasury) manages and monitors external funding and investment requirements and financial risks in support of the Group's corporate objectives. Details of the policies and procedures are set out in WS Atkins plc's consolidated financial statements for the year ended 31 March 2015. Details of the Company's financial risks and management policies are in note 2 of the Financial Statements.

Critical accounting policies

The Company's principal accounting policies are described in note 1 to the Financial Statements. The Financial Statements for the year ended 31 March 2015 have been prepared under International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates.

Material estimates applied across the Company's businesses and joint ventures are reviewed to a common standard and adjusted where appropriate to ensure that consistent treatment of similar and related issues that require judgement is achieved upon consolidation. Any revisions to estimates are recognised prospectively.

The accounting policies and areas that require the most significant estimates and judgements to be used in the preparation of the Financial Statements are in relation to contract accounting, including recoverability of receivables, goodwill impairment and defined benefit pension schemes, tax, research and development, joint arrangements and impairment of investments.

Contract accounting

The Company's contract accounting policy is central to how the Company values the work it has carried out in each financial year.

This policy requires forecasts to be made on the projected outcomes of projects. These forecasts require assessments and judgements to be made on changes in work scope, changes in costs and costs to completion. While the assumptions made are based on professional judgements, subsequent events may mean that estimates calculated prove to be inaccurate, with a consequent effect on the reported results.

Goodwill and investment impairment

Goodwill and the Company's investments are subject to impairment review both annually and when there are indications that the carrying values may not be recoverable. The carrying value of goodwill and each investment is compared to the recoverable amount, which is the higher of value in use and fair value less costs to sell.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to a cash-generating unit (CGU), or group of CGUs that is expected to benefit from the synergies of the combination. Each CGU or group of CGUs to which the goodwill is allocated represents the lowest level within the entity at which goodwill is monitored for internal management purposes.

Determining whether goodwill is impaired requires an estimation of the value in use of CGUs to which the goodwill has been allocated. Determining whether an investment is impaired requires an estimation of the value in use of the investment's CGU or group of CGUs. The value in use calculation requires an estimate to be made of the timing and amount of future cash flows expected to arise from the CGU and the application of a suitable discount rate to calculate the present value. The discount rates used are based on the Group's weighted average cost of capital adjusted to reflect the specific economic environment of the relevant CGU.

ATKINS LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)

Critical accounting policies (continued)

Tax

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

As set out in note 1 to the Financial Statements, deferred tax is accounted for on temporary differences using the liability method, with deferred tax liabilities being provided for in full and deferred tax assets being recognised only to the extent that it is judged probable that future taxable profits will arise against which the temporary differences can be utilised.

Defined benefit pension schemes

Accounting for pensions involves judgement about uncertain events in the future such as inflation, salary levels at retirement, longevity rates, rates of return on plan assets and discount rates. Assumptions in respect of pensions and post-employment benefits are set after consultation with independent qualified actuaries. Management believes the assumptions are appropriate. However, a change in the assumptions used would have an impact on the Company's results and net assets. Any differences between the assumptions and the actual outcome will affect results in future years. An estimate of the sensitivity to changes in key assumptions is disclosed in note 22 to the Financial Statements.

Research and development

All R&D expenditure is written off to the income statement as incurred. In the UK, the Company has early adopted the new UK RDEC regime with effect from 1 April 2013. These credits have charecteristivs more akin to government grants than income taxes and therefore are offset against the relevant expenditure in the income statement rather than via the tax charge.

The credits are recognised to the extent that there is reasonable assurance that they will be received, albeit that the claim process takes place sometime after the original expenditure was incurred. In the balance sheet, the receivable reduces the overall current tax payable for the Company.

Joint arrangements

The Company has joint control over a number of arrangements as under the respective contractual agreements unanimous consent is required from all parties to the agreements for all relevant activities. These joint arrangements are not structured through separate legal vehicles and the terms of the arrangements provide the Company and the other parties to the arrangements with the rights to the assets and obligations for the liabilities, or other facts and circumstances indiciate this is the case. Therefore, these arrangements are classified as joint operations of the Company.

ATKINS LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)

Directors
The directors who served during the year and up to the date of signing these Financial Statements are included in the table below.

A J CULLENS	01 July 2014	-
H S DREWETT	-	-
J A GOULD	-	-
M M GRANT	-	-
A H GRIFFITHS	-	30 July 2014
P D HOARE	-	-
D A LAWSON	-	-
S E A LIPSCOMBE-NOTT	-	-
D A D MCCORMICK	-	25 July 2014
M MCNICHOLAS	-	-
N J ROBERTS	01 December 2014	-
G A ROBINS	-	03 April 2015
N J C THOMAS	-	-
D J TONKIN	-	30 December 2014
G C YATES-KNEEN	-	-

Indemnification of and insurance cover for directors and officers
Directors and officers of the Company benefit from directors' and officers' liability insurance cover in respect of legal actions brought against them. In addition, directors of the Company are indemnified in accordance with article 80 of the Company's articles of association to the maximum extent permitted by law. Neither the insurance nor the indemnities provide cover where the relevant director or officer has acted fraudulently or dishonestly.

Directors' remuneration
Directors' remuneration has been disclosed in note 6 to the Financial Statements.

People
Engagement
Ensuring our employees feel valued and positive at work underpins our ethos and supports our strategy for growth. We know there is always room for improvement, therefore, we ask our people what they think and then involve them in our plans for change.

Every year we ask our employees to participate in our Viewpoint employee engagement survey. The survey comprises a series of strategically important themed questions, aligned to a pre-defined engagement model. This model measures our people's relationship with management, their jobs and the Group.

Group results were communicated both locally and via our Group wide intranet, with presentations of results by region/business unit arranged locally.

Day to day, the Group maintains regular communication with our employees through a range of digital media, with content relating to the Group's client wins, project successes and stories about our people, all available on our Group wide intranet. The Group supplements online channels with face to face town hall meetings and line manager team briefings. To coincide with the announcement of the Group's financial results, we provide updates on Group performance via webinar for all colleagues.

ATKINS LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)

People (continued)

Engagement (continued)

Our senior leadership teams hold meetings and open discussions to give employees the opportunity to ask questions about our strategy and future plans. The Group also uses webinars and 'all hands calls' to engage with our people and give them the chance to participate and ask questions directly. Another popular communication channel is our CEO blogs, through which the Group's regional CEOs share informal thoughts, images and updates, and invite comments from employees.

Diversity

We are committed to building a diverse organisation to maximise the skills available to us in the regions in which we operate. Policies have been adopted to ensure this commitment is implemented from the point of attraction and recruitment and continues throughout an individual's employment. Our people are supported to develop to their full potential regardless of sex, race, age, religion or belief, disability, sexual orientation, gender identity, marriage and civil partner status, pregnancy, parental obligations or background, subject to the laws of the jurisdictions in which we work.

The Company encourages recruitment, training, career development and promotion on the basis of aptitude and ability, without regard to disability. We are also committed to retaining and retraining as necessary employees who become disabled during the course of their employment.

Reward

Employee share ownership is encouraged across the Group to align the interests of our employees and our shareholders and to enable our employees to share in the success of the Company. In the UK, we operate a share incentive plan (SIP) that provides a tax-efficient mechanism for employees to become shareholders of WS Atkins plc through salary sacrifice arrangements. Approximately 11.4% of eligible employees participate in the SIP.

Political donations and expenditure

The Company made no political donations and incurred no political expenditure during the year ended 31 March 2015 (2014: £nil).

Share capital

Full details of the Company's issued share capital, including changes during the year, can be found in note 24 of these Financial Statements.

Directors' statement of responsibility

The directors are responsible for preparing the Directors' and Strategic Reports and the Financial Statements 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 Company's Financial Statements in accordance with applicable law and IFRSs as adopted by the EU. In preparing these Financial Statements, the directors have also elected to comply with IFRSs issued by the International Accounting Standards Board (IASB). 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 the 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 IFRSs as adopted by the EU, and IFRSs as issued by the IASB, have been followed, subject to any material departures disclosed and explained in the Financial Statements
- prepare the Financial Statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

ATKINS LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)

Directors' statement of responsibility (continued)

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Directors' and Strategic Reports and Financial Statements comply with the Companies Act 2006. They 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.

Each of the directors, whose names are listed in this Annual Report and Financial Statements, confirms that, to the best of his/her knowledge:

- the Directors' and Strategic Reports contained in the Annual Report and Financial Statements include a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces; and

- the Company's Financial Statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Company.

The Directors of the Company consider that the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable, and that they provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

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

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.

Approved by the board of directors and signed on its behalf by:

Richard Webster
Company Secretary
8 September 2015

ATKINS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ATKINS LIMITED

Report on the financial statements

Our opinion

In our opinion, Atkins 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 2015 and of its profit and cashflows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The Financial Statements comprise:

- the balance sheet as at 31 March 2015;
- the income statement and statement of comprehensive income for the year then ended;
- the statement of cash flows 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 applicable law and IFRSs as adopted by the European Union.

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, 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
- 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.

ATKINS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ATKINS LIMITED (CONTINUED)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the directors' statement of responsibility (pages 7 and 8), 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 effecetiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report for the year ended 31 March 2015 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.

C. Burns

Christopher Burns (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
8th September 2015

ATKINS LIMITED

INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015 £m	2014 £m
Revenue		**820.2**	868.9
Cost of sales		**(501.2)**	(552.5)
Gross profit		**319.0**	316.4
Administrative expenses		**(255.2)**	(272.1)
Operating profit	3	**63.8**	44.3
Comprising			
- Underlying operating profit		**66.1**	44.3
- Impairment of investments in subsidiaries and associates	5	**(2.3)**	-
		63.8	44.3
Profit on disposal of business	9	**0.5**	13.3
Income from investments in subsidiaries and associates	10	**7.2**	-
Profit before interest and tax		**71.5**	57.6
Finance income	7	**2.8**	2.3
Finance costs	7	**(13.9)**	(12.0)
Net finance costs	7	**(11.1)**	(9.7)
Profit before taxation		**60.4**	47.9
Income tax expense	8	**(10.0)**	(4.6)
Profit for the year		***50.4***	43.3

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015 £m	2014 £m
Profit for the year		**50.4**	43.3
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss			
Remeasurement of net post-employment benefit liabilities	22	**9.9**	(63.0)
Income tax on items that will not be reclassified	8	**(1.8)**	6.3
Total items that will not be reclassified subsequently to profit or loss		**8.1**	(56.7)
Other comprehensive income/(expense) for the year, net of tax		**8.1**	(56.7)
Total comprehensive income/(expense) for the year		**58.5**	(13.4)

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive expense is disclosed in note 8.

The notes on pages 15 to 61 are an integral part of these financial statements.

ATKINS LIMITED

BALANCE SHEET
AS AT 31 MARCH 2015

	Note	2015 £m	2014 £m
Assets			
Non-current assets			
Goodwill	11	**40.0**	40.0
Other intangible assets	12	**5.8**	7.2
Property, plant and equipment	13	**22.8**	19.9
Investments	14	**20.8**	23.1
Deferred income tax assets	15	**70.7**	77.7
Derivative financial instruments	20	**1.2**	-
		161.3	167.9
Current assets			
Trade and other receivables	16	**753.8**	595.7
Cash and cash equivalents	17	**112.5**	89.5
Derivative financial instruments	20	**1.3**	0.4
		867.6	685.6
Liabilities			
Current liabilities			
Trade and other payables	19	**(522.6)**	(370.1)
Derivative financial instruments	20	**(0.6)**	(2.7)
Current income tax liabilities		**(8.7)**	(4.1)
Provisions for other liabilities and charges	21	**(0.2)**	(0.6)
		(532.1)	(377.5)
Net current assets		**335.5**	308.1
Non-current liabilities			
Provisions for other liabilities and charges	21	**(2.1)**	(3.0)
Post-employment benefit liabilities	22	**(291.5)**	(320.4)
Derivative financial instruments	20	**(0.2)**	(1.7)
Other non-current liabilities	23	**(1.4)**	(1.5)
		(295.2)	(326.6)
Net assets		**201.6**	149.4
Capital and reserves			
Ordinary shares	24	**40.1**	40.1
Share premium account		**0.2**	0.2
Other reserves		**205.0**	205.0
Accumulated losses		**(43.7)**	(95.9)
Total equity		**201.6**	149.4

Company number 688424

These financial statements on pages 11 to 61 were approved by the board of directors on 8 September 2015 and signed on its behalf by:

H S Drewett
Director

The notes on pages 15 to 61 are an integral part of these financial statements.

