

## Jacobs LES Limited

### Report and Financial Statements

30 September 2012

THURSDAY



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16/05/2013

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COMPANIES HOUSE

**Directors**

P Stassi  
R Irvin  
M Fleetwood  
D Baird  
RS Duff (Appointed 03 October 2012)  
G Jones (Resigned 01 January 2012)

**Secretaries**

M Norris  
M Udovic

**Auditors**

Ernst & Young LLP  
G1  
5 George Square  
Glasgow  
Scotland  
G2 1DY

**Bankers**

National Westminster Bank PLC  
39 Grimsby Road  
Cleethorpes  
North East Lincolnshire  
DN35 7GB

**Registered Office**

1180 Eskdale Road  
Winnersh  
Wokingham  
Berkshire  
RG41 5TU

## Directors' report

The directors present their report with the financial statements for the year ended 30 September 2012

### Results and dividends

The profit for the year, after taxation is £1,675,907 (2011 £2,431,594)

The Directors did not pay a dividend during the year (2011 £nil) The directors do not recommend payment of a final dividend (2011 £nil)

### Principal activity and review of the business

The principal activity of the company continued to be that of contract engineering, including the provision of mechanical, instrument, electrical, piping, design, installation and maintenance combined with contract management services

The company's key financial performance indicators during the year were as follows

	2012 £'000	2011 £'000	Change %
Turnover	57,086	61,030	(6.5)
Profit before tax	2,259	3,338	(32.3)

The Company has consolidated its position following a period of considerable growth since acquisition by Jacobs in 2008. However, the challenging economic conditions experienced have impacted profits earned during the year with clients becoming increasingly price sensitive.

### Principal risks and uncertainties

The principal risks and uncertainties facing the company are as follows

#### *Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. Company policies are aimed at minimising such losses and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. Details of the company's debtors are shown in Note 11 to the financial statements. The company has a large customer base of varying size and risk which covers a large geographical area and therefore this minimises the impact should a debtor default on its terms.

#### *Currency risk*

The company has few transactional currency exposures which arise from sales and purchases in currencies other than its functional currency as well as the currency risk associated with inter-company transactions in various currencies. Potential exposures to foreign currency exchange rate movements are monitored through 12 month rolling cash flow forecasts in all currencies in which the company trades. These are reviewed monthly by the board and appropriate actions are taken to manage net open foreign currency positions.

#### *Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company aims to mitigate liquidity risk by managing cash generation by its operations, applying cash collection targets throughout the company.

## Directors' report (continued)

### Principal risks and uncertainties (continued)

#### *Cash flow risk*

Cash flow is the risk that inflows and outflows of cash and cash equivalents will not be sufficient to finance day-to-day operations of the company. The company manages cash flow risk by careful negotiation of terms with customers, and suppliers to maintain available funds to meet its liabilities as they fall due. The company has relatively low external debt and accordingly has no significant interest risk.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The policies set by the Board and agreed with the parent company are implemented by the company's finance department.

### Future developments

The directors are confident that the company will continue to trade profitably within its principal activities as shown above.

### Directors

The following directors have held office since 1 October 2011:

G Jones (Resigned 01 January 2012)  
P Stassi  
R Irvin  
M Fleetwood  
D Baird  
RS Duff (Appointed 03 October 2012)

### Charitable donations

During the year the company made the following payments:

	2012	2011
	£	£
Charitable donations	2,917	2,933

## Directors' report (continued)

### Employee involvement

The company uses a variety of methods to enable all its employees to understand the performance of the company. Employees are consulted on a wide range of issues affecting their current and future interests and particularly on changes affecting the company. The company has an Information and Consultation Committee which meets as required. Four employees are on the committee, elected by the workforce.

The company's employment policies are designed to provide equal opportunities irrespective of colour, ethnic or natural origin, nationality, sex, religion, marital or disabled status.

### Disabled persons

The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

### Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditors

In accordance with section 485 of the Companies Act 2006, a resolution proposing that Ernst & Young LLP, Chartered Accountants be re-appointed as auditors of the company has been put to the Annual General Meeting.

On behalf of the Board



M Fleetwood  
Director

Date 14.12.12

## **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the annual report 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping proper 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 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.

