Turner & Townsend Project Management Limited

Directors' report and financial statements

Registered number 2165592

30 April 2007

Contents

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 April 2007

Principal activities

The principal activity of the company is construction and management consultancy

Business review

The Directors are pleased to once again report turnover and profit growth, continuing the performance of recent years Growth has been achieved from securing a number of major commissions and recruitment of high quality staff Secured income is in a strong position, and therefore the Directors anticipate further progress into 2007/08

Directors and directors' interests

The directors who held office during the year and subsequent to the year end were as follows
TG Wray
WK Woolgar
J Lathom-Sharp
TNL Harrison

The share capital of the company is controlled by Turner & Townsend Group Limited whose shares are held directly by Turner & Townsend LLP at 30 April 2007

No rights to subscribe for shares in or debentures of the company were granted to any of the directors or their immediate families, or exercised by them, during the financial year

Political and charitable contributions

The company made no political or charitable donations during the year

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and all directors have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting

By order of the board

J Lathom-Sharp
Director

Low Hall
Calverley Lane
Horsforth
Leeds
LS18 4GH

20 February 2008

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to 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 judgments 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 disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

ABCD

KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

Independent auditors' report to the members of Turner & Townsend Project Management Limited

We have audited the financial statements of Turner & Townsend Project Management Limited for the year ended 30 April 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes These financial statements have been prepared under the accounting policies set out therein

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

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

Basis of audit opinion

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

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

Independent auditors' report to the members of Turner & Townsend Project Management Limited *(continued)*

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 April 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

Kpmg LLP

KPMG LLP
Chartered Account
Registered Auditor

20 February 2008

Profit and loss account
for the year ended 30 April 2007

	Note	**2007 £000**	2006 £000
Turnover	*1-2*	**83,828**	61,306
Cost of sales		**(66,566)**	(48,058)
Gross profit		**17,262**	13,248
Administrative expenses		**(11,799)**	(9,510)
Operating profit		**5,463**	3,738
Interest receivable and similar income		**18**	-
Profit on ordinary activities before taxation	*2-5*	**5,481**	3,738
Tax on profit on ordinary activities	*6*	**(861)**	(252)
Profit for the financial year		**4,620**	3,486

The company had no recognised gains or losses other than the profit for the financial year

The results of the company in the year arose from continuing operations There have been no acquisitions or disposals in the year

Balance sheet
at 30 April 2007

	Note	2007		2006	
		£000	**£000**	£000	£000
Fixed assets					
Tangible assets	*8*		**388**		352
Current assets					
Debtors	*10*	**24,603**		14,311	
Cash at bank and in hand		**5,464**		1,241	
		30,067		15,552	
Creditors amounts falling due within one year	*11*	**(21,182)**		(11,251)	
Net current assets			**8,885**		4,301
Net assets			**9,273**		4,653
Capital and reserves					
Called up share capital	*12*		**200**		200
Share premium account	*13*		**68**		68
Profit and loss account	*13*		**9,005**		4,385
Equity shareholders' funds			**9,273**		4,653

These financial statements were approved by the Board of directors on 20 February 2008 and were signed on its behalf by

TG Wray
Director

Reconciliation of movements in shareholders' funds
for the year ended 30 April 2007

	2007 £000	2006 £000
Profit for the financial year	**4,620**	3,486
Dividends	**-**	(2,100)
Net addition to shareholders' funds	**4,620**	1,386
Opening shareholders' funds	**4,653**	3,267
Closing shareholders' funds	**9,273**	4,653

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

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

Under Financial Reporting Standard 1 (revised 1996) the company is exempt from the requirement to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Turner & Townsend Group Limited, and its cash flows are included within the consolidated cash flow statement of that company

Jointly controlled entities

Joint ventures are those entities over whose activities Turner & Townsend Project Management Limited has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions Jointly controlled entities are accounted for using the proportionate consolidation method The financial statements include the company's share of income, expenses, assets and liabilities of jointly controlled entities, after adjustments to align the accounting policies with those of the company, from the date that joint control commences until the date joint control ceases

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Equipment, fixtures and fittings - 4 years

Leases

Operating lease rentals are charged to the profit and loss account during the period to which they relate

Long term contracts

Where turnover on contract work in progress differs from invoiced progress payments, the balance is included in debtors as "Amounts recoverable on contracts" or creditors as "Amounts invoiced in excess of work in progress" as appropriate

Post retirement benefits

The Turner & Townsend group operates a defined contribution pension scheme The assets of the scheme are held separately from those of the Turner & Townsend group in an independently administered fund The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements

Notes *(continued)*

1 Accounting policies *(continued)*

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Turnover

Turnover represents the value of work carried out during the year, being amounts invoiced by the company, excluding value added tax, adjusted by the increase or decrease in the value of contract work in progress