ATKINS LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015 £m	2014 £m
Cash flows from operating activities			
Cash generated from continuing operations	26	**73.6**	13.3
Interest received		**2.8**	2.3
Interest paid		**(0.3)**	-
Income tax received		**0.4**	-
Net cash generated from operating activities		**76.5**	15.6
Cash flows from investing activities			
Proceeds from disposal of business	9	**-**	16.0
Purchases of property, plant and equipment		**(10.2)**	(7.5)
Proceeds from disposals of property, plant and equipment		**0.1**	-
Purchases of other intangible assets		**(3.1)**	(2.9)
Net cash (used in)/generated from investing activities		**(13.2)**	5.6
Cash flows from financing activities			
(Increase)/decrease in inter-company loans		**(25.3)**	1.4
Finance lease principal payments		**-**	(0.4)
Purchase of parent company shares by Employee Benefit Trusts		**(15.0)**	(8.4)
Net cash used in financing activities		**(40.3)**	(7.4)
Net increase in cash and cash equivalents		**23.0**	13.8
Cash and cash equivalents at beginning of year		**89.5**	75.7
Cash and cash equivalents at end of year	17	**112.5**	89.5

The notes on pages 15 to 61 are an integral part of these financial statements.

ATKINS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2015

	Ordinary shares £m	Share premium account £m	Other reserves £m	Accumulated losses £m	Total equity £m
Balance at 1 April 2013	40.1	0.2	205.0	(82.7)	162.6
Profit for the year	-	-	-	43.3	43.3
Remeasurement of net post-employment benefit liabilities	-	-	-	(63.0)	(63.0)
Deferred tax charged to equity	-	-	-	6.3	6.3
Other comprehensive expense for the year	-	-	-	(56.7)	(56.7)
Total comprehensive expense for the year	-	-	-	(13.4)	(13.4)
Share-based payments	-	-	-	6.7	6.7
Tax credit relating to share option scheme	-	-	-	1.9	1.9
Employee Benefit Trusts	-	-	-	(8.4)	(8.4)
Total contributions by and contributions to owners of the company, recognised directly in equity	-	-	-	0.2	0.2
Balance at 31 March 2014	40.1	0.2	205.0	(95.9)	149.4
Profit for the year	-	-	-	**50.4**	**50.4**
Remeasurement of net post-employment benefit liabilities	-	-	-	**9.9**	**9.9**
Income tax credited to equity	-	-	-	**(1.8)**	**(1.8)**
Other comprehensive income for the year	-	-	-	**8.1**	**8.1**
Total comprehensive income for the year	-	-	-	**58.5**	**58.5**
Share-based payments	-	-	-	**8.6**	**8.6**
Tax credit relating to share option scheme	-	-	-	**0.1**	**0.1**
Employee Benefit Trusts	-	-	-	**(15.0)**	**(15.0)**
Total contributions by and contributions to owners of the company, recognised directly in equity	-	-	-	**(6.3)**	**(6.3)**
Balance at 31 March 2015	**40.1**	**0.2**	**205.0**	**(43.7)**	**201.6**

The notes on pages 14 to 60 are an integral part of these financial statements.

1 Accounting policies

Atkins Limited (the Company) is a private limited company incorporated and domiciled in England and Wales. The address of its registered office is Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, England.

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, including the application of new IFRSs and interpretations, unless otherwise stated.

Basis of preparation

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

The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements, are disclosed under critical accounting policies and are incorporated by reference on pages 46 and 47 of the Business Review of the WS Atkins plc consolidated financial statements for the year ended 31 March 2015 as well as in the Directors' Report of the Company.

Changes in accounting policy and disclosure

New and amended standards adopted by the Company

There were no standards adopted by the Company for the first time for the financial year beginning on 1 April 2014 that had a material impact on the Company.

- IFRS 11, *Joint arrangements*
- IFRS 12, *Disclosure of interests in other entities*
- IFRIC 21, *Levies*
- Amendments to the following standards:
  - IFRS 12 and IAS 27: *Investment Entities*
  - IAS 32, *Financial instruments: Presentation*
  - IAS 36, *Recoverable amount disclosures for non-financial assets*
  - IAS 39, *Financial Instruments: Recognition and Measurement*

IFRS 11, *Joint arrangements.* Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures, depending on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Before 1 April 2014, the Company's interests in jointly controlled entities were accounted for using the equity method. Under IFRS 11, some of the Company's jointly controlled entities have been assessed to be joint operations.

The Company has applied the new policy for its interests in joint operations in accordance with the transition provisions of IFRS 11. The Company recognised its investment in the assets and liabilities relating to the joint operation, by disaggregating them from the carrying amount of the investment used in applying the equity method.

In respect of its interests in joint operations, the Company recognises its share of assets, liabilities, revenues and expenses. The Company accounts for the assets, liabilities, revenues and expenses in accordance with IFRSs applicable to the particular assets, liabilities, revenues and expenses.

The Company has an interest in several joint arrangements. Under IAS 31, some of these joint arrangements were assessed as jointly controlled entities and were equity accounted. The Company has reassessed the classification of all its joint arrangements under IFRS 11.

1 Accounting policies (continued)

Based on the facts and circumstances of each joint arrangement, it was assessed that the Company has rights to the assets and obligations for the liabilities in certain of its joint arrangements and they have therefore now been classified as joint operations.

Following the adoption and application of IFRS 11, *Joint arrangements,* the income statement and statement of comprehensive income for the year ended 31 March 2014 have not been restated, as the restatement was not material. The balance sheet as at 31 March 2014 and the statement of changes in equity for the year ended 31 March 2014 have also not been restated, as the impact on these was not considered material.

IFRS 12, *Disclosure of interests in other entities.* IFRS 12 sets out the disclosure requirements in the financial statements in respect of IFRS 10 and IFRS 11. The key additional disclosure, above those already required under existing standards, is that additional information is required on the nature, risks and financial effects of the Company's interest in other entities, particularly where there are special purpose entities (SPEs) or other entities that are not consolidated. Further disclosure is required about the significant judgements and assumptions made in determining the classification of the investments. The Company did not hold any material interests in joint ventures and associates and therefore no additional disclosure has been provided.

IFRIC 21, *Levies.* IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy as identified by the legislation. The adoption of IFRIC 21 has had no significant effect of the Financial Statements for earlier periods or for the year ended 31 March 2015.

New standards and interpretations not yet adopted by the Company

- IFRS 9, *Financial instruments*
- IFRS 14, *Regulatory deferral accounts*
- IFRS 15, *Revenue from contracts with customers*
- Amendments to the following standards:
  - IAS 28: *Sale or contribution of assets between an investor and its associate or joint venture*
  - IFRS 12 and IAS 28: *Investment entities: Applying the consolidation exemption*
  - IFRS 11, *Accounting for acquisitions of interests in a joint operation*
  - IAS 1, *Disclosure initiative*
  - IAS 16 and IAS 38: *Clarification of acceptable methods of depreciation and amortisation*
  - IAS 16 and IAS 41: *Agricultural: Bearer plants*
  - IAS 19, *Defined benefit plans: Employee contributions*
  - IAS 27, *Equity method in separate financial statements*

The Company is currently assessing the impact of the new standards, amendments and interpretations that are not yet effective. The Company does not currently believe adoption of these would have a material impact on the results or financial position of the Company.

The directors have made initial assessments of the impact of IFRS 15 and do not expect any material quantitative impact to the Company. The Company will carry out a systematic review of all existing major contracts to ensure that the impact and effect of the new standard is fully understood and changes to the current accounting procedures are highlighted and acted upon in advance of the effective date.

The Company has chosen not to adopt any of the above standards and interpretations earlier than required.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)

1 Accounting policies (continued)

Basis of consolidation

The Company is an indirect wholly-owned subsidiary of WS Atkins plc and is included in its consolidated financial statements which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under section 400 of the Companies Act 2006.

Employee benefit trusts

The accounts of the employee benefit trusts (EBTs) are incorporated into the results of the Company as, although they are administered by independent trustees and their assets are held separately from those of the Company, in practice, the Company's recommendations on how the assets are used for the benefit of employees are normally followed. The Company bears the major risks and rewards of the assets held by the EBTs until the shares vest unconditionally with the employees. Shares in WS Atkins plc held by the EBTs are shown as an increase in accumulated losses. Other assets and liabilities held by the EBTs are consolidated with the assets of the Company.

Foreign currency transactions and translation

Functional and presentation currency

The financial statements are presented in pounds sterling (£), which is the Company's functional and 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.

Revenue

Revenue from long term contracts comprises the value of work performed during the period calculated in accordance with the Company's policy for contract accounting set out below. Revenue from other contract activities represents fee income receivable in respect of services provided during the period.

Under certain services contracts, the Company manages customer expenditure and is obliged to purchase goods and services from third party contractors and recharge them to the customer at cost. The amounts charged by contractors and recharged to customers are excluded from revenue and cost of sales where the Company is acting solely as an agent. Receivables, payables and cash relating to these transactions are included in the balance sheet.

Revenue recognition and contract accounting

The value of contract work in progress comprises the costs incurred on contracts plus an appropriate proportion of overheads and attributable profit. Fees invoiced on account are deducted from the value of work in progress and the balance is separately disclosed in trade and other receivables as amounts recoverable on contracts, unless such fees exceed the value of the work in progress on any contract in which case the excess is separately disclosed in trade and other payables as fees invoiced in advance.

The Company enters into a number of different forms of contracts with clients, the most common being fixed price lump sum contracts and time and materials contracts based on hourly rates. Some of the fixed price lump sum contracts may be linked to the capital cost of works or a profit/(loss) sharing mechanism (pain gain mechanism).

Revenue is recognised on the majority of the Company's contracts on a percentage completion basis when the outcome of a contract or project can be reasonably foreseen. Under the percentage completion method, the percentage of the total forecast revenue reported at any point in time is calculated based upon the proportion of total costs incurred to date as a percentage of total forecast costs or, in some cases, based upon the estimated physical per cent complete of the total work to be performed under the contract. In some cases, a margin provision is then made, depending on how far progressed each project is and the risk profile of the project. In addition, a provision is made in full for estimated losses and, where the outcome of a contract cannot be reasonably foreseen, profit is taken on completion.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)

1 Accounting policies (continued)

Interest income

Interest income is recognised on a time apportionment basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Pre-contract costs

The Company accounts for all pre-contract costs in accordance with IAS 11, *Construction contracts*. Costs incurred before it becomes probable that a contract will be obtained are charged to expenses. Directly attributable costs incurred after that point are recognised in the balance sheet and charged to the income statement over the duration of the contract or, in the case of PPP/PFI concessions, over the same period as the Company's interest in any special purpose company (SPC) charges the equivalent capitalised amounts to the income statement.

Bid recovery fees are deferred and credited to the income statement over the duration of the contract or, in the case of PPP/PFI concessions, over the same period as the Company's interest in any SPC credits the equivalent capitalised amounts to the income statement. Where the Company's interest in any SPC reduces, the deferred bid recovery fees are credited to the income statement in proportion to the reduction of the Company's interest.

Exceptional items

Exceptional items are disclosed separately in the Financial Statements where it is necessary to do so to provide further understanding of the financial performance of the Company. They are items of income or expense that have been shown separately due to the significance of their nature or amount.

Retirement benefit schemes

The Company has both defined contribution (DC) and defined benefit (DB) pension plans.

A DC 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 DB plan is a pension plan that typically defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

For the DB plan, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which it occurs. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. DB pension costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements)
- administrative expenses
- net interest expense or income
- remeasurement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)

1 Accounting policies (continued)

Retirement benefit schemes (continued)

The net retirement benefit liabilities recognised in the balance sheet represents the actual deficit in the Company's DB plan.

For DC plans, the Company pays contributions into a separate entity. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in the future payments is available.

Share-based payments

The Company operates a number of equity and cash settled share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) or cash (phantom allocations) of the Group.

In accordance with IFRS 2, *Share-based payments*, the cost of share-based payments awarded is charged to the income statement over the performance and vesting periods of the instruments. The cost is based on the fair value of the awards made at the date of grant adjusted for the number of awards expected to vest. In the case of equity settled awards, the credits associated with the amounts charged to the income statement are included in retained earnings/accumulated losses until the awards are exercised. In the case of cash settled awards, the credits associated with the amounts charged to the income statement are held as a liability in the balance sheet until the awards are transferred, at which point a cash amount (based on the share price of WS Atkins plc at the vesting date) is paid to the employee. Where awards are settled by the new issue of shares, any proceeds received in respect of share options are credited to share capital and share premium in WS Atkins plc. Where awards are settled in shares held by the EBTs, any proceeds are credited to retained earnings/accumulated losses.

Income tax

Current and deferred income tax are recognised in the income statement for the period 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.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. However, deferred income tax is not accounted for if it arises from 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 profit will be available against which the temporary differences can be utilised.

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

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries, branches and joint ventures, except where it is known that the earnings will be distributed.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)

1 Accounting policies (continued)

Research and development (R&D)

All R&D expenditure is written off to the income statement as incurred. In the UK, the Company has early adopted the new UK R&D expenditure credit regime with effect from 1 April 2013. These credits have characteristics more akin to government grants than income taxes and are therefore offset against the relevant expenditure in the income statement rather than via the tax charge.

