Registered no.2212959

Hyder Consulting (UK) Limited

Annual report and financial statements for the year ended 31 March 2007

Hyder Consulting

Registered office
29 Bressenden Place
London
SW1E 5DZ

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CONTENTS

Directors and advisors

Directors

AJ Proctor	(appointed 5 September 2006)
NM Hempstead	
DJ Richards	(resigned 5 September 2006)
TT Sparkes	
GJ Glynn	(resigned 5 September 2006)
NR Kemble	(appointed 5 September 2006)
AA McGuire	(appointed 5 September 2006)
CJ Evans	(appointed 5 February 2007)
MJ Clarke	(appointed 23 May 2007)

Company secretaries

SJ Brand	
NJ Hunt	(appointed 5 September 2006)

Registered office

29 Bressenden Place
London
SW1E 5DZ

Auditors

PricewaterhouseCoopers LLP
31 Great George Street
Bristol
BS1 5QD

Solicitors

Wragge and Co
55 Colmore Row
Birmingham
B3 2AS

Principal bankers

HSBC Bank PLC
22 Victoria Street
London
SW1N 0NJ

Overview

We have increased our presence in the engineering design market, and at the same time have broadened and strengthened our client offering in important advisory areas We were pleased to conclude the acquisition in April 2006 of Cresswell Associates (Environmental Consultants) Limited Since 31 March 2007 we have also completed the purchase of RPA Quantity Surveyors Limited, a leading firm of cost and project managers and quantity surveyors in Wales This acquisition will help to further expand our range of higher value services in the retail and property sector that currently accounts for about 30% of our business

As a measure of the success and the industry recognition we have achieved, we were delighted to receive the award for 'International Firm of the Year' in the Consultants of the Year 2007 Awards organised by New Civil Engineer magazine and the Association of Consulting Engineers

This was a fitting way to commence celebrations of the Company's 150^{th} anniversary in 2007 In 1857, Sir Charles Fox, who made his name on the Crystal Palace built for the Great Exhibition of 1851, founded his first consultancy practice that evolved to become Hyder Consulting We are proud of our heritage and of the world-leading innovative projects completed by our company over the past 150 years Hyder Consulting is, however, very much a company that continues to apply that flair to understand the present-day challenges faced by our clients, and to help them shape the future

Review of Operations

- Revenue increased to £98 9m (2006 £88 9m)
- Operating profit up to £11 1m (2006 £7.0m)
- Operating profit adjusted for exceptional items £5 4m (2006 £4 8m)
- Adjusted operating margin 5 4% (2006 5 4%)
- Average number of employees 1,555 (2006 1,332)

The largest growth in our business over the year has been in environmental services, one of our strategic target areas Our specialists now account for around 20% of our regional business, with Cresswell Associates making an important and successful contribution in its first year within the Group

The environmental agenda and impact is now an important aspect of virtually all of our activities The climate change specialism and sustainability skills are key services delivered to our clients on a broad range of projects In addition to working across all of our business sectors, the environmental team is rapidly increasing its own client base especially in corporate and environmental risk management activities

The transportation sector continues to provide the largest share of our work in the UK Project wins since the half year include the development and modernisation of Baker Street Station on the London Underground A resurgence in road projects in Ireland included the design and supervision of an upgrade to a section of the N7 between Dublin and Limerick Much of our work in Ireland is in conjunction with large European contractors Transportation, economic and business case studies have included a review of options to relieve rush hour congestion on the Forth Road Bridge in Scotland, focusing on the viability of a new commuter ferry route

Our work within the sector earned some prestigious awards during the year In particular, the new Paddington Road Bridge in west London, opened in June 2006, received both the 'Civil Engineering Project of the Year' in the UK National Rail Awards and the 'Major Civils Project of the Year' in the British Construction Industry Awards These truly reflect the continuation of our 150 year history of prestigious project solutions for our clients

Within the property sector we provide a holistic service from front-end planning advice and support to the high quality infrastructure and transport links that are essential to successful and sustainable development One of the goals of our acquisition strategy has been to increase our client base in the private sector and we are pleased with the progress made, particularly within the house building market and large scale urban developments, following the acquisition of Bettridge Turner and Partners

