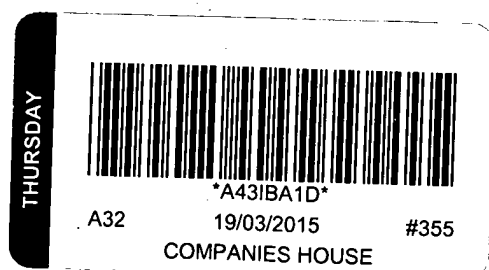


Jacobs LES Limited

Report and Financial Statements

30 September 2014



Directors

P Stassi
R Irvin (resigned 23/10/2013)
J Doyle (appointed 22/10/2013)
M Fleetwood (resigned 25/09/2014)
D Baird
R Duff

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

Strategic Report

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 results were as follows:

	2014 £'000	2013 £'000	Change %
Turnover	91,392	68,839	33
Profit before tax	7,016	3,194	120

The Company has continued to experience significant growth during the year. Whilst consolidating our core maintenance activities, we have had significant success with new business as we are able to exploit the increased opportunities that the Jacobs client network offers, concentrating on specifically identified sector and geographical targets that provide the opportunity to maximise returns through economies of scale and a competitive cost base. We expect to see this continue into the future as we look to further territorial growth within the field services sector.

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 10 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.

Strategic Report (continued)

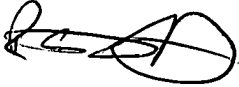
Principal risks and uncertainties (continued)

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 no external debt and accordingly has no 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.

On behalf of the board

R Duff



Director

Date: 22/12/14

Directors' report

The directors present their report with the financial statements for the year ended 30 September 2014.

Results and dividends

The profit for the year, after taxation is £5,458k (2013: £2,427k)

The Directors did not pay a dividend during the year (2013: £nil). The directors do not recommend payment of a final dividend (2013: £nil).

Future developments

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

Directors

The directors of the company serving during the year and at September 2014 are shown below:

P Stassi
R Irvin (resigned 23/10/2013)
J Doyle (appointed 22/10/2013)
M Fleetwood (resigned 25/09/2014)
D Baird
R Duff

There are no directors whose interests require notification under the Companies Act 2006.

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

R Duff

Director

Date: 22/12/14

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Report and 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 financial statements of Jacobs LES Limited for the year ended 30 September 2014 which comprise the Profit and Loss Account, Statement of Total Recognised Gains & Losses, Balance Sheet and the related notes 1 to 19. 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on 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 2014 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 Strategic Report and 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 Nisbet (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP, Statutory Auditor
Glasgow

Date : 22.12.14

Profit and loss account

for the year ended 30 September 2014

		2014	2013
	Note	£'000	£'000
Turnover	2	91,392	68,839
Operating expenses		(84,392)	(65,770)
Gross profit		7,000	3,069
Operating profit	3	7,000	3,069
Investment income and interest receivable		16	125
Profit on ordinary activities before taxation		7,016	3,194
Tax on profit on ordinary activities	6	(1,558)	(767)
Profit on ordinary activities after taxation	15	5,458	2,427

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 2014

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

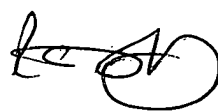
The notes on pages 10 to 17 from part of these financial statements.

Balance sheet

at 30 September 2014

	Note	2014 £'000	2013 £'000
Fixed assets			
Tangible assets	7	1,243	1,356
Investments	8	80	80
		<u>1,323</u>	<u>1,436</u>
Current assets			
Stocks and work in progress	9	6,756	9,937
Debtors	10	21,900	6,897
Cash at bank and in hand		3,376	4,815
		<u>32,032</u>	<u>21,649</u>
Creditors: amounts falling due within one year	11	(11,443)	(6,631)
Net current assets		<u>20,589</u>	<u>15,018</u>
Total assets less current liabilities and Net Assets		<u>21,912</u>	<u>16,454</u>
Capital and reserves			
Called up share capital	13	562	562
Share premium account	14	31	31
Profit and loss account	14	21,319	15,861
Total shareholders' funds	15	<u>21,912</u>	<u>16,454</u>

These financial statements were approved by the Board of Directors on 22/12/14 and signed on its behalf by:


R Duff

Director

The notes on pages 10 to 17 form part of these financial statements.