The credits are recognised to the extent that there is reasonable assurance that they will be received, albeit that the claim process takes place sometime after the original expenditure was incurred. In the balance sheet, the debtor is included within the current other receivables.

Intangible assets

Goodwill

Goodwill arises on the acquisition of a business and represents the excess of the fair value of the consideration given for a business over the Company's interest in the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree.

Goodwill is stated at cost less impairment. Prior to 1 April 2004, goodwill was amortised over its estimated useful economic life. Amortisation ceased on 1 April 2004 and the carrying value of existing goodwill was frozen at that date and is subject to impairment reviews.

For the purpose of impairment testing, goodwill acquired in a business acquisition is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill that arose prior to 1 April 1997 was written off to retained earnings/accumulated losses. Profit or loss on disposal of the underlying businesses to which this goodwill related will not include goodwill previously recorded as a deduction from equity.

Software licences

Acquired computer software licences are 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 licences over their useful lives of between two and five years. Software licences are stated at cost less accumulated amortisation.

Corporate information systems

In accordance with IAS 38, *Intangible assets*, the Company's corporate information systems are treated as an intangible asset. Costs included are those directly attributable to the design, construction and testing of new systems (including major enhancements and internally generated costs) from the point of inception to the point of satisfactory completion where the probable future economic benefits arising from the investment can be assessed with reasonable certainty at the time the costs are incurred. Maintenance and minor modifications are expensed in the income statement as incurred. The corporate information systems recognised as assets are amortised using the straight line method to allocate the cost of the corporate information systems over their estimated useful life of six years. Corporate information systems are stated at cost less accumulated amortisation.

Property, plant and equipment

Property, plant and equipment is 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)

1 Accounting policies (continued)

Property, plant and equipment (continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the 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 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 write off the cost less residual value of each asset over its estimated useful life, as follows:

Freehold buildings	- 10 to 50 years
Short term leasehold property	- over the life of the lease
Plant, machinery and vehicles	- 3 to 12 years

The assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within administrative expenses in the income statement.

Impairment of non-financial assets

Assets that have an indefinite useful life, such as goodwill, are not subject to amortisation and are tested annually for impairment and when there are indications that the carrying value may not be recoverable. Assets that are subject to amortisation 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 asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash flows (CGUs). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

Investments in subsidiaries

Investments in subsidiaries, joint ventures and associates are stated at cost less impairments. Any impairment is charged to the income statement. Impairment testing for investments in subsidiaries is described above.

Financial assets

Classification

The Company classifies its financial assets into the following two categories: at fair value through profit or loss, and loans and receivables. 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 unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the mid market price. These instruments are included in Level 1, see note 2.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)

1 Accounting policies (continued)

Financial assets at fair value through profit or loss (continued)

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2, see note 2.

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.

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 or loss. Financial assets are derecognised when the right to receive cash flows from the investments has expired or has been transferred and the Company has transferred substantially all risks and rewards of ownership.

Trade receivables are recognised at original invoice amount less provision for impairment which, due to their short term nature, approximates to their fair value.

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.

Impairment of financial assets

Assets carried at amortised cost

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

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

Any impairment is charged to the income statement. Impairment testing for trade receivables is described below in the accounting policy paragraph relating to trade receivables. For other receivables carried at amortised cost, impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. 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.

Inventories

Inventories are stated at cost less impairment. Cost is determined using the first in, first out method.

1 Accounting policies (continued)

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.

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.

Derivative financial instruments and hedging activities

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 method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Company designates certain derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 20. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast cash flow that is hedged takes place).

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast cash flow is ultimately recognised in the income statement. When a forecast cash flow is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)

1 Accounting policies (continued)

Lease obligations

Operating leases

Where the Company acts as lessee in an operating lease arrangement, the lease payments are charged as an expense to the income statement on a straight line basis over the lease term. Lease incentives received are also recognised on a straight line basis over the lease term.

Where the Company acts as lessor in an operating lease arrangement, rental income from operating leases is accounted for on a straight line basis over the period of the lease. Lease incentives provided are also recognised over the lease term on a straight line basis.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable 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.

Trade payables are recognised at fair value.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Provisions for other liabilities and charges

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.

Vacant property provisions are recognised when the Company has committed to a course of action that will result in the property becoming vacant. The provision is calculated based on projected discounted cash flows to the end of the lease, after making assumptions for void and rent free periods. The pre-tax rate used reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Disposal groups held for sale

Disposal groups are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

2 Financial risk management

Financial risk factors

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

2 Financial risk management (continued)

Financial risk factors (continued)

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

These policies are further described within the 'Treasury policies and objectives' section of the Financial Performance Review on page 46 of the WS Atkins plc consolidated financial statements for the year ended 31 March 2015.

Where individual sensitivities are disclosed below, all other variables are held constant.

a) Market risk

Financial instruments affected by market risk include amounts due to fellow group undertakings, cash and derivative financial instruments. The following foreign exchange risk and interest rate risk analyses, required by IFRS 7, *Financial Instruments: Disclosures,* are intended to illustrate the sensitivity to changes in market variables, being primarily the US dollar to sterling exchange rates and UK interest rates.

The following assumptions were made in calculating the sensitivity analyses:

- changes in the carrying value of derivative financial instruments designated as hedges are fully effective with no impact on the income statement
- changes in the carrying value of other financial instruments not in hedging relationships only affect the income statement.

i) Foreign exchange risk

Foreign exchange risk arises from a small proportion of commercial transactions undertaken in currencies other than the local functional currency, and from financial assets and liabilities denominated in currencies other than the local functional currency.

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

Trade receivables and payables denominated in currencies other than the local functional currency arise from commercial transactions and are therefore largely hedged as part of the process described above. Remaining financial assets and liabilities denominated in currencies other than the local functional currency include bank accounts, and intercompany loans and funding balances. These are generally unhedged.

The Company's primary exposure to foreign exchange risk on unhedged financial instruments arises mainly in respect of movements between the US dollar (including dollar pegged currencies) and sterling.

At 31 March 2015, if sterling had strengthened by a reasonably possible change of 10% against the US dollar, post-tax profit for the year would have been lower by approximately £1.0m (2014: £0.6m lower) and equity would have been £1.0m lower (2014: £0.6m lower). If sterling had weakened by a reasonably possible change of 10% against the US dollar, post-tax profit for the year would have been higher by approximately £1.2m (2014: £0.5m higher) and equity would have been £1.2m higher (2014: £0.5m higher).

ii) Interest rate risk

The Company's exposure to interest rate risk arises from cash and intercompany loan balances. The majority of these items are at floating rates of interest; changes in the interest rate results in changes in interest-related cash flows. No interest hedging is currently undertaken by the Company. If interest rates for the year to 31 March 2015 had been 10 basis points higher/lower, post-tax profit for the year would have been approximately £0.2m (2014: £0.2m) higher/lower.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)

2 Financial risk management (continued)

a) Market risk (continued)

iii) Price risk

Price risk is the risk that a decline in the value of assets adversely impacts the profitability of the Company.

The Company does not have any equity securities in its balance sheet and is not materially exposed to commodity price risk. Certain longer term project and framework contracts include indexation clauses that are applied to unit rates to offset the effect of inflation on input costs over the duration of the agreement. The Company is exposed to price risk to the extent that inflation differs from the index used and forecast project outcomes that form the basis of revenue recognition include an estimate of this risk where it is present.

b) Credit risk

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

Credit risk arises from cash and cash equivalents, and derivative financial instruments as well as credit exposures to customers, including outstanding receivables and committed transactions, with the maximum exposure to the risk equivalent to 100% of the carrying value disclosed in the Company's balance sheet at 31 March. The Company does not hold any collateral as security. The Company's policy is that cash and investments should not be concentrated with any one counterparty.

For trade and other receivables, concentration of credit risk is very limited due to the Company's broad customer base. An assessment of credit quality of the customer is made where appropriate using a combination of external rating agencies, past experience and other factors. In circumstances where credit information is unavailable or poor, the risk is mitigated primarily by the use of advance payments resulting in positive cash flows. Exposure and payment performance are monitored closely both at individual project and client level, with a series of escalating debt recovery actions taken where necessary. In view of current economic circumstances, additional management attention remains focused on the recovery of debtors. There is no recent history of default.

c) Liquidity risk

The Company funds its activities through cash generated from its operations, intercompany balances and, where necessary, bank borrowings and finance leases. The Company's borrowing facilities are part of a wider Group facility and include bank facilities and private placement debt. Cash flow forecasting is performed in the Company's operating units and aggregated by a central finance department (Group Finance). Group Treasury monitors rolling forecasts of the Company's liquidity requirements to ensure that the Company has sufficient cash to meet operational needs and to meet the Company's commitments as they fall due.

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

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

2015	On demand or within 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m	Total £m
Trade payables	48.9	-	-	-	48.9
Amounts due to fellow group undertakings	275.6	-	-	-	275.6

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)

2 Financial risk management (continued)

c) Liquidity risk (continued)

2014	On demand or within 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m	Total £m
Trade payables	45.7	-	-	-	45.7
Amounts due to fellow group undertakings	139.9	-	-	-	139.9

d) Concentrations of financial instruments

The carrying amounts of the Company's financial assets and liabilities, excluding derivative financial instruments, were denominated in the following currencies:

	Financial assets 2015 £m	**Financial liabilities 2015 £m**	Financial assets 2014 £m	Financial liabilities 2014 £m
Sterling	**799.3**	**323.0**	625.9	184.6
US dollar	**3.4**	**0.4**	6.9	0.8
Euro	**4.6**	**0.4**	0.2	0.2
Saudi Arabian riyal	**1.5**	**-**	2.6	-
Other	**0.5**	**0.1**	4.5	-
Total	**809.3**	**323.9**	640.1	185.6

Financial assets consist of trade receivables (net), intercompany receivables, amounts due from joint ventures and cash and cash equivalents.

Financial liabilities consist of trade payables, intercompany payables and borrowings.

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for its shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company maintains or adjusts its capital structure through the payments of dividends to its shareholder and through its intercompany balances.

The Company monitors capital on the basis of the ratio of its net debt plus defined benefit pension deficit net of total deferred tax to underlying earnings before interest, taxes, depreciation and amortisation (EBITDA). This policy is unchanged from the prior year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)

2 Financial risk management (continued)

Capital risk management (continued)

The ratios of net debt plus defined benefit pension deficit net of total deferred tax to adjusted EBITDA at 31 March 2015 and 2014 were as follows:

	2015	2014
	£m	£m
Total borrowings (note 18)	**-**	-
Less: cash and cash equivalents (note 17)	**112.5**	89.5
Net funds	**112.5**	89.5
Net defined benefit pension deficit (note 22)	**(291.5)**	(320.4)
Net deferred tax (note 15)	**70.7**	77.7
Net debt plus net defined benefit pension deficit net of total deferred tax	**(108.3)**	(153.2)
Profit before interest and tax	**71.5**	57.6
Add: depreciation (note 13)	**7.2**	5.9
Add: amortisation (note 12)	**4.5**	3.4
EBITDA	**83.2**	66.9
Ratios of net funds plus net defined benefit pension deficit net of total deferred tax to underlying EBITDA	**1.3**	2.3

Total capital, as shown below, is calculated as 'equity' as shown in the balance sheet plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents:

	2015	2014
	£m	£m
Total borrowings (note 18)	**-**	-
Less: cash and cash equivalents (note 17)	**112.5**	89.5
Net funds	**112.5**	89.5
Total equity	**(201.6)**	(149.4)
Total capital	**(89.1)**	(59.9)

Offsetting financial assets and financial liabilities

As at 31 March 2015

	Gross amounts of recognised financial assets/ (liabilities)	**Gross amounts of recognised financial assets/ (liabilities) set off in the balance sheet**	**Net amounts of financial assets/ (liabilities) presented in the balance sheet**	**Related amounts not set off in balance sheet: Financial instruments**	**Related amounts not set off in balance sheet: Cash collateral received**	**Net amount**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Derivative financial assets	**2.5**	**-**	**2.5**	**(0.6)**	**-**	**1.9**
Derivative financial liabilities	**(0.8)**	**-**	**(0.8)**	**0.6**	**-**	**(0.2)**
Cash and cash equivalents	**131.1**	**(18.6)**	**112.5**	**-**	**-**	**112.5**
Credit balance	**(18.6)**	**18.6**	**-**	**-**	**-**	**-**
Total	**114.2**	**-**	**114.2**	**-**	**-**	**114.2**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)

2 Financial risk management (continued)

Capital risk management (continued)