Competition for commercial building projects has been high and price sensitive We have focused on building relationships with architect and contractor partners who appreciate the value we can bring to a project We have specifically sought to introduce our international specialisms and leading edge property skills into the UK market This approach is also helping to create significant opportunities to build on work already secured for the 2012 London Olympics

Within the UK water industry, a large percentage of investment is tied in to multi-year frameworks We continue to provide high value services to water companies including Thames, South West Water and Welsh Water We have recently secured a three year framework with United Utilities for Type 2 asbestos surveys on approximately 4,500 assets

Our specialist water industry skills in areas such as asset management, investment planning and privatisation advice have been in demand internationally, particularly in the Middle East During the year, we have had teams involved in projects in the UAE, Oman and Saudi Arabia We continue to have a strong European presence in the water and highways sectors, particularly in Latvia and in Romania

UK-based staff have also become regular visitors to the Caribbean where we have worked on a number of internationally funded projects dealing with issues associated with strategic planning for coastal management and protection, sustainable tourism and natural disaster relief

Pension Scheme

During the year the Company's offer to deferred members of our final salary scheme, made last year, was extended to active members Additionally the active members agreed to the Company's proposal for a pensionable salary freeze of up to 5 years Both of these initiatives have contributed significantly to a reduction in the scheme deficit

The actuarial assumptions used to calculate the deficit are detailed in Note 18, and will be reviewed in detail in advance of the next actuarial valuation in April 2008 The key assumptions and the sensitivities of the AGPS liabilities to changes in these assumptions are as follows

Assumption	Change in assumption	Indicative effect on scheme liabilities
Discount rate	Increase / decrease by 0 5%	Decrease / increase by 10%
Rate of inflation	Increase / decrease by 0 5%	Increase / decrease by 7%
Longevity	Increase by 1 year	Increase by 4%

Over the course of the next 12 months the Company will work with the Scheme Trustees to set revised mortality assumptions that are specific to the AGPS Any increase in the longevity assumptions will produce a resultant increase of the scheme's liabilities

Current Trading and Outlook

We continue to seek to improve our project margins through emphasis on our value offering to the right clients and projects Conditions in our principal markets remain good, giving us confidence for the year ahead

People and Culture

Previous reports have described at some length our initiatives for attracting, retaining and effectively managing our single most important resource – our people We have sought to highlight and develop further career paths for technical staff (critical to the success of services to clients), management staff and project managers We remain committed to comprehensive training and development of our staff in their chosen career path

Our focus on client relationships and client service delivery has again shown a pleasing increase in our "client satisfaction rating" The surveys remain a critical tool whereby we can solicit comprehensive feedback on our clients needs and thereby align our efforts and development to match their expectations

Our success over the past year has been very much a team effort We are delighted and proud to be part of an award winning international consultancy with such a long and enviable pedigree and one which continues to be recognised by its peers, its customers and its staff as a Company which develops and builds off those founding values for a successful future

Alan Proctor
Chairman

31 Aug 2007

The Directors have pleasure in presenting their annual report to shareholders, together with the audited financial statements for the year ended 31 March 2007 on pages 12 to 30

Principal activities and business review

The Company is engaged principally in the business of engineering and environmental consulting The business review and future activities are covered in the Chairman's review on pages 2 to 4

Results

The profit on ordinary activities before taxation amounted to £9 9m (2006 £5 8m) The profit after tax was £7 5m (2006 £3 9m) The Directors do not recommend payment of a dividend (2006 £nil)

Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of liquidity risk, credit risk, interest rate risk and foreign exchange risk The Company has in place a risk management programme that seeks to limit the adverse effect on the financial performance of the Company by monitoring levels of debt finance and related finance costs

Given the size of the Company, the Directors do not delegate the responsibility of monitoring financial risk management to a sub-committee of the board

Liquidity risk

The Company actively utilises appropriately termed debt finance that is designed to ensure the Company has sufficient available funds for operations and planned expansion

Credit risk

The Company is mainly exposed to credit risk on amounts reported under the relevant Balance Sheet headings In line with Company policy appropriate credit checks are performed on potential customers to identify potential risks There are no significant credit risks associated with the balances reported and the Company does not utilise derivatives to manage its credit risk