# **Independent auditors' report**

**to the members of Jacobs LES Limited**

We have audited the company's financial statements for the year ended 30 September 2012 which comprise the Profit and Loss Account, Statement of Total Recognised Gains & Losses, Balance Sheet and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## **Opinion on the financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 September 2012 and of its profit for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

## **Opinion on other matter prescribed by the Companies Act 2006**

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

## Independent auditors' report

to the members of Jacobs LES Limited (continued)

### Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



James Douglas Nisbet (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP, Statutory Auditor  
Glasgow

Date

14/12/12



## Profit and loss account

for the year ended 30 September 2012

		2012	2011
	Note	£	£
<b>Turnover</b>	2	57,085,714	61,029,803
Cost of sales		(52,816,558)	(55,578,565)
<b>Gross profit</b>		4,269,156	5,451,238
Administrative expenses		(2,180,932)	(2,217,990)
<b>Operating profit</b>	3	2,088,224	3,233,248
Investment income and interest receivable		171,186	124,258
Interest payable and similar charges	4	-	(19,995)
<b>Profit on ordinary activities before taxation</b>		2,259,410	3,337,511
Tax on profit on ordinary activities	7	(583,503)	(905,917)
<b>Profit on ordinary activities after taxation</b>	16	1,675,907	2,431,594

All items in the above profit and loss account relate to continuing operations

## Statement of Total Recognised Gains and Losses

for the year ended 30 September 2012

There were no recognised gains or losses other than the profit for the above two financial years

## Balance sheet

at 30 September 2012

	Note	2012 £	2011 £
<b>Fixed assets</b>			
Tangible assets	8	1,276,373	1,377,950
Investments	9	80,051	80,051
		<u>1,356,424</u>	<u>1,458,001</u>
<b>Current assets</b>			
Stocks and work in progress	10	7,552,852	7,454,072
Debtors	11	3,333,250	4,261,522
Cash at bank and in hand		6,662,076	5,013,908
		<u>17,548,178</u>	<u>16,729,502</u>
<b>Creditors amounts falling due within one year</b>	12	(4,877,449)	(5,836,257)
<b>Net current assets</b>		<u>12,670,729</u>	<u>10,893,245</u>
<b>Total assets less current liabilities and Net Assets</b>		<u>14,027,153</u>	<u>12,351,246</u>
<b>Capital and reserves</b>			
Called up share capital	14	561,999	561,999
Share premium account	15	31,000	31,000
Profit and loss account	15	13,434,154	11,758,247
<b>Total shareholders' funds</b>	16	<u>14,027,153</u>	<u>12,351,246</u>

These financial statements were approved by the Board of Directors on 14.12.12 and signed on its behalf by



M Fleetwood  
Director

## Notes to the financial statements

at 30 September 2012

### 1. Accounting policies

#### *Basis of preparation*

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards

#### *Revenue recognition*

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. Revenue from the sale of goods and services is recognised when the significant risks and rewards of ownership of the goods and services have passed to the buyer, usually on dispatch of the goods and delivery of services.

#### *Cash flow statement*

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group, whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS1.

#### *Tangible fixed assets and depreciation*

Depreciation is provided at the following annual rates in order to write off each asset over its useful life:

Freehold land and buildings	2% straight line
Long leasehold land and buildings	over the life of the lease
Plant and machinery	20% straight line
Fixtures, fittings & equipment	20% straight line
Motor vehicles	20% straight line
Computers	33% straight line

#### *Stocks*

\* Stocks and work in progress are valued at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition.

#### *Investments*

Investments held as fixed assets are stated at cost less provision for permanent diminution in value.

#### *Deferred taxation*

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more or a right to pay less or to receive more tax, with the following exception:

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### *Leasing and hire purchase commitments*

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### *Pensions*

The pension costs charged in the financial statements represent the contributions payable by the company during the year.

## Notes to the financial statements

at 30 September 2012

### 2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom

### 3. Operating profit

This is stated after charging

	2012 £	2011 £
Depreciation of owned fixed assets	220,773	218,554
(Loss) on disposal of fixed assets	(6,083)	(10,374)
Auditors' remuneration	43,500	42,500
Operating lease rentals	168,561	158,363
	<u>220,773</u>	<u>218,554</u>

### 4. Interest payable and similar charges

	2012 £	2011 £
On bank loans and overdrafts	-	19,995
	<u>-</u>	<u>19,995</u>

### 5. Information on directors and employees

<i>Staff costs</i>	2012 £	2011 £
Wages and salaries	25,709,138	26,219,875
Social security costs	2,786,049	2,824,521
Other pension costs	292,328	267,645
	<u>28,787,515</u>	<u>29,312,041</u>