As at 31 March 2014

	Gross amounts of recognised financial assets/ (liabilities)	Gross amounts of recognised financial assets/ (liabilities) set off in the balance sheet	Net amounts of financial assets/ (liabilities) presented in the balance sheet	Related amounts not set off in balance sheet: Financial instruments	Related amounts not set off in balance sheet: Cash collateral received	Net amount
	£m	£m	£m	£m	£m	£m
Derivative financial assets	0.4	-	0.4	(0.1)	-	0.3
Derivative financial liabilities	(4.4)	-	(4.4)	0.1	-	(4.3)
Cash and cash equivalents	98.2	(8.7)	89.5	-	-	89.5
Credit balance	(8.7)	8.7	-	-	-	-
Total	85.5	-	85.5	-	-	85.5

3 Operating profit

	2015	2014
	£m	£m
Operating profit is arrived at after charging/(crediting)		
Employee benefit costs (note 4)	**429.8**	416.6
Net foreign exchange (gains)/losses	**(6.6)**	2.6
Depreciation of property, plant and equipment (note 13)	**7.2**	5.9
Result on disposal of intangible assets	**-**	0.1
Impairment of trade receivables/(reversal of impairment)		
- increase in provisions (note 16)	**1.6**	1.9
- release of provisions (note 16)	**(1.2)**	(1.0)
Amortisation of intangibles (note 12)	**4.5**	3.4
Receipts under operating leases	**(2.9)**	(2.7)
Payments under operating leases	**23.8**	23.6
Research and Development Expenditure Credit (RDEC)	**(5.0)**	-

Services provided by the Company's auditor

During the year the Company obtained the following services from the Company's auditor:

	2015	2014
	£m	£m
Statutory audit	**0.4**	0.4
Other services including tax advisory services and services relating to pensions	**0.2**	0.4
Total	**0.6**	0.8

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)

4 Employee benefit costs

The monthly average number of full time equivalent people (including directors) employed by the Company during the financial year, split by activity amounted to:

	2015 Number	2014 Number
Management and administration	**661**	656
Technical	**6,611**	6,693
Total	**7,272**	7,349

Aggregate employee benefit costs of those people amounted to:

	Note	2015 £m	2014 £m
Wages and salaries		**356.2**	346.8
Social security costs		**37.6**	36.9
Defined benefit current service cost	22	**2.2**	2.1
Charge for defined contribution schemes	22	**26.5**	25.2
Share based payment	25	**7.3**	5.6
		429.8	416.6

Wages and salaries for 2015 include £1.6m of restructuring costs relating to continuing operations (2014: £0.4m credit due to an over accrual of costs in the prior year in relation to the disposal of the UK highways services business).

5 Impairment of investments in subsidiaries and associates

As at 31 March 2015, the following direct subsidiaries and associates had been submitted to the registrar of companies for dissolution: Atkins ABG Limited; Atkins Intelligent Space Partnership Limited; Atkins Mantix Group Limited; WS Atkins Employment Services Limited; DGI Group Limited; WS Atkins (Services) Limited and Atkins Planning & Management Consultants Limited.

As at 31 March 2015, the following indirect subsidiaries and associates had also been submitted to the registrar of companies for dissolution: Atkins Business Solutions Limited; Atkins Advantage System Solutions Limited; Atkins Advantage Technical Consulting Limited; TA Group Limited; Atkins Mantix Limited; Atkins Mantix EBT Limited and DGI International Limited.

The total impairment figure for these companies was £2.3m.

All of these companies were dissolved by 19 May 2015.

6 Directors' remuneration

The directors' aggregate emoluments in respect of their qualifying services were:

	2015 £m	2014 £m
Salaries and other employee benefits	**2.6**	2.9
Post-employment benefits	**0.2**	0.2
Share based payments (note 25)	**0.8**	0.8
	3.6	3.9

Emoluments of the highest paid director:

	2015 £m	2014 £m
Emoluments receivable	**0.5**	0.7

Key management comprises only the directors.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)

6 Directors' remuneration (continued)

The current year bonus included in 'Salaries and other employee benefits' excludes the current year deferred share element which will be recognised within the share based payment charge in subsequent years following award (refer note 25).

The highest paid director of the Company exercised share options during the year and was granted share awards under a long-term incentive plan (LTIP).

Nine directors exercised options over shares in WS Atkins plc during the year to 31 March 2015 (2014: ten).

During the 2009 year, the principal defined benefit scheme was closed to future accrual of benefits and therefore none of the directors were accruing pension benefits under a defined benefit scheme (2014: nil). Nine directors received contributions to a money purchase scheme (2014: ten).

A J Cullens and H S Drewett are directors and A H Griffiths was a director of WS Atkins plc, the Company's ultimate parent company during the year. A J Cullens and H S Drewett are directors and A H Griffiths was also a director of a number of other companies in the Group.

J A Gould, M M Grant, P D Hoare, D A Lawson, S E A Lipscombe-Nott, M McNicholas, N Roberts, N Thomas and G C Yates-Kneen are also directors of a number of other companies in the Group.

D A D McCormick, G A Robins and D J Tonkin were also directors of a number of other companies in the Group before their resignations.

The services provided by the directors to this Company and to a number of other subsidiaries are of a non-executive nature. Their emoluments for services as directors of Atkins Limited in these financial statements are nil.

The emoluments and key management compensation of D A Lawson are borne by a fellow Group company. D A Lawson is a director of a number of fellow Group undertakings and, therefore, it is not possible to make an accurate apportionment of his emoluments in respect of those undertakings. No recharges were made to the Company during the year in respect of this (2014: £nil).

7 Net finance costs

	2015	2014
	£m	£m
Unwinding of discount (note 21)	**0.1**	0.1
Net finance costs on post-employment benefit liabilities (note 22)	**13.5**	11.9
Other finance costs	**0.3**	-
Finance costs	**13.9**	12.0
Interest receivable on short term deposits	**(0.3)**	(0.3)
Other finance income	**(2.5)**	(2.0)
Finance income	**(2.8)**	(2.3)
Net finance costs	**11.1**	9.7

8 Income tax (expense)/income

a) Analysis of charge in the year

	2015 £m	2014 £m
Current income tax		
- Current year	**10.6**	(1.3)
- Adjustments in respect of prior year	**(1.3)**	(2.4)
Deferred income tax (note 15)	**0.7**	8.3
Income tax on profit per income statement	**10.0**	4.6
Profit before taxation per income statement	**60.4**	47.9
Effective income tax rate	**16.6%**	9.6%

b) Factors affecting income tax rate

The income tax rate for the year is lower (2014: lower) than the standard rate of corporation tax in the UK of 21% (2014: 23%). The differences are explained below:

	2015 %	2014 %
UK statutory income tax rate	**21.0**	23.0
Increase/(decrease) resulting from:		
Expenses not deductible for tax purposes	**4.2**	4.6
Adjustments in respect of prior periods	**(6.9)**	(6.7)
Effect of share-based payments	**0.9**	0.8
Loss relief claimed for nil payment	**(2.4)**	(5.8)
Effect of changes in tax rates	**0.2**	6.7
Research & development tax credits	**(1.3)**	(8.0)
Overseas tax	**1.1**	0.7
Losses not previously recognised for tax	**(0.2)**	(5.7)
Effective income tax rate	**16.6**	9.6

c) Income tax on components of other comprehensive income

	2015 Post-employment benefit liability £m	2014 Post-employment benefit liability £m
At 1 April	**54.3**	48.0
Deferred income tax	**(5.8)**	6.3
Current income tax	**4.0**	-
At 31 March	**52.5**	54.3

9 Net profit on disposal of business

	2015 £m	2014 £m
Profit on disposal of business		
UK highways services	**0.5**	12.7
UK highways services transaction costs released	-	0.6
Profit on disposal	**0.5**	13.3

UK highways services

On 27 February 2013 contracts were exchanged to dispose of the Company's highways services business, which formed part of its highways and transportation business, to Skanska Construction UK Limited (Skanska), a wholly owned subsidiary of Skanska AB. The business was sold for a cash consideration of £16.0m (subject to certain completion adjustments), together with a deferred conditional amount of £2.0m.

The profit on disposal of these items was included in the income statement for the year ended 31 March 2014.

During the year ended 31 March 2015 a portion of the available deferred consideration was received, totalling £0.5m.

At 31 March 2013, disposal costs of £3.8m were provided for, comprising transaction costs of £2.4m and restructuring costs of £1.4m. Following the conclusion of this transaction in October 2013, £0.6m of the restructuring costs were not required and were subsequently released at 31 March 2014.

The profit on disposal before tax recognised at 31 March 2015 and 31 March 2014 is shown below.

	2015 £m	2014 £m
Net consideration received or receivable at date of disposal		
Initial cash consideration	-	16.0
Fair value of deferred consideration	**0.5**	-
Disposal consideration paid	**0.5**	16.0
Assets and liabilities at date of disposal		
Property, plant and equipment	-	5.1
Inventories	-	1.0
Borrowings	-	(4.8)
Net assets	-	1.3
Profit on disposal before costs	**0.5**	14.7
Disposal costs incurred	-	(2.0)
Profit on disposal	**0.5**	12.7

10 Income from investments in subsidiaries and associates

	2015 £m	2014 £m
Dividends received from Group undertakings	**7.2**	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)

11 Goodwill

	2015	2014
	£m	£m
Cost at 1 April and 31 March	**40.0**	40.0
Aggregate impairment at 1 April and 31 March	**-**	-
Net book value at 31 March	**40.0**	40.0

Impairment test for goodwill

Goodwill is not amortised but is tested for impairment in accordance with IAS 36, *Impairment of assets,* at least annually or more frequently if events or changes in circumstances indicate a potential impairment.

Goodwill is allocated to the Company's CGU, or group of CGUs, that management has identified in order to carry out impairment tests. The following is a summary of goodwill allocation by CGU or group of CGUs, summarised at the operating segment level:

	2015	2014
	£m	£m
UK	**36.7**	36.7
Energy	**3.3**	3.3
Total	**40.0**	40.0

For further information on each of the above segments, refer to the WS Atkins plc consolidated financial statements for the year ended 31 March 2015.

The impairment test involves comparing the carrying value of the CGU or group of CGUs to which goodwill has been allocated to their recoverable amount. The recoverable amount of all CGUs has been determined based on value in use calculations. An impairment loss is recognised immediately when the carrying value of those assets exceeds their recoverable amount.

Recoverable amount

Value in use calculations

Methodology

The internal value in use calculations use cash flow projections based on the following financial year's budget approved by the Board, which is based on past performance and management's expectations of market developments. The key assumptions in the budget relate to revenue and profit margins. Budgeted revenue is based on management's knowledge of actual results from prior years, along with the existing committed and contracted workload, as well as management's future expectations of the level of work available within the market. Profit margins are based on current margins being achieved in conjunction with economic conditions in the market or country of operation.

The cash flow projections from that budget are extrapolated for the next four years using an estimated growth rate and projected margin for all CGUs, or groups of CGUs. As required by IAS 36, cash flows beyond the five year period are extrapolated based on the long term average growth rate for the primary country in which the CGU operates. The growth rates are derived from the International Monetary Fund's World Economic Outlook published Gross Domestic Product (GDP) growth rates. Projected margins reflect the historical and budgeted performance of the CGU. The projections do not include the impact of future restructuring projects to which the Company is not yet committed.

The cash flows have been discounted using the specific pre-tax discount rate of 10.3%. The discount rate has been calculated based on the WS Atkins plc Group's weighted average cost of capital using the capital asset pricing model to determine the cost of equity and are adjusted for risks specific to the CGU. The discount rate is revised annually using updated market information.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)

11 Goodwill (continued)

Assumptions

The growth rate and discount rate assumptions used for the internal value in use calculations are as follows:

	2015	2014
	£m	£m
Five year growth rate	**2.2%**	2.4%
Post five year growth rate	**2.1%**	2.4%
Pre-tax discount rate	**10.3%**	11.7%

Sensitivities

Goodwill of £36.7m (2014: £36.7m) allocated to the UK segment includes £18.6m of goodwill arising on the hive up of Atkins ABG Limited. This goodwill has been allocated to the defence group of CGUs and is considered significant in comparison with the Company's total carrying amount of goodwill. The recoverable amount of this group of CGUs has been determined using an internal value in use calculation. The key assumptions used for this calculation are as follows:

	2015	2014
	£m	£m
Five-year growth rate	**2.2%**	2.4%
Post five-year growth rate	**2.1%**	2.4%
Average pre-tax discount rate	**10.3%**	11.7%

As at 31 March 2015 and 2014, based on these internal valuations, the recoverable value of goodwill required no impairment.