Interest rate cash flow risk

The Company has both interest bearing assets and interest bearing liabilities Interest bearing assets comprise loans to other companies in the Hyder Consulting Group and cash balances, which earn interest at fixed and floating rates Overall interest rate management is administered by the Hyder Consulting Group who revisit the appropriateness of the Group's policy as the Group and constituent companies' operations change in size and nature

Directors

The names of the Directors of the Company are set out on page 1

Directors' interests

There were no significant contracts existing during or at the end of the year with the Company or any of its subsidiaries (other than service contracts) in which any Director is, or was, materially interested

Directors' interests in shares and share options

The Directors who held office at the year end and their interests in the shares of the ultimate holding company are set out below

Director	Hyder Consulting PLC At 31 March 2007 Ordinary Shares of 10p	Hyder Consulting PLC At 31 March 2006 Ordinary Shares of 10p
AJ Proctor	726,441	1,089,661
NM Hempstead	2,434	684
DJ Richards	-	2,684
GJ Glynn	-	30
TT Sparkes	1,808	1,808
AA McGuire	-	-
NR Kemble	3,430	30
CJ Evans	30	30

At 31 March 2007 the following share options for Hyder Consulting PLC shares had been awarded under the Hyder Consulting PLC Executive Share Option Scheme

Director	Date of Grant	Number of ordinary shares	Exercise Price	Exercisable between
NM Hempstead	19 June 2003	1,500	87 5 p	June 2006 and June 2013
	3 August 2004	1,000	139 5 p	August 2007 and August 2014
NR Kemble	3 August 2004	5,000	139 5 p	August 2007 and August 2014
	9 June 2005	10,000	194 0 p	June 2008 and June 2015
DJ Richards	19 June 2003	5,000	87 5 p	June 2006 and June 2013
	3 August 2004	5,000	139 5 p	August 2007 and August 2014
	9 June 2005	10,000	194 0 p	June 2008 and June 2015
CJ Evans	19 June 2003	5,000	87 5 p	June 2006 and June 2013
	3 August 2004	1,000	139 5 p	August 2007 and August 2014
	9 June 2005	10,000	194 0 p	June 2008 and June 2015
GJ Glynn	3 August 2004	5,000	139 5 p	August 2007 and August 2014
	9 June 2005	10,000	194 0 p	June 2008 and June 2015
TT Sparkes	19 June 2003	5,000	87 5 p	June 2006 and June 2013
	3 August 2004	5,000	139 5 p	August 2007 and August 2014
	9 June 2005	10,000	194 0 p	June 2008 and June 2015
AA McGuire	30 June 2006	5,000	256 3 p	June 2009 and June 2016

During the year ending 31 March 2007, NM Hempstead exercised 3,500 shares and GJ Glynn exercised 5,000 shares These share options were granted on 19 June 2003

No Directors have had or have any interest in the share capital of the Company

Policy on the payment of creditors

It is Company policy to comply with the terms of payment agreed with suppliers Where payment terms are not negotiated the Company endeavours to adhere to the suppliers' standard terms The average payment term in respect of the year was 33 days (2006 35 days)

Employment policies

Management recognise that employees are key to both the present and future success of the Company and support the fundamental belief that to maximise the potential of every individual there must be

- Significant investment in training and development
- A supportive working environment
- Employee participation and involvement in business matters

To this end, management are developing a framework of comprehensive policies which will balance both the Company and individual needs Across the Company all employees have the opportunity to discuss their individual performance and development in a focused way

Employees are consulted at all levels in the spirit of partnership and co-operation and the use of employee opinion and attitude surveys provides management with valuable information upon which to base policy decisions

Management continues to promote its equal opportunity policy and offers equality of opportunity and support for disabled employees and maintains good links with external organisations to encourage involvement in the workplace of disabled members of the wider community Arrangements are made where possible for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities in line with the Company's operational requirements

Contributions for charitable and political purposes

During the year, there have been no political donations Charitable donations amounted to £3,630 (2006 £575)