Notes to the financial statements

at 30 September 2014

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.

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.

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.

Tangible fixed assets and depreciation

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

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences between the company's taxable profits and its results as stated in the financial statements arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as 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 non-discounted basis.

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 2014

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 /(crediting):

	2014 £'000	2013 £'000
Depreciation of owned fixed assets	238	206
(Gain) on disposal of fixed assets	(5)	(4)
Auditors' remuneration	45	44
Operating lease rentals	219	175
	<u>297</u>	<u>421</u>

4. Information on directors and employees

Staff costs

	2014 £'000	2013 £'000
Wages and salaries	34,415	31,670
Social security costs	3,727	3,442
Other pension costs	589	343
	<u>38,731</u>	<u>35,455</u>

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

	2014 No.	2013 No.
Administration	36	34
Manufacturing	802	755
	<u>838</u>	<u>789</u>

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

P Stassi
 R Irvin (resigned 23/10/2013)
 J Doyle (appointed 22/10/2013)
 M Fleetwood (resigned 25/09/2014)
 D Baird
 R Duff

Notes to the financial statements

at 30 September 2014

5. Pension costs

Defined contribution scheme

	2014 £'000	2013 £'000
Contributions payable by the company for the year	589	343

6. Tax on profit on ordinary activities

(a) Tax on profit on ordinary activities

	2014 £'000	2013 £'000
<i>Domestic current year tax</i>		
Corporation tax at 22% (2013: 23.5%)	1,575	767
Adjustment in respect of prior year	(37)	(1)
Current tax charge (note 6(b))	1,538	766
<i>Deferred tax</i>		
Origination and reversal of timing differences (note 12)	(13)	1
Adjustment in respect of prior year	33	(1)
Total tax charge	1,558	766

(b) Factors affecting current tax charges

The tax assessed on the profit on ordinary activities for the year is lower than (2013: higher than) the effective rate of corporation tax in the UK of 22% (2013: 23.5%). The differences are reconciled below:

	2014 £'000	2013 £'000
Profit on ordinary activities before tax	7,016	3,194
Profit on ordinary activities multiplied by effective rate of corporation tax in the UK of 22% (2013: 23.5%)	1,543	750

Notes to the financial statements

at 30 September 2014

6. Tax on profit on ordinary activities (continued)

	2014 £'000	2013 £'000
<i>Effects of:</i>		
Non-deductible expenses	7	9
Capital allowances	25	8
Adjustments in respect of prior years	(37)	(1)
Current tax charge for the year (note 6(a))	1,538	766

The chancellor has announced that the main UK corporation tax rate will be reduced from the current rate of 21% which has applied from 1 April 2014 to 20% on 1 April 2015. The reduction in the corporation tax rate was included within the Finance Act that was enacted on 17 July 2013.

As the rate was substantively enacted at the balance sheet date deferred tax should be calculated at the hybrid rate of 22% for timing differences reversing in the accounting period ended 30 September 2014; 20.5% for timing differences reversing in the accounting period ended 30 September 2015; and 20% for timing differences reversing in the accounting period ended 30 September 2016 onwards. However, as the impact of the deferred tax asset of the hybrid rates of 22.5% and 20.5% is not material all timing differences at the balance sheet date have been calculated at 20%.