12 Other intangible assets

	Software licences £m
Cost at 1 April 2013	13.8
Additions	2.9
Disposals	(1.9)
Cost at 31 March 2014	14.8
Additions	**3.1**
Disposals	**(1.7)**
Cost at 31 March 2015	**16.2**
Accumulated amortisation at 1 April 2013	6.0
Amortisation charge for the year	3.4
Disposals	(1.8)
Accumulated amortisation at 31 March 2014	7.6
Amortisation charge for the year	**4.5**
Disposals	**(1.7)**
Accumulated amortisation at 31 March 2015	**10.4**
Net book value at 31 March 2015	**5.8**
Net book value at 31 March 2014	7.2

The amortisation charge for the year of £4.5m (2014: £3.4m) is included within administrative expenses in the income statement.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)

13 Property, plant and equipment

	Freehold land and buildings £m	Leasehold land and buildings £m	Plant, machinery & vehicles £m	Total £m
Cost at 1 April 2013	11.8	17.3	17.6	46.7
Additions	-	0.6	6.9	7.5
Disposals	-	(0.4)	(3.9)	(4.3)
Cost at 31 March 2014	11.8	17.5	20.6	49.9
Additions	**-**	**1.8**	**8.4**	**10.2**
Disposals	**-**	**(0.4)**	**(1.5)**	**(1.9)**
Cost at 31 March 2015	**11.8**	**18.9**	**27.5**	**58.2**
Accumulated depreciation at 1 April 2013	7.7	12.8	7.9	28.4
Depreciation charge for the year	0.1	1.0	4.8	5.9
Disposals	-	(0.4)	(3.9)	(4.3)
Accumulated depreciation at 31 March 2014	7.8	13.4	8.8	30.0
Depreciation charge for the year	**0.1**	**1.2**	**5.9**	**7.2**
Disposals	**-**	**(0.4)**	**(1.4)**	**(1.8)**
Accumulated depreciation at 31 March 2015	**7.9**	**14.2**	**13.3**	**35.4**
Net book value at 31 March 2015	**3.9**	**4.7**	**14.2**	**22.8**
Net book value at 31 March 2014	4.0	4.1	11.8	19.9

The depreciation charge for the year of £7.2m (2014: £5.9m) is included within administrative expenses in the income statement.

The market value of freehold land and buildings is estimated at £10.4m (2014: £10.4m).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)

14 Investments

	Subsidiaries £m
Cost at 31 March 2014 and 31 March 2015	23.1
Impairment at 31 March 2014	-
Impairment charge for the year	2.3
Impairment at 31 March 2015	2.3
Net book value at 31 March 2015	**20.8**
Net book value at 31 March 2014	23.1

The directors believe the value of investments is not less than the value of the underlying assets.

The following companies were the subsidiary undertakings as at 31 March 2015:

Subsidiary undertaking	Class and percentage holding		Registered office / principal place of business
Atkins Aberdeen Limited	98.321% 1.679%	£1 ordinary A share £1 ordinary B share	Kirkgate House, St. Nicholas Centre, Aberdeen, AB10 1HW, United Kingdom
Atkins ABG Limited[1]	100%	£1 ordinary share	Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, United Kingdom
Atkins Bennett (Holdings) Limited	100%	£0.01 ordinary share	Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, United Kingdom
Atkins Boreas Consultants Limited	90.909% 9.091%	£1 ordinary A share £1 ordinary B share	Kirkgate House, St. Nicholas Centre, Aberdeen, AB10 1HW, United Kingdom
Atkins Consultancy Services Limited	100%	£1 ordinary share	Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, United Kingdom
Atkins Intelligent Space Partnership Limited[1]	100%	£1 ordinary share	Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, United Kingdom
Atkins Mantix Group Limited[1]	100%	£0.10 ordinary share	Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, United Kingdom
Atkins MSL Engineering Limited	100%	£1 ordinary share	Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, United Kingdom
Atkins Pension Trustee Limited	100%	£1 ordinary share	Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, United Kingdom
Carnelian Limited	100%	£1 ordinary share	Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, United Kingdom
DGI Group Limited[1]	100%	£1 ordinary share	Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, United Kingdom
Network Train Engineering Services Limited	100%	£1 ordinary share	Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, United Kingdom
Ventron Technology Limited	100%	£1 ordinary share	Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, United Kingdom
WS Atkins (Services) Limited[1]	100%	£1 ordinary share	Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, United Kingdom
WS Atkins Cedac Limited	100%	£1 ordinary share	Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, United Kingdom
WS Atkins Employment Services Limited[1]	100%	£1 ordinary share	Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, United Kingdom
WS Atkins Powertrack Limited	100%	£1 ordinary share	Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, United Kingdom
WS Atkins Property Services Limited	100%	£1 ordinary share	Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, United Kingdom

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)

14 Investments (continued)

Subsidiary undertaking	Class and percentage holding		Registered office / principal place of business
Atkins Bennett Limited*	100%	£1 ordinary share	Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, United Kingdom
Opal Engineering Limited*	100%	£1 ordinary share	Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, United Kingdom
DGI International Limited[1*]	99.998%	£1 ordinary share	Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, United Kingdom
Atkins Mantix EBT Limited[1*]	100%	£1 ordinary share	Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, United Kingdom
Atkins Mantix Limited[1*]	100%	£1 ordinary share	Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, United Kingdom
Atkins Advantage Business Solutions Limited[1*]	100%	£1 ordinary share	Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, United Kingdom
Atkins Advantage System Solutions Limited[1*]	100%	£1 ordinary share	Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, United Kingdom
Atkins Advantage Technical Consulting Limited[1*]	100%	£1 ordinary share	Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, United Kingdom
TA Group Limited[1*]	100%	£1 ordinary share	Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, United Kingdom

1. These companies were dissolved as of 19 May 2015 and are included in the impairment loss in note 5.

* Indirectly held

All of the subsidiaries listed above operate in the country of incorporation or registration.

The percentage of the share capital held by the Company is equivalent to the percentage voting rights held.
The following represents the principal joint ventures in which the Company participated during the year:

Joint Venture	Class and percentage holding		Registered office / principal place of business
TRANS4M Limited*	25%	£1 ordinary share	4th Floor 130, Wilton Road, London, SW1V 1LQ
UK Nuclear Restoration Limited**	30%	£1 ordinary share	Booths Park, Chelsford Road, Knutsford, Cheshire, WA16 8QZ
AMA Nuclear Limited**	33.333%	£1 ordinary share	Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, United Kingdom

* Year end 30 September ** Year ended 31 December

At 31 March 2015 the Company held the following investments in associates:

Associate	Class and percentage holding		Registered office / principal place of business
Atkins Planning & Management Consultants Limited[1,2]	50%	£1 ordinary share	Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, United Kingdom
WS Atkins (No. 3 Trustees) Limited[2]	50%	£1 ordinary share	Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, United Kingdom
Kins Developments Limited[2]	49.902%	£1 ordinary share	Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, United Kingdom

1. This company was dissolved as of 19 May 2015 and is included in the impairment loss in note 5.

2. Held jointly with WS Atkins plc

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)

15 Deferred income tax assets

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

	2015	2014
	£m	£m
Deferred tax assets:		
- Deferred tax asset to be recovered after more than 12 months	**70.0**	76.6
- Deferred tax asset to be recovered within 12 months	**0.7**	1.1
Total deferred tax asset	**70.7**	77.7

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

a) Deferred tax assets

	2015	2014
	£m	£m
Deferred tax asset on post-employment benefit liabilities	**58.7**	64.5
Accelerated depreciation	**7.0**	7.8
Share-based payments	**4.1**	4.5
Other temporary differences	**0.9**	0.9
Total deferred tax asset	**70.7**	77.7

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)

15 Deferred income tax assets (continued)

b) Analysis of movements during the year

	2015 £m	2014 £m
Deferred tax asset at 1 April of prior year	**77.7**	78.7
Deferred tax charged to the income statement (note 8)	**(0.7)**	(8.3)
Deferred tax (charged)/credited to equity	**(6.3)**	7.3
Deferred tax asset at 31 March	**70.7**	77.7

Finance Act 2013 enacted a reduction to the main rate of UK corporation tax to 21% from 1 April 2014 and 20% from 1 April 2015. As Finance Act 2013 had been enacted at the balance sheet date, the impact of these reductions have been reflected in the movements in deferred tax as at 31 March 2014 and therefore 31 March 2015.

Further reductions to the main UK corporation tax rate are proposed to reduce the rate to 19% from 1 April 2017 and 18% from 1 April 2020 however these later reductions had not been substantively enacted at the balance sheet date and, therefore are not included in these financial statements.

The overall effect of these later changes, if applied to the deferred tax balance as at 31 March 2015 would be to reduce the deferred tax asset by approximately £7.0m (being £3.5m recognised in 2018 and £3.5m recognised in 2021).

16 Trade and other receivables

	2015 £m	2014 £m
Current assets:		
Trade receivables	**143.2**	161.7
Less: Provision for impairment of receivables	**(2.9)**	(2.7)
Trade receivables - net	**140.3**	159.0
Amounts recoverable on contracts	**33.5**	32.8
Other receivables	**10.7**	6.3
Prepayments and accrued income	**10.4**	6.0
Amounts due from fellow group undertakings	**553.9**	387.9
Amounts due from joint ventures	**5.0**	3.7
	753.8	595.7

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

At 31 March 2015, £71.3m (2014: £92.6m) of trade receivables were within normal payment terms and considered to be fully performing. At 31 March 2015, £46.4m (2014: £41.8m) of trade receivables were past due and aged up to six months from invoice date but not impaired as they relate to a number of independent customers for whom there is no recent history of default.

Trade receivables aged beyond six months of invoice date totalled £25.5m (2014: £27.3m) and carried a provision for impairment of £2.9m (2014: £2.7m).

16 Trade and other receivables (continued)

Movements in the Company's provision for impairment of trade receivables were as follows:

	2015	2014
	£m	£m
Provision for impairment at beginning of year	**(2.7)**	(1.9)
Increase in provisions	**(1.6)**	(1.9)
Release of provisions	**1.2**	1.0
Net receivables written off as uncollectible	**0.2**	0.1
Provision for impairment at end of year	**(2.9)**	(2.7)

Amounts due from joint ventures are shown net of impairment of £nil (2014: £nil). The other classes within trade and other receivables do not contain impaired assets.

17 Cash and cash equivalents

	2015	2014
	£m	£m
Cash at bank and in hand	**46.6**	39.2
Short term bank deposits	**65.9**	50.3
	112.5	89.5

Included within cash at bank and in hand is £0.2m (2014: £2.2m) held by the Group's Employee Benefit Trust.

18 Borrowings

Borrowing facilities
The Company's borrowing facilities are part of a wider Group facility. The Group has the following undrawn committed borrowing facilities available at 31 March expiring as follows:

	2015	2014
	£m	£m
Later than two years and no later than five years	**138.1**	141.5

All of the Group's undrawn committed borrowing facilities are subject to floating rates of interest.

On 30 January 2015 the Group amended and extended its five year revolving credit facility (RCF). This facility matures in January 2020. This arrangement provides the Group with a committed credit facility of £200m. This facility provides the Group with increased and longer-term financial capacity to support its strategy. The total letters of credit in issue under the committed facility at 31 March 2015 were £0.9m (31 March 2014: £3.3m).

The facility includes the following lenders: Bank of America Merrill Lynch International Limited, Barclays Bank plc, HSBC Bank plc, National Westminster Bank plc, National Bank of Abu Dhabi, Abbey National Treasury Services plc and United Overseas Bank Limited.

The Group's borrowing facilities include a number of undertakings and financial covenants. Compliance with these covenants is monitored. As at 31 March 2015, and since, there have been no breaches (2014: none).

In the financial year ended 31 March 2013, the Group raised US$75m through the successful execution of its debut issue in the US private placement market. The proceeds were used to repay drawn funds under the Group's existing banking facilities. The private placement is due for repayment on 31 May 2019 and carries a nominal interest rate of 4.38%.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)

19 Trade and other payables

	2015	2014
	£m	£m
Trade payables	**48.9**	45.7
Fees invoiced in advance	**78.7**	70.8
Social security and other taxation	**37.1**	33.1
Accruals and deferred income	**56.2**	56.9
Other payables	**25.7**	23.7
Amounts due to fellow group undertakings	**275.6**	139.9
Amounts due to joint ventures	**0.4**	-
	522.6	370.1

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

20 Derivative financial instruments

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

		2015		2014
	Assets	**Liabilities**	Assets	Liabilities
	£m	**£m**	£m	£m
Current	**1.3**	**(0.6)**	0.4	(2.7)
Later than one year and no later than two years	**0.8**	**(0.1)**	-	(0.7)
Later than two years and no later than five years	**0.4**	**(0.1)**	-	(1.0)
Non-current	**1.2**	**(0.2)**	-	(1.7)
Total	**2.5**	**(0.8)**	0.4	(4.4)

The notional principal amounts of the outstanding foreign exchange contracts at 31 March 2015 and 2014 are as follows:

		2015		2014
	Sell	**Buy**	Sell	Buy
	£m	**£m**	£m	£m
Forward contracts to purchase GBP, sell USD	**7.5**	**(6.9)**	1.0	(1.0)
Forward contracts to purchase GBP, sell EUR	**9.9**	**(10.8)**	7.0	(7.1)
Forward contracts to purchase GBP, sell Other	**1.5**	**(1.7)**	1.9	(1.9)
Forward contracts to purchase INR, sell GBP	**33.6**	**(37.8)**	33.0	(31.4)
Forward contracts to purchase INR, sell USD	**23.7**	**(25.2)**	13.5	(14.5)

The derivatives hedge highly probable forecast transactions denominated in foreign currency. The gains and losses recognised in the hedging reserve in equity on forward foreign exchange contracts as at 31 March 2015 are recognised in the income statement in the period or periods during which the hedged forecast transaction affects the income statement.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)

20 Derivative financial instruments (continued)

The amounts disclosed in the table below are the contractual undiscounted cash flows of forward currency contracts at the year end.