Post Balance Sheet event

On 24 April 2007 the Company acquired RPA Quantity Surveyors Limited, a multi-disciplinary cost and project management services business, for a total potential consideration of £3,300,000

The UK government has announced that the main rate of Corporation Tax will be reduced from 30% to 28% with effect from 1 April 2008 In accordance with FRS, the existing rate of 30% is still used as a basis for the calculation of the deferred income taxes stated in these financial statements

Auditors

In accordance with section 234ZA of the Companies Act 1985 the Directors confirm so far as they are aware, there is no relevant audit information, that is, information needed by the Company's auditors in connection with preparing their report, of which the Company's auditors are unaware, and the Directors have taken all steps that they ought to have taken (as detailed in Section 234ZA) in order to make themselves aware of any relevant information and to establish that the Company's auditors are aware of that information

A resolution to reappoint the auditors, PricewaterhouseCoopers LLP, will be proposed at the Annual General Meeting

By order of the Board

N. Hunt

Neil Hunt
Company Secretary

31 Aug 2007

Directors' responsibilities for the financial statements

Company Law requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year, and of the profit or loss of the Company for that year

In preparing the financial statements, the Directors are required to -

- Select suitable accounting policies and apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards 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

The Directors confirm that they have complied with the above requirements in preparing the financial statements

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985 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

By order of the Board

N. Hunt

Neil Hunt
Company Secretary

31 Aug 2007

We have audited the financial statements of Hyder Consulting (UK) Limited for the year ended 31 March 2007 which comprise the profit and loss account, the statement of total recognised gains and losses, the reconciliation of movements in shareholders funds, the balance sheet, the principal accounting policies and the related notes These financial statements have been prepared under the accounting policies set out therein

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose We do not, in giving this opinion, 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

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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements This other information comprises the Directors' Report, and the Chairman's review We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements Our responsibilities do not extend to any other information

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

Opinion

In our opinion

- The financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 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

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Bristol

4 September 2007

Profit and loss account for the year ended 31 March 2007

	Note	2007 £'000	As restated 2006 £'000
Turnover	1	**98,897**	88,875
Operating costs before exceptional items		**(93,516)**	(84 110)
Exceptional items	3	**5,679**	2,218
Net operating costs	2	**(87,837)**	(81,892)
Operating profit		**11,060**	6,983
Interest receivable		**42**	27
Interest payable	5	**(1,219)**	(1,218)
Profit on ordinary activities before taxation		**9,883**	5,792
Taxation	6	**(2,420)**	(1,872)
Retained profit for the year	16	**7,463**	3,920

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents

All of the above amounts relate to continuing operations

Statement of total recognised gains and losses for the year ended 31 March 2007

	2007 £'000	As restated 2006 £'000
Profit for the financial year	**7,463**	3,920
Actuarial loss on pension scheme	**(328)**	(9,808)
Deferred tax on actuarial loss	**99**	2 942
Foreign currency translation	**36**	(4)
Total recognised gains/(losses) for the year	**7,270**	(2,950)
Prior year adjustment – FRS 20	**(114)**	
Total gains recognised since last annual report	**7,156**	

Reconciliation of movements in shareholders' funds for the year ended 31 March 2007

	2007 £'000	As restated 2006 £'000
Profit for the financial year	**7,463**	3,920
Actuarial loss on pension scheme	**(328)**	(9,808)
Deferred tax on actuarial loss	**99**	2,942
Foreign currency translation	**36**	(4)
Net increase/(reduction) in shareholders' funds	**7,270**	(2,950)
Opening shareholders' funds as previously reported	**(13,710)**	(10,817)
Prior year adjustment – FRS 20	**(114)**	(57)
Opening shareholders' funds as restated	**(13,824)**	(10,874)
Closing shareholders' funds	**(6,554)**	(13,824)