7. Tangible fixed assets

	Land and Buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
<i>Cost:</i>					
At 1 October 2013	970	987	932	743	3,632
Additions	8	9	93	23	133
Disposals	(38)	-	(86)	(65)	(189)
At 30 September 2014	940	996	939	701	3,576
<i>Depreciation:</i>					
At 1 October 2013	94	911	712	559	2,276
Charge for the year	37	31	102	68	238
On disposals	(30)	-	(86)	(65)	(181)
At 30 September 2014	101	942	728	562	2,333
<i>Net book value:</i>					
At 30 September 2014	839	54	211	139	1,243
At 30 September 2013	876	76	220	184	1,356

Notes to the financial statements

at 30 September 2014

8. Fixed asset investments

	<i>Shares in subsidiary undertakings £,000</i>	<i>Total £,000</i>
<i>Cost:</i>		
At 1 October 2013 and 30 September 2014	80	80
<i>Net book value:</i>		
At 1 October 2013 and 30 September 2014	80	80

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>Principal activity</i>	<i>Capital and reserves 2014 £</i>	<i>Profit for the year 2014 £</i>
LES Construction Limited	Dormant	80	-

9. Stocks and work in progress

	<i>2014 £'000</i>	<i>2013 £'000</i>
Raw materials and consumables	37	29
Work in progress	6,719	9,908
	<u>6,756</u>	<u>9,937</u>

Notes to the financial statements

at 30 September 2014

10. Debtors

	2014 £'000	2013 £'000
Trade debtors	19,160	5,264
Amounts owed by group undertakings	2,285	1,138
Other debtors & prepayments	420	440
Deferred tax (note 12)	35	55
	<u>21,900</u>	<u>6,897</u>

11. Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Trade creditors	2,881	1,532
Payments on account	3,871	1,301
Corporation tax	1,575	767
Other taxes and social security costs	1,571	1,694
Amounts owed to subsidiary undertakings	82	82
Other creditors & accruals	1,463	1,255
	<u>11,443</u>	<u>6,631</u>

12. Provisions for liabilities and charges

	Deferred tax asset £'000
Balance at 1 October 2013	(55)
Profit and loss account	24
Current year rate change	(4)
	<u>35</u>
Balance at 30 September 2014 (see note 10)	<u>35</u>

Notes to the financial statements

at 30 September 2014

13. Share capital

	2014 £'000	2013 £'000
<i>Authorised:</i>		
<i>Equity interests:</i>		
600,000 Ordinary shares of £1.00 each	600	600
<i>Allotted, called up and fully paid:</i>		
<i>Equity interests:</i>		
561,999 Ordinary shares of £1.00 each	562	562

14. Statement of movements on reserves

	Share premium account £'000	Profit and loss account £'000
Balance at 1 October 2013	31	15,861
Profit for the period	-	5,458
Balance at 30 September 2014	31	21,319

15. Reconciliation of movements in shareholders' funds

	2014 £'000	2013 £'000
Opening shareholders' funds	16,454	14,027
Profit for the year and net addition to shareholders' funds	5,458	2,427
Closing shareholders' funds	21,912	16,454

Notes to the financial statements

at 30 September 2014

16. Financial commitments

At 30 September 2014, the company was committed to making the following annual payments under non-cancellable operating leases:

	<i>Land and buildings</i>	
	<i>2014</i>	<i>2013</i>
	<i>£'000</i>	<i>£'000</i>
<i>Operating leases which expire:</i>		
Between two and five years	163	190
In over five years	41	41
	<u> </u>	<u> </u>

17. 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.

18. Guarantees and Contingent Liabilities

The Company has contingent liabilities in respect of guarantees and performance bonds to third parties. The maximum liability of these at 30 September 2014 is £89,371 (2013 £89,371).

Under a group registration, the company is jointly and severally liable for value added tax due by some other group undertakings. At 30 September 2014 this contingent liability amounted to £9,360,988 (2013 £7,810,286).

19. Ultimate parent company

The company's immediate parent undertaking at the balance sheet date was Jacobs UK Limited. The company's ultimate parent undertaking is Jacobs Engineering Group, Inc.

Group financial statements can be obtained from Jacobs Engineering Group Inc., 155 North Lake Avenue, Pasadena, California, U.S.A, 91101.