	Inflow £m	Outflow £m	2015 Net £m	Inflow £m	Outflow £m	2014 Net £m
Current	**39.7**	**(39.0)**	**0.7**	26.7	(29.1)	(2.4)
Later than one year and no later than two years	**22.7**	**(22.0)**	**0.7**	11.5	(12.1)	(0.6)
Later than two years and no later than five years	**15.5**	**(15.2)**	**0.3**	14.2	(15.1)	(0.9)
Non-current	**38.2**	**(37.2)**	**1.0**	25.7	(27.2)	(1.5)
Total	**77.9**	**(76.2)**	**1.7**	52.4	(56.3)	(3.9)

The Company used derivative instruments to hedge foreign currency receipts and payments on current contracts, as described in note 2. All of the Company's financial instruments are classified as Level 2 under amendments to IFRS 7, *Financial instruments: disclosures*. A Level 2 financial instrument is not traded in an active market and their fair value is determined by using valuation techniques. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the reporting date and yield curves derived from quoted interest rates matching the maturities of the foreign exchange contracts.

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

21 Provisions for other liabilities and charges

	2015 Vacant property £m	2014 Vacant property £m
Current	**0.2**	0.6
Later than one year and no later than two years	**0.6**	0.9
Later than two years and no later than five years	**0.8**	1.6
Later than five years	**0.7**	0.5
Non-current	**2.1**	3.0
Total	**2.3**	3.6

	Vacant property £m
Balance at 1 April 2014	**3.6**
Provisions charged to the income statement	**1.7**
Provisions released to the income statement	**(1.7)**
Provisions utilised	**(1.4)**
Unwinding of discount	**0.1**
Balance at 31 March 2015	**2.3**

The vacant property provision is discounted and is expected to be utilised over the next 11 years (2014: 12 years). No provision has been released or utilised for any purpose other than that for which it was established.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)

22 Post-employment benefit liabilities

	2015 £m	2014 £m
Net retirement benefit liabilities	**291.5**	320.4

a) Net retirement benefit liabilities

The Company, through trustees, operates a number of defined benefit and defined contribution pension schemes.

Defined contribution schemes are those where the Company's obligation is limited to the amount that it contributes to the scheme and the scheme members bear the investment and actuarial risks.

Defined benefit schemes are schemes other than defined contribution schemes where the Company's obligation is to provide specified benefits on retirement.

The two main defined benefit schemes are the Atkins Pension Plan (the Plan) and the Railways Pension Scheme, both of which are funded final salary schemes. The assets of both schemes are held in separate trustee-administered funds. Other pension schemes include a range of defined contribution schemes or equivalent.

The schemes operate under trust law and are managed and administered by trustees on behalf of the members in accordance with the terms of the trust deed and rules and relevant legislation. Defined benefit contributions are determined in consultation with the trustees, after taking actuarial advice. The trustees are responsible for establishing the investment strategy and ensuring that there are sufficient assets to meet the cost of current and future benefits.

The Plan is closed to the future accrual of benefit; all defined benefit members of the Plan were transferred to a defined contribution section for future service where it was clear they did not benefit from a statutory or contractual right to a final salary pension.

The Railways Pension Scheme invests in a range of pooled investment funds intended to generate a combination of capital growth and income and as determined by the trustee, taking account of the characteristics of the obligations and the trustee's attitude to risk. The majority of the Railways Pension Scheme's assets that are intended to generate additional returns, over the rate at which the obligations are expected to grow, are invested in a single pooled "growth" fund. This fund is invested in a wide range of asset classes and the fund manager RPMI has the discretion to vary the asset allocation to reflect its views on the relative attractiveness of different asset classes at any time. The remaining assets in the Railways Pension Scheme are principally fixed and index-linked bonds.

The defined benefit sections of all pension schemes are closed to new entrants, who are offered membership of the defined contribution section.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)

22 Post-employment benefit liabilities (continued)

Membership of the Company's principal pension schemes is as follows:

	Defined benefit schemes				Defined contribution	
	Atkins Pension Plan		Railways Pension Scheme		Atkins Pension Plan	
	2015	2014	**2015**	2014	**2015**	2014
	No.	No.	**No.**	No.	**No.**	No.
Members	**5**	5	**180**	201	**7,630**	7,163
Deferred pensioners	**6,859**	7,018	**300**	322	**10,684**	9,978
Pensioners	**3,461**	3,366	**394**	356	**-**	-
	10,325	10,389	**874**	879	**18,314**	17,141

The main assumptions used for the IAS 19 valuation of the retirement benefit liabilities for the Plan and the Railways Pension Scheme are listed in the table below:

	2015	2014
Price inflation		
RPI	**3.00%**	3.50%
CPI	**2.00%**	2.50%
Rate of increase of pensions in payment		
Limited Price Indexation (RPI-based)	**2.80%**	3.20%
Limited Price Indexation (CPI-based)	**2.10%**	2.50%
Limited Price Indexation to 2.5%	**2.50%**	2.50%
Fixed	**5.00%**	5.00%
Rate of increase in salaries		
Atkins Pension Plan	**4.50%**	5.00%
Railways Pension Scheme (uncapped)	**5.25%**	5.75%
Railways Pension Scheme (RPI capped)	**3.00%**	3.50%
Railways Pension Scheme (CPI capped)	**2.00%**	2.50%
Rate of increase for deferred pensioners		
Atkins Pension Plan	**3.00%**	3.50%
Railways Pension Scheme	**2.00%**	2.50%
Discount rate	**3.50%**	4.50%
Longevity at age 65 for current pensioners		
Men	**24.2 years**	24.1 years
Women	**26.1 years**	26.3 years
Longevity at age 65 for future pensioners (current age 45)		
Men	**26.5 years**	26.3 years
Women	**28.4 years**	28.6 years

The actuarial tables used to calculate the retirement benefit liabilities for the Plan were the Self-Administered Pension Schemes (SAPS) tables, with medium cohort improvements from 2002 to 2009 and a scaling factor of 0.85/0.90 for males/females respectively. Future improvements are based on CMI improvements with a 1.5% per annum improvement trend, based on year of use application. The Railways Pension Scheme results have been adjusted on an approximate basis to be based on the same mortality tables.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)

22 Post-employment benefit liabilities (continued)

The components of the pension cost are as follows:

2015	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
Cost of sales				
Current service cost	0.1	2.1	-	2.2
Administrative expenses	-	0.2	-	0.2
Total charge	0.1	2.3	-	2.4
Net interest expense	10.9	2.6	-	13.5
Total charge to income statement for defined benefit schemes	11.0	4.9	-	15.9
Charge for defined contribution schemes	-	-	26.5	26.5
Total charge to income statement	11.0	4.9	26.5	42.4
Statement of comprehensive income				
Gain on pension scheme assets	225.1	16.3	-	241.4
Changes in assumptions	(206.6)	(24.7)	(0.2)	(231.5)
Remeasurements gain/(loss) recognised in other comprehensive income	18.5	(8.4)	(0.2)	9.9
Tax (charged)/credited to equity (note 8)	(3.5)	1.7	-	(1.8)
Remeasurement gain/(loss) (net of deferred tax)	15.0	(6.7)	(0.2)	8.1

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)

22 Post-employment benefit liabilities (continued)

2014	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
Cost of sales				
Current service cost	0.1	2.0	-	2.1
Administrative expenses	-	0.2	-	0.2
Total charge	0.1	2.2	-	2.3
Net interest expense	9.4	2.5	-	11.9
Total charge to income statement for defined benefit schemes	9.5	4.7	-	14.2
Charge for defined contribution schemes	-	-	25.2	25.2
Total charge to income statement	9.5	4.7	25.2	39.4
Statement of comprehensive income				
(Loss)/gain on pension scheme assets	(25.9)	5.2	-	(20.7)
Changes in assumptions	(34.5)	(7.7)	(0.1)	(42.3)
Remeasurements loss recognised in other comprehensive expense	(60.4)	(2.5)	(0.1)	(63.0)
Deferred tax credited/(charged) to equity (note 8)	7.1	(0.8)	-	6.3
Remeasurement loss (net of deferred tax)	(53.3)	(3.3)	(0.1)	(56.7)

The expected return on plan assets is based on market expectations at the beginning of the year for returns over the entire life of the benefit obligation.

2015	**Atkins Pension Plan £m**	**Railways Pension Scheme £m**	**Other £m**	**Total £m**
Defined benefit obligation	**(1,531.0)**	**(276.2)**	**(1.3)**	**(1,808.5)**
Fair value of plan assets	**1,312.0**	**205.0**	**-**	**1,517.0**
Retirement benefit liabilities	**(219.0)**	**(71.2)**	**(1.3)**	**(291.5)**

2014	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
Defined benefit obligation	(1,302.1)	(245.3)	(1.1)	(1,548.5)
Fair value of plan assets	1,043.5	184.6	-	1,228.1
Retirement benefit liabilities	(258.6)	(60.7)	(1.1)	(320.4)

Other includes an unfunded pension obligation in relation to a former director for £1.2m (2014: £1.0m).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)

22 Post-employment benefit liabilities (continued)

The major categories of plan assets as a percentage of total plan assets are as follows:

	Atkins Pension Plan		**Railways Pension Scheme**	
2015	**%**	**£m**	**%**	**£m**
Equities	**41.0**	**537.4**	**60.5**	**124.0**
Government bonds	**39.3**	**516.2**	**14.6**	**29.9**
Corporate bonds	**11.0**	**144.6**	**14.6**	**29.9**
Property	**2.9**	**37.5**	**10.0**	**20.6**
Cash	**0.4**	**5.7**	**0.3**	**0.6**
Other	**5.4**	**70.6**	**-**	**-**
	100.0	**1,312.0**	**100.0**	**205.0**

	Atkins Pension Plan		Railways Pension Scheme	
2014	%	£m	%	£m
Equities	44.7	466.6	61.3	113.2
Government bonds	31.2	325.2	14.3	26.4
Corporate bonds	12.8	133.8	14.4	26.5
Property	3.8	39.2	9.7	17.9
Cash	1.1	11.5	0.3	0.6
Other	6.4	67.2	-	-
	100.0	1,043.5	100.0	184.6

The assets of the schemes do not include any direct holdings of the Company's financial instruments nor any property occupied by, or other assets of the Company.

Movements in the present value of the defined benefit obligation are as follows:

2015	**Atkins Pension Plan £m**	**Railways Pension Scheme £m**	**Other £m**	**Total £m**
Defined benefit obligations at beginning of year	**1,302.1**	**245.3**	**1.1**	**1,548.5**
Service cost	**0.1**	**2.1**	**-**	**2.2**
Administrative expenses	**-**	**0.2**	**-**	**0.2**
Interest cost	**57.7**	**10.9**	**-**	**68.6**
Remeasurement loss recognised in other comprehensive income	**206.6**	**24.7**	**0.2**	**231.5**
Employee contributions	**-**	**1.5**	**-**	**1.5**
Benefit payments	**(35.5)**	**(8.5)**	**-**	**(44.0)**
Defined benefit obligation at end of year	**1,531.0**	**276.2**	**1.3**	**1,808.5**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)

22 Post-employment benefit liabilities (continued)

2014	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
Defined benefit obligations at beginning of year	1,248.8	230.2	1.0	1,480.0
Service cost	0.1	2.0	-	2.1
Administrative expenses	-	0.2	-	0.2
Interest cost	56.7	10.4	-	67.1
Remeasurement loss recognised in other comprehensive expense	34.5	7.7	0.1	42.3
Employee contributions	-	1.5	-	1.5
Benefit payments	(38.0)	(6.7)	-	(44.7)
Defined benefit obligation at end of year	1,302.1	245.3	1.1	1,548.5

Movements in the fair value of plan assets are as follows:

2015	**Atkins Pension Plan £m**	**Railways Pension Scheme £m**	**Other £m**	**Total £m**
Fair value of plan assets at beginning of year	**1,043.5**	**184.6**	**-**	**1,228.1**
Interest return on plan assets	**46.8**	**8.3**	**-**	**55.1**
Employer contributions	**32.1**	**2.8**	**-**	**34.9**
Employee contributions	**-**	**1.5**	**-**	**1.5**
Benefits paid	**(35.5)**	**(8.5)**	**-**	**(44.0)**
Remeasurements gain recognised in other comprehensive income	**225.1**	**16.3**	**-**	**241.4**
Fair value of plan assets at end of year	**1,312.0**	**205.0**	**-**	**1,517.0**