Balance sheet as at 31 March 2007

	Note	2007 £'000	As restated 2006 £'000
Fixed assets			
Tangible assets	7	**2,833**	2,926
Investments	8	**9,592**	6,092
		12,425	9,018
Current assets			
Debtors	9	**34,909**	35,451
Cash at bank and in hand		**1,353**	3,870
		36,262	39,321
Current liabilities			
Creditors amounts falling due within one year	11a	**(24,070)**	(25,614)
Net current assets		**12,192**	13,707
Total assets less current liabilities		**24,617**	22,725
Creditors: amounts falling due after more than one year	11b	**(5,306)**	(1,945)
Provisions for liabilities and charges	14	**(940)**	(2,077)
Net assets excluding pension deficit		**18,371**	18,703
Pension liability	18	**(24,925)**	(32,527)
Net liabilities including pension deficit		**(6,554)**	(13,824)
Capital and reserves			
Called up share capital	15	**11,091**	11,091
Profit and loss reserve	16	**(17,645)**	(24,915)
Total equity shareholders' funds		**(6,554)**	(13,824)

The financial statements on pages 12 to 30 were approved by the Board of Directors and were signed on its behalf by

Michael Clarke
Finance Director

31 Aug 2007

Principal accounting policies

The financial statements have been prepared in accordance with Accounting Standards applicable in the United Kingdom and comply with the Companies Act 1985 A summary of the principal accounting policies, which have been consistently applied, is set out below

Basis of accounting

These financial statements have been prepared in accordance with the historical cost convention

Change in accounting policy

The group has adopted FRS 20 "share-based payments" in these financial statements The adoption of this standard represents a change in accounting policy and the comparative figures have been restated accordingly

The adoption of FRS 20 has resulted in the following impact on the profit and loss account and the statements of recognised gains and losses for the years ended 31 March

	2007 £'000	2006 £'000
Operating loss	(79)	(57)
	(79)	(57)

Analysis of prior year adjustment

Adjustment to reserves at 1 April 2005	(57)
Adjustment to profit and loss account for year ended 31 March 2006	(57)
	(114)

Consolidated accounts

The Company has taken advantage of the exemption granted by Section 228 Companies Act 1985 not to prepare consolidated accounts as it is a wholly owned subsidiary of another UK company which publishes consolidated accounts

Turnover

Turnover, which excludes Value Added Tax, is principally derived from long term contracts It is stated on the basis of the sales value of work performed during the year by reference to the total sales value and stage of completion of these contracts

Cash flow statement

A cash flow statement is not required at 31 March 2007 as the Company is a wholly owned subsidiary of Hyder Consulting PLC which prepares a consolidated cash flow statement The accounts of Hyder Consulting PLC are publicly available

Exceptional items

Exceptional items are those that need to be disclosed by virtue of their size and incidence Such items are included within operating profit unless they represent profits or losses on the sale or termination of an operation, costs of a fundamental reorganisation or restructuring having a material effect on the nature and focus of the group, or profits or losses on the disposal of fixed assets In these cases, separate disclosure is provided on the face of the profit and loss account after operating profit

Tangible fixed assets and depreciation

Tangible fixed assets are included at cost less accumulated depreciation

Depreciation is calculated so as to write off the cost of the assets, less their estimated residual values, over their estimated useful lives on a straight line basis as follows

Leasehold properties and improvements	over the period of the lease
Fixed plant	2-5 years
Computer hardware and software	2-5 years
Motor vehicles	5 years

Leased assets

Where assets are financed by leasing arrangements which transfer substantially all the risks and rewards of ownership of an asset to the company (finance leases), the assets are treated as if they had been purchased and the corresponding capital cost is shown as an obligation to the lessor Leasing payments are treated as consisting of a capital element and finance costs, the capital element reducing the obligation to the lessor and the finance charges being written off to the profit and loss account over the period of the lease in reducing amounts in relation to the written down amount The assets are depreciated over their estimated useful life or the lease period whichever is shorter All other leases are regarded as operating leases Rental costs arising under operating leases are charged to the profit and loss account in the year to which they relate, with the exception of rental costs on surplus properties which are charged against a provision set up for this purpose

Investments

Long term investments held as fixed assets are stated at cost less amounts written off or provided to reflect impairment Those held as current assets are stated at the lower of cost and net realisable value

Long term contract accounting

Amounts recoverable on contracts represent work undertaken but not yet invoiced to customers These amounts, which are included in debtors, are stated at cost plus attributable profit to the extent that such profit is reasonably certain and after making provision for any foreseeable losses in