2 Turnover and profit before taxation

Turnover and profit before taxation is wholly attributable to the company's principal activity and takes place mainly in the UK

3 Profit on ordinary activities before taxation

	2007	2006
	£000	£000
Profit on ordinary activities before taxation is stated after charging		
Fees payable to the company's auditor for the audit of the company accounts	**21**	20
Depreciation and other amounts written off tangible fixed assets	**161**	140

4 Remuneration of directors

None of the directors received any remuneration from the company during the year *(2006 £nil)*

Notes *(continued)*

5 Staff numbers and costs

The average number of persons employed by the company (excluding directors) during the year, analysed by category, was as follows

	Number of employees	
	2007	2006
Professional and administrative staff	**423**	386

The aggregate payroll costs of these persons were as follows

	2007	2006
	£000	£000
Wages and salaries	**19,426**	16,767
Social security costs	**2,224**	1,863
Other pension costs (note 14)	**974**	784
	22,624	19,414

Notes *(continued)*

6 Taxation

Analysis of charge in period

	2007	2006
	£000	£000
UK corporation tax		
Current tax on income for the period	**861**	252
Tax on profit on ordinary activities	**861**	252

Factors affecting the tax charge for the current period

The current tax charge for the period is lower *(2006 lower)* than the standard rate of corporation tax in the UK *30% (2006 30%)* The differences are explained below

	2007	2006
	£000	£000
Current tax reconciliation		
Profit on ordinary activities before tax	**5,481**	3,738
Current tax at 30% *(2006 30%)*	**1,644**	1,121
Effects of		
Expenses not deductible for tax purposes	**171**	69
Group Relief	**(954)**	(938)
Total current tax charge (see above)	**861**	252

7 Dividends

	2007	2006
	£000	£000
Ordinary shares		
Dividends	**-**	2,100

Notes *(continued)*

8 Tangible fixed assets

	Equipment, fixtures and fittings £000
Cost	
At beginning of year	**1,032**
Additions	**197**
At end of year	**1,229**
Depreciation	
At beginning of year	**680**
Charge for year	**161**
At end of year	**841**
Net book value	
At 30 April 2007	**388**
At 30 April 2006	352

9 Joint ventures

Turner & Townsend Project Management Limited has a 50 per cent interest in EC Harris and Turner & Townsend Project Management (Nuclear JV) Limited This company has been proportionally consolidated in these financial statements

Summary financial information for the joint venture company, not adjusted for the percentage ownership held, is as follows

	2007 £000
Fixed assets	**10**
Current assets	**2,039**
Current liabilities	**(1,668)**
Net assets	**381**
Income	**8,158**
Expense	**(7,587)**
Profit before tax	**571**
Tax	**(190)**
Profit after tax	**381**

Notes *(continued)*

10 Debtors

	2007 £000	2006 £000
Trade debtors	**12,584**	9,087
Amounts recoverable on contracts	**2,088**	1,174
Amounts owed by parent undertaking	**-**	992
Amount owed by group companies	**8,970**	3,053
Prepayments and accrued income	**-**	-
Other debtors	**161**	5
Other taxes and social security	**800**	-
	24,603	14,311

Included in amounts owed by group companies is £7,900,000 *(2006 £2,200,000)* due after more than one year

11 Creditors: amounts falling due within one year

	2007 £000	2006 £000
Amounts invoiced in excess of work in progress	**4,420**	3,188
Trade creditors	**1,327**	381
Amounts owed to parent undertaking	**5,453**	1,857
Amounts owed to group companies	**2,805**	1,049
Taxation and social security	**1,555**	952
Other creditors	**12**	14
Accruals	**5,610**	3,810
	21,182	11,251

Current account balances with related Turner & Townsend undertakings have arisen from trading between the company and the undertakings on an arms length basis

12 Called up share capital

	2007 £000	2006 £000
Authorised, allotted, called up and fully paid		
Ordinary shares of £1 each	**200**	200

Notes *(continued)*

13 Reserves

	Share premium account £000	Profit and loss account £000
At beginning of year	68	4,385
Profit for the year	-	4,620
Dividends	-	-
At end of year	**68**	**9,005**

14 Pension costs

The company participates in the defined contribution pension scheme of Turner & Townsend Group Limited The pension cost for the year in respect of the scheme amounted to £974,000 *(2006 £784,000)*

There were no outstanding or prepaid contributions at either the beginning or end of the financial year

15 Related party disclosures

The company is controlled by Turner & Townsend Group Limited The immediate parent company is Turner & Townsend UK Limited

The company has relied on the exemption in Financial Reporting Standard 8 'Related Party Disclosures' not to disclose transactions with other Turner & Townsend undertakings on the basis that consolidated accounts are prepared by Turner & Townsend Group Limited and by Turner & Townsend LLP and are available from Companies House

16 Ultimate parent company

The ultimate parent company and ultimate controlling party is Turner & Townsend LLP