2014	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
Fair value of plan assets at beginning of year	1,027.9	173.8	-	1,201.7
Interest return on plan assets	47.3	7.9	-	55.2
Employer contributions	32.2	2.9	-	35.1
Employee contributions	-	1.5	-	1.5
Benefits paid	(38.0)	(6.7)	-	(44.7)
Remeasurements (loss)/gain recognised in other comprehensive expense	(25.9)	5.2	-	(20.7)
Fair value of plan assets at end of year	1,043.5	184.6	-	1,228.1

22 Post-employment benefit liabilities (continued)

Movements in the net retirement benefit liabilities are as follows:

2015	**Atkins Pension Plan £m**	**Railways Pension Scheme £m**	**Other £m**	**Total £m**
Net retirement benefit liabilities at beginning of year	**(258.6)**	**(60.7)**	**(1.1)**	**(320.4)**
Service cost	**(0.1)**	**(2.1)**	**-**	**(2.2)**
Administrative expenses	**-**	**(0.2)**	**-**	**(0.2)**
Net finance costs	**(10.9)**	**(2.6)**	**-**	**(13.5)**
Contributions	**32.1**	**2.8**	**-**	**34.9**
Remeasurements gain/(loss) recognised in other comprehensive income	**18.5**	**(8.4)**	**(0.2)**	**9.9**
Net retirement benefit liabilities at end of year	**(219.0)**	**(71.2)**	**(1.3)**	**(291.5)**

2014	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
Net retirement benefit liabilities at beginning of year	(220.9)	(56.4)	(1.0)	(278.3)
Service cost	(0.1)	(2.0)	-	(2.1)
Administrative expenses	-	(0.2)	-	(0.2)
Net finance costs	(9.4)	(2.5)	-	(11.9)
Contributions	32.2	2.9	-	35.1
Remeasurements loss recognised in other comprehensive expense	(60.4)	(2.5)	(0.1)	(63.0)
Net retirement benefit liabilities at end of year	(258.6)	(60.7)	(1.1)	(320.4)

Cumulative remeasurement effects recognised in other comprehensive income are as follows:

2015	**Atkins Pension Plan £m**	**Railways Pension Scheme £m**	**Other £m**	**Total £m**
Losses at beginning of year	**(254.5)**	**(36.7)**	**(0.6)**	**(291.8)**
Net remeasurement gains/(losses) recognised in the year:	**18.5**	**(8.4)**	**(0.2)**	**9.9**
- Loss from change in financial assumptions	**(206.6)**	**(24.7)**	**(0.2)**	**(231.5)**
Actuarial loss on defined benefit obligation arising during the year	**(206.6)**	**(24.7)**	**(0.2)**	**(231.5)**
Return on plan assets greater than discount rate	**225.1**	**16.3**	**-**	**241.4**
Losses at end of year	**(236.0)**	**(45.1)**	**(0.8)**	**(281.9)**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)

22 Post-employment benefit liabilities (continued)

2014	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
Losses at beginning of year	(194.1)	(34.2)	(0.5)	(228.8)
Net remeasurement losses recognised in the year	(60.4)	(2.5)	(0.1)	(63.0)
- Loss from change in financial assumptions	(41.2)	(7.2)	(0.1)	(48.5)
- Experience gains/(losses)	6.7	(0.5)	-	6.2
Actuarial loss on defined benefit obligation arising during the year	(34.5)	(7.7)	(0.1)	(42.3)
Return on plan assets (less)/greater than discount rate	(25.9)	5.2	-	(20.7)
Losses at end of year	(254.5)	(36.7)	(0.6)	(291.8)

The return on plan assets is as follows:

2015	**Atkins Pension Plan £m**	**Railways Pension Scheme £m**	**Other £m**	**Total £m**
Expected return on plan assets	**46.8**	**8.3**	**-**	**55.1**
Experience gain on plan assets	**225.1**	**16.3**	**-**	**241.4**
Actual return on plan assets	**271.9**	**24.6**	**-**	**296.5**

2014	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
Expected return on plan assets	47.3	7.9	-	55.2
Experience (loss)/gain on plan assets	(25.9)	5.2	-	(20.7)
Actual return on plan assets	21.4	13.1	-	34.5

History of experience gains and losses:

	2015 Total	2014 Total	2013 Total	2012 Total	2011 Total
Experience gain/(loss) on scheme assets	**£241.4 m**	£(20.7)m	£106.0 m	£84.1 m	£(2.3)m
Percentage of scheme assets	**15.9 %**	(1.7)%	8.8 %	7.8 %	(0.2)%
Experience gain/(loss) on scheme liabilities	**-**	£6.2 m	£(1.9)m	£4.4 m	£43.8 m
Percentage of defined benefit obligation	**-**	(0.4)%	0.1 %	(0.3)%	(3.4)%
Defined benefit obligation	**£(1,808.5)m**	£(1,548.5)m	£(1,480.0)m	£(1,323.7)m	£(1,276.3)m
Fair value of plan assets	**£1,517.0 m**	£1,228.1 m	£1,201.7 m	£1,072.1 m	£938.1 m
Net retirement benefit liabilities	**£(291.5)m**	£(320.4)m	£(278.3)m	£(251.6)m	£(338.2)m

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)

22 Post-employment benefit liabilities (continued)

The Company completed its last triennial valuation as at 31 March 2013 of the Atkins Pension Plan and is therefore due to complete its next triennial valuation as at 31 March 2016. The Company considers that the contribution rates set at the recent valuation date are sufficient to eliminate the deficit over the agreed period.

The nature of the funding regime in the UK creates uncertainty around the size and timing of cash that the Company will be required to pay to the pension schemes.

The Company agreed a new repayment plan that ends in March 2025. One-off payments of £32m were made for the years ended 31 March 2014 and 31 March 2015. Payments for the year ending 31 March 2016 and onwards will escalate by 2.5% per annum from the £32m level.

The Company expects employer contributions to be paid during the financial year to 31 March 2016 to be around £35.5m, of which £32.8m is in relation to the funding of the actuarial deficit, and employee contributions paid to be around £1.5m. Expected benefit payments made directly by the Company to pensioners in the financial year to 31 March 2016 are £nil.

The approximate effect on the liabilities from changes in the main assumptions used to value the liabilities are as follows:

	Change in assumption	Effect on plan liabilities	
		Atkins Pension Plan	Railways Pension Scheme
Discount rate	increase/decrease 0.5%	decrease/increase 10.0%	decrease/increase 8.5%
Inflation	increase/decrease 0.5%	increase/decrease 5.0%	increase/decrease 8.5%
Real rate of increase in salaries	increase/decrease 0.5%	increase/decrease 2.0%	increase/decrease 1.5%
Longevity	increase 1 year	increase 3.0%	increase 2.0%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting year) has been applied as when calculating the pension liability recognised within the Balance Sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

The effect of the change in inflation on liabilities assumes a corresponding change in salary increases and inflation-related pension increases.

b) Post-employment benefit liabilities - Risks

Through its defined benefit pension plans and other post-employment benefit liabilities, the Company is exposed to a number of investment and actuarial risks, the most significant of which are detailed below:

Asset volatility

The retirement benefit plan liabilities are calculated using a discount rate set with reference to corporate bond yields. If plan assets underperform this yield, this will create a deficit. The plans hold a significant proportion of equities, which are expected to outperform corporate bonds in the long term while exposing the Company to greater volatility and valuation risk in the short term. The government bonds represent investments in UK Government securities only.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)

22 Post-employment benefit liabilities (continued)

b) Post-employment benefit liabilities - Risks (continued)

Life expectancy
The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant in the plans, where inflationary increases result in higher sensitivity to changes in life expectancy. The Atkins Pension Plan has had interest and inflation rate hedging in place for some time, but due to the relative immaturity of the longevity hedging market, to date the Company has held off implementing a longevity hedging programme. As a consequence, the Plan remains fully exposed to any future improvements in mortality beyond those already assumed by the Actuary.

Changes in bond yields
A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

Inflation risk
Some of the Company pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). Whilst some of the Plan's assets are real in nature and so loosely correlated with inflation (e.g. equities, index-linked gilts), some of the Plan's assets are not expected to move in line with inflation (e.g. fixed-interest gilts). Therefore an increase in inflation is likely to also increase the deficit.

The Company does not use derivatives or hedging, other than interest and inflation rate hedging, to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2015 consists of equities and bonds, although the Company also invests in property, cash and investment (hedge) funds. The Company believes that equities offer the best returns over the long term with an acceptable level of risk. The majority of equities are in a globally diversified portfolio of international blue chip entities. A breakdown of the major categories of plan assets as a percentage of total plan assets for the two UK schemes is detailed above.

An approximate analysis of the maturity of the obligations for the two main defined benefit schemes is given in the table below:

	Atkins Pension Plan		Railways Pension Scheme	
	2015	2014	**2015**	2014
	%	%	%	%
Proportion relating to active members	**0.0**	0.0	**37.0**	37.0
Proportion relating to deferred members	**64.0**	61.0	**15.0**	16.0
Proportion relating to pensioners	**36.0**	39.0	**48.0**	47.0
Total	**100.0**	100.0	**100.0**	100.0

The weighted average duration of the defined benefit obligation is 20 years (2014: 20 years) for the Atkins Pension Plan, 16 years (2014: 16 years) for the Railways Pension Scheme.

Expected future benefit payments from the Atkins Pension Plan are mostly in respect of pension payments that are either linked to price inflation or receive fixed pension increases. These projected benefit payments are expected to be made from the Plan over the next 80 or so years. The payments are expected to rise over the next 30 years, when they will peak, before beginning to decline.

The Company expects pension benefits to be paid by the schemes during the financial year to 31 March 2016 to be approximately £45.5m.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)

23 Other non-current liabilities

	2015 £m	2014 £m
Deferred PPP/PFI bid costs recovered, maturing:		
Later than one year and no later than two years	**0.1**	0.1
Later than two years and no later than five years	**0.1**	0.2
Later than five years	**1.2**	1.2
	1.4	1.5

24 Ordinary shares

	2015 Number of Shares	2015 £m	2014 Number of Shares	2014 £m
Issued and fully paid ordinary shares of £1 each				
At 1 April and at 31 March	**40,064,000**	**40.1**	40,064,000	40.1

Consideration for shares allotted in the year was £nil (2014: £nil).

25 Share-based payments

Long Term Incentive Plans

WS Atkins plc Long-term Growth Unit plan (LGU) August 2012 onwards

A share plan for senior executives where units are granted at a base price which is based on the six month average share price calculated at the date of grant. The vesting of units occurs in three equal tranches on the fourth, fifth and sixth anniversaries of the date of grant. Vesting is subject to WS Atkins plc's Remuneration Committee's assessment of the Group's progress against its strategy.

On exercise, the value of each unit is equal to the increase, if any, in the average share price of one notional WS Atkins plc share between the grant date and the exercise date. Any such gain will normally be calculated using the six month average share price. Any gain on exercise will usually be settled in equity except in the US, where awards are granted as market value options and are scaled back on exercise to be equivalent in value to the gain that would have been received under a non-US award. No more than 50% of a participant's total number of units subject to a single grant may be exercised in any 12 month rolling period.

As a general rule, units granted to participants who leave employment prior to vesting will be forfeited. In the event a participant leaves as a result of a qualifying reason, they receive a pro rata entitlement.

WS Atkins plc Long Term Incentive Plan (LTIP) August 2012 onwards

A share plan for senior executives used to grant awards that are settled in equity or, in limited circumstances, in cash. Subject to WS Atkins plc's growth in diluted earnings per share (EPS) over the performance period. Full vesting is triggered if the EPS growth in the three-year performance period is 12% per annum or higher. If the increase is less than 5% per annum, there will be no vesting. If the increase is 5% per annum, vesting will be 25%, and a sliding scale operates between 5% and 12% per annum EPS growth.

As a general rule, awards granted to participants who leave employment prior to vesting will be forfeited. In the event a participant leaves as a result of a qualifying reason, they receive a pro rata entitlement.

Subject to vesting, participants are entitled to receive the benefit of dividends declared following grant, without interest.

25 Share-based payments (continued)

Long Term Incentive Plans (continued)

Atkins Long Term Incentive Plan (LTIP) September 2006 to July 2012

A share plan for senior executives and key employees used to grant awards to employees that are settled in equity or, in limited circumstances, in cash. Different performance targets were used for different categories of management. Grants made to executive directors and senior employees had 50% of the grant subject to WS Atkins plc's total shareholder return (TSR) performance relative to the constituents of the FTSE 250 Index (excluding investment trusts) at the start of the performance period. Full vesting of this portion of the grant took place if WS Atkins plc was ranked in the upper quartile and 30% vesting was achieved with a median ranking, with pro rata vesting for intermediate performance. No vesting occurred for a ranking below median.

The remaining 50% of grants made to executive directors of WS Atkins plc and senior employees was subject to WS Atkins plc's real growth in underlying EPS over the performance period. Full vesting was triggered if the increase in real EPS growth above UK RPI in the three-year performance period was 10% per annum or higher. If the EPS increase above UK RPI was less than 4% per annum, there was no vesting. If the EPS increase was 4% per annum above UK RPI, vesting was at 30%, and a sliding scale operated between 4% and 10% per annum. All awards have now vested.

Awards granted to other participants are subject solely to the EPS condition. As a general rule, awards granted to participants who left employment prior to vesting will be forfeited. In the event a participant left as a result of a qualifying reason, they received a pro rata entitlement. All awards have now vested.

Subject to vesting, participants are entitled to receive the benefit of dividends declared following grant without interest.

Deferred Share Plans

Atkins Deferred Bonus Plan (DBP)

A share plan for senior executives and key employees used to grant awards to employees that are settled in equity or, in limited circumstances, in cash. There was no performance condition but awards were restricted for at least three years from the date of grant. As a general rule, awards granted to participants who left employment prior to vesting were forfeited. In the event a participant left as a result of a qualifying reason, they received their award in full. Subject to vesting, participants are entitled to receive the benefit of dividends declared following grant without interest. All awards have now vested.

Atkins Deferred Share Plan (DSP)

A share plan for senior executives and key employees used to grant awards to employees that are settled in equity or in cash. There is no performance condition but awards are restricted for a set period from the date of grant, fixed by the Remuneration Committee of WS Atkins plc at grant. As a general rule, awards granted to participants who leave employment prior to vesting will be forfeited. In the event a participant leaves as a result of a qualifying reason, they will receive their award in full. Subject to vesting, participants are entitled to receive the benefit of dividends declared following grant without interest. Awards granted to executive directors of WS Atkins plc in relation to the Executive Bonus Scheme are restricted for three years from the date of grant.

The Company's gross share-based payments charge for the year of £9.5m (2014: £7.2m) has been included in administrative expenses in the income statement.

The effect of the share-based payment transactions on the Company's result and financial position is as follows:

	2015	2014
	£m	£m
Total expense recognised for equity settled share-based payment transactions	**8.6**	6.7
Total expense recognised for cash settled share-based payment transactions	**0.9**	0.5
	9.5	7.2
Closing balance of liability for cash settled share-based payment transactions	**1.2**	0.8

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)

25 Share-based payments (continued)

The Company administers share-based payments on behalf of employees of fellow subsidiaries and an amount of £2.2m (2014: £1.6m) was recharged in respect of this during the year.

As at 31 March 2015 WS Atkins plc had the following awards outstanding:

	LTIPs		LGU		DBP / DSP	
	Number	Weighted average exercise / transfer price (p)	Number	Weighted average exercise / transfer price (p)	Number	Weighted average exercise / transfer price (p)
Awards outstanding at 1 April 2013	718,335	-	188,429	155.11[1]	3,332,402	-
Granted	192,512	-	171,112	314.75[2]	1,222,668	-
Exercised / transferred	(52,614)	-	-	-	(1,107,703)	-
Lapsed	(187,911)	-	-	-	(3,270)	-
Forfeited	(33,901)	-	(11,479)	-	(155,112)	-
Awards outstanding at 1 April 2014	**636,421**	**-**	**348,062**	**238.71**	**3,288,985**	**-**
Granted	**155,376**	**-**	**121,233**	**401.05**	**948,012**	**-**
Exercised / transferred	**(117,665)**	**-**	**-**	**-**	**(741,211)**	**-**
Lapsed	**(48,972)**	**-**	**-**	**-**	**(2,039)**	**-**
Forfeited	**(20,276)**	**-**	**(17,875)**	**-**	**(113,043)**	**-**
Awards outstanding at 31 March 2015	**604,884**	**-**	**451,420**	**291.46**	**3,380,704**	**-**

1. During the last financial year, it was discovered that one LGU participant had left on 29 March 2013 which resulted in 21,339 units being forfeited. The units outstanding as at 1 April 2013 have been amended accordingly.

2. A correction of an administrative error has been made in relation to awards granted under the LGU on 24 June 2013. The award levels were originally determined with reference to a five month average share price instead of the approved six month average share price. The number of units shown as granted in the year ended 31 March 2014 has been restated in the above table to reflect the amended award levels based on the six month average share price.

The weighted average exercise price of LGU awards is calculated by reference to both non-US awards, where the increase in value is delivered in the form of a nil cost option, and US awards, where the awards take the form of market value options.

The weighted average share price at the date of exercise was 1,337.64 pence (2014: 1,100.14 pence).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)

25 Share based payments (continued)

A summary of WS Atkins plc's awards outstanding as at 31 March 2015 is as follows:

Scheme	Award date	Exercise price	Scheme maturity	Maximum term	Weighted average remaining contractual life	Awards outstanding at 31 March 2015	Awards exercisable at 31 March 2015
LGUs							
LGU (August 2012 onwards non-US)	13/08/2012 to 17/11/2014	0.0p	4 to 6 years	10 years	8.27 years	314,904	-
LGU (August 2012 onwards US)	13/08/2012 to 17/11/2014	667.0p to 1301.5p	4 to 6 years	10 years	8.35 years	136,516	-
LTIPs							
LTIP (August 2012 onwards)	13/08/2012 to 17/11/2014	0.0p	3 years	3 to 10 years	8.25 years	577,926	-
LTIP (September 2006 to July 2012 EPS)	11/09/2006 to 03/08/2007	0.0p	3 years	3 to 10 years	2.09 years	26,958	26,958
DSPs							
DBP	24/06/2005 to 30/11/2007	0.0p	3 years	10 years	1.40 years	26,146	26,146
DSP	29/06/2007 to 17/11/2014	0.0p	1 to 3 years	1 to 10 years	7.88 years	3,354,558	453,846

On 26 June 2014 WS Atkins plc issued awards over 665,618 shares to employees under the DSP.

On 17 November 2014 WS Atkins plc issued awards over 282,394 shares to employees under the DSP, 155,376 shares to employees under the LTIP and 121,233 units to employees under the LGU.

At 31 March 2015 WS Atkins plc's EBTs held a beneficial interest in 2,944,156 shares (2014: 2,524,663 shares) at a nominal value of £0.0m (2014: £0.0m) and market value of £37.6m (2014: £35.1m).

The weighted average fair value of awards granted during the year was 1,211.09 pence (2014: 936.34 pence).

The total fair value of awards granted during the year was £14.8m (2014: £14.8m).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)

25 Share based payments (continued)

Fair value of awards with market performance conditions

WS Atkins plc Long Term Growth Unit plan August 2012 onwards

The Black Scholes Model was used for the purposes of valuing LGU awards granted in the current year. The model calculated the fair value of awards granted, upon which the share-based payments charge is based. The expected volatility has been based on an evaluation of the historical volatility of WS Atkins plc's share price, particularly over the historical period commensurate with the expected term of the award. The assumptions used in the model are as follows:

			LGU 2015
Exercise price (six month average) at grant date	**1329.02p**	**1329.02p**	**1329.02p**
Risk-free interest rate	**1.176%**	**1.403%**	**1.554%**
Volatility of share price	**34.0%**	**34.0%**	**34.0%**
Share price at grant	**1303.00p**	**1303.00p**	**1303.00p**
Base value (six month average) share price at grant date	**1329.02p**	**1329.02p**	**1329.02p**
Expected term (from grant date)	**4 years**	**5 years**	**6 years**

			LGU 2014
Exercise price (six month average) at grant date	866.51p	866.51p	866.51p
Risk-free interest rate	1.143%	1.626%	1.718%
Volatility of share price	34.0%	34.0%	34.0%
Share price at grant	973.00p	973.00p	973.00p
Base value (six month average) share price at grant date	866.51p	866.51p	866.51p
Expected term (from grant date)	4 years	5 years	6 years

26 Cash generated from continuing operations

	Note	**2015 £m**	2014 £m
Profit for the year		**50.4**	43.3
Adjustments for:			
Income tax	8	**10.0**	4.6
Finance income	7	**(2.8)**	(2.3)
Finance costs	7	**13.9**	12.0
Depreciation charges	13	**7.2**	5.9
Amortisation of intangible assets	12	**4.5**	3.4
Income from investments in subsidiaries and associates	10	**(7.2)**	-
Share-based payment charge	25	**8.6**	6.7
Net profit on disposal of business	9	**(0.5)**	(12.7)
Loss on disposal of intangible assets	12	**-**	0.1
Impairment of investment	14	**2.3**	-
Movement in provisions	21	**(1.4)**	(1.5)
Movement in trade and other receivables	16	**(157.8)**	36.9
Movement in payables	19	**178.4**	(51.3)
Movement in inventories		**-**	0.2
Actuarial deficit funding	22	**(32.0)**	(32.0)
Cash generated from continuing operations		**73.6**	13.3

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)

27 Analysis of net funds

	At 31 March 2014 £m	Cash flow £m	**At 31 March 2015 £m**
Cash and cash equivalents	89.5	23.0	**112.5**
Net funds	89.5	23.0	**112.5**

28 Contingent liabilities

The Company has given indemnities in respect of overseas' office overdrafts, performance bonds, advance payment bonds, letters of credit and import duty guarantees issued on its behalf. The amount outstanding at 31 March 2015 includes £0.7m letters of credit issued as a result of the Group's acquisition of The PBSJ Corporation. The indemnities, which arose in the ordinary course of business, are not expected to result in any material financial loss. The Company has given a cross guarantee in respect of fellow subsidiaries overdraft facilities in the ordinary course of business.

As at 31 March 2015 the Company was a guarantor/obligor on the Group's £200m amended and extended revolving credit facility (RCF), signed on 30 January 2015. This facility matures in January 2020. This facility provides the Group with increased and longer term financial capacity to support its strategy. As at 31 March 2015 the Company was also a guarantor/obligor on the Group's $75m US private placement debt which is due for repayment on 31 May 2019. The Company is jointly and severally liable for any unpaid debts in connection with these facilities.

The Company is included in a Group Registration for Value Added Tax purposes and is, therefore, jointly and severally liable for all other Group undertakings' unpaid debts in this connection.

29 Operating lease arrangements

The Company leases various offices under operating lease arrangements. The leases have various terms, escalation clauses and renewal rights. The Company also leases vehicles, plant and equipment under operating lease arrangements.

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

	2015		2014	
	Property £m	**Vehicles, plant and equipment £m**	Property £m	Vehicles, plant and equipment £m
No later than one year	**15.5**	**4.9**	16.7	5.0
Later than one year and no later than five years	**38.9**	**6.4**	44.2	5.8
Later than five years	**16.9**	**-**	20.8	-
	71.3	**11.3**	81.7	10.8

29 Operating lease arrangements (continued)

At the end of the reporting year, the future minimum leases payments under non-cancellable operating leases are receivable as follows:

	2015 Property £m	2014 Property £m
No later than one year	1.8	1.3
Later than one year and no later than five years	2.8	2.7
Later than five years	0.1	-
	4.7	4.0

30 Capital and other financial commitments

	2015 £m	2014 £m
Capital expenditure contracted for but not provided	2.4	5.5

31 Related party transactions

Details of the directors' emoluments are shown in note 6.

Transactions with the retirement benefit schemes are shown in note 22.

Details of the Company's subsidiaries and its joint ventures are shown in note 14.

Provision of goods and services to and purchases of goods and services from related parties were made at the rates charged to external customers. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provision has been made for doubtful debts in respect of amounts owed by related parties and £nil charged to income and expense (2014: £nil).

a) Sales and purchases of goods and services

	2015 £m	2014 £m
Sales of goods and services to		
- joint ventures	30.5	40.2
- fellow group undertakings	32.2	26.1
	62.7	66.3
Purchases of goods and services from		
- fellow group undertakings	30.4	31.3
	30.4	31.3

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015 (CONTINUED)

31 Related party transactions (continued)

b) Year-end balances arising from sales/purchases of goods and services

	2015 £m	2014 £m
Receivables from		
- joint ventures	**5.0**	3.7
- fellow Group undertakings	**553.9**	387.9
	558.9	391.6
Payables to		
- fellow Group undertakings	**275.6**	139.9
	275.6	139.9

Key management comprises the directors.

32 Ultimate parent undertaking and controlling party

WS Atkins plc, which is registered in England and Wales, is the ultimate parent undertaking and controlling party of the Company. The immediate parent undertaking of the Company is Atkins Beta Limited. WS Atkins plc heads the largest and smallest group of undertakings for which group financial statements are drawn up and of which the Company is a member.

Both WS Atkins plc and Atkins Beta Limited have their registered offices at:

Woodcote Grove
Ashley Road
Epsom
Surrey
KT18 5BW
England

Copies of the financial statements for WS Atkins plc are available at www.atkinsglobal.com/investors or from the company secretary at the above address.

Copies of the financial statements for Atkins Beta Limited are also available from the company secretary at the above address or Euston Tower, 286 Euston Road, London, NW1 3AT, England.