The average number of employees during the year, including directors, was as follows

	2012 No	2011 No
Administration	34	33
Manufacturing	641	690
	<u>675</u>	<u>723</u>

## Notes to the financial statements

at 30 September 2012

### 5. Information on directors and employees (continued)

The emoluments of the following directors are incurred by other Jacobs Engineering Group companies

G Jones  
P Stassi  
R Irvin  
M Fleetwood  
D Baird

### 6. Pension costs

*Defined contribution scheme*

	2012	2011
	£	£
Contributions payable by the company for the year	292,328	267,645

### 7. Tax on profit on ordinary activities

(a) Tax on profit on ordinary activities

	2012	2011
	£	£
<i>Domestic current year tax</i>		
Corporation tax at 25% (2011 27%)	587,887	917,071
Adjustment in respect of prior year	(545)	2,494
Current tax charge (note 8(b))	587,342	919,565
<i>Deferred tax</i>		
Origination and reversal of timing differences (note 15)	(3,144)	(16,487)
Adjustment in respect of prior year	(695)	2,839
Total tax charge	583,503	905,917

(b) Factors affecting current tax charges

The tax assessed on the profit on ordinary activities for the year is higher than (2011 higher than) the effective rate of corporation tax in the UK of 25% (2011 27%) The differences are reconciled below

	2012	2011
	£	£
Profit on ordinary activities before tax	2,259,410	3,337,511
Profit on ordinary activities multiplied by effective rate of corporation tax in the UK of 25% (2011 27%)	564,853	901,128

## Notes to the financial statements

at 30 September 2012

### 7. Tax on profit on ordinary activities (continued)

<i>Effects of</i>		
Non-deductible expenses	9,598	12,420
Depreciation add-back	-	56,277
Capital allowances	13,436	(52,754)
Adjustments in respect of prior years	(545)	2,494
	<hr/>	<hr/>
Current tax charge for the year (note 7(a))	587,342	919,565
	<hr/>	<hr/>

On 26 March 2012 the Chancellor announced a reduction in the main rate of UK corporation tax to 24% with effect from 1 April 2012. The change became substantively enacted as at this date and therefore the effect of this reduction has been included in the figures above. The rate was further reduced to 23% effective 1 April 2013. This rate was substantively enacted on 3 July 2012 and is therefore applicable for deferred tax purposes.

Furthermore, the Finance Act 2011 announced a reduction in the rate of capital allowances for the main pool and the special rate pool to 18% and 8% respectively.

A further rate reduction to 21% has been proposed by the Chancellor, however this has not yet been enacted and is therefore not included in the figures above.

### 8. Tangible fixed assets

	<i>Land and buildings</i> £	<i>Plant and machinery</i> £	<i>Fixtures and fittings</i> £	<i>Motor vehicles</i> £	<i>Total</i>
<i>Cost</i>					
At 1 October 2011	889,137	955,760	882,348	726,468	3,453,713
Additions	-	11,197	63,429	44,570	119,196
Disposals	-	(10,425)	(52,041)	(52,692)	(115,158)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2012	889,137	956,532	893,736	718,346	3,457,751
<i>Depreciation</i>					
At 1 October 2011	57,545	821,773	716,078	480,367	2,075,763
Charge for the year	17,416	54,987	60,241	88,129	220,773
On disposals	-	(10,425)	(52,041)	(52,692)	(115,158)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2012	74,961	866,335	724,278	515,804	2,181,378
<i>Net book value</i>					
At 30 September 2012	814,176	90,197	169,457	202,542	1,276,373
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2011	831,592	133,987	166,270	246,101	1,377,950
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

# Notes to the financial statements

at 30 September 2012

## 9. Fixed asset investments

	<i>1 October</i> <i>2011</i> £	<i>Additions</i> £	<i>Impairment</i> £	<i>30 September</i> <i>2012</i> £
Grimsby Town FC plc	1	-	-	1
			<i>Shares in subsidiary undertakings</i> £	<i>Total</i> £
<i>Cost</i>				
At 1 October 2011 and 30 September 2012			80,050	80,050
<i>Net book value</i>				
At 30 September 2012			80,050	80,050
At 30 September 2011			80,050	80,050

The company holds more than 20% of the share capital of the following companies

<i>Subsidiary undertakings</i>	<i>Country of registration or incorporation</i>	<i>Class of Shares Held</i>	<i>%</i>
LES Construction Limited	England and Wales	Ordinary	100

The aggregate amount of capital and reserves, and the results of these undertakings for the last relevant financial year, were as follows

		<i>Capital and reserves</i> <i>2012</i> £	<i>Profit for the year</i> <i>2012</i> £
	<i>Principal activity</i>		
LES Construction Limited	Dormant	80,050	-

## Notes to the financial statements

at 30 September 2012

### 10. Stocks and work in progress

	2012	2011
	£	£
Raw materials and consumables	26,298	22,634
Work in progress	7,526,554	7,431,438
	<u>7,552,852</u>	<u>7,454,072</u>

### 11. Debtors

	2012	2011
	£	£
Trade debtors	2,750,419	3,615,469
Amounts owed by group undertakings	120,348	148,243
Other debtors	18,360	16,124
Deferred tax (note 13)	55,811	51,972
Prepayments and accrued income	388,312	429,714
	<u>3,333,250</u>	<u>4,261,522</u>

### 12. Creditors. amounts falling due within one year

	2012	2011
	£	£
Trade creditors	535,347	789,718
Corporation tax	587,794	909,039
Other taxes and social security costs	1,594,562	1,874,536
Amounts owed to subsidiary undertakings	82,461	101,010
Other creditors	468,169	419,975
Accruals and deferred income	1,609,116	1,741,979
	<u>4,877,449</u>	<u>5,836,257</u>



## Notes to the financial statements

at 30 September 2012

### 13. Provisions for liabilities and charges

	<i>Deferred tax(asset)/ liability</i> £
Balance at 1 October 2011	(51,972)
Profit and loss account	(3,144)
Adjustment in respect of prior year	(695)
	<hr/>
Balance at 30 September 2012	(55,811)
	<hr/> <hr/>

### 14. Share capital

	<i>2012</i> £	<i>2011</i> £
<i>Authorised</i>		
<i>Equity interests:</i>		
600,000 Ordinary shares of £1 00 each	600,000	600,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
<i>Equity interests:</i>		
561,999 Ordinary shares of £1 00 each	561,999	561,999
	<hr/>	<hr/>

### 15. Statement of movements on reserves

	<i>Share premium</i> <i>account</i> £	<i>Profit and</i> <i>loss account</i> £
Balance at 1 October 2011	31,000	11,758,247
Profit for the period	-	1,675,907
	<hr/>	<hr/>
Balance at 30 September 2012	31,000	13,434,154
	<hr/> <hr/>	<hr/> <hr/>

## Notes to the financial statements

at 30 September 2012

### 16. Reconciliation of movements in shareholders' funds

	2012	2011
	£	£
Profit for the year and net addition to shareholders' funds	1,675,907	2,431,594
Opening shareholders' funds	12,351,246	9,919,652
Closing shareholders' funds	14,027,153	12,351,246

### 17. Financial commitments

At 30 September 2012, the company was committed to making the following annual payments under non-cancellable operating leases

	<i>Land and buildings</i>	
	2012	2011
	£	£
<i>Operating leases which expire</i>		
Within one year	-	5,750
Between two and five years	116,563	113,385
In over five years	40,750	40,750

### 18. Related party disclosures

The company is a wholly owned subsidiary of a parent undertaking. As the company is included in the parent undertaking's group financial statements which are publicly available, the company has taken the exemption available under FRS8 "Related Party Disclosures" not to disclose transactions with its parent undertaking or fellow subsidiary undertakings. There were no other related party transactions that require disclosure.

### 19. Contingent Liabilities

Under a group registration, the company is jointly and severally liable for value added tax due by some other group undertakings. At 30 September 2012 this contingent liability amounted to £6,806,434 (2011 £7,526,460).

### 20. Ultimate parent company

The company's intermediate parent undertaking at the balance sheet date was Jacobs UK Limited (formerly known as Jacobs Engineering UK Limited). The company's ultimate parent undertaking is Jacobs Engineering Group, Inc.

Group financial statements can be obtained from Jacobs Engineering Group Inc, 1111 South Arroyo Parkway 91105, PO Box 7084, Pasadena, CA 91109-7084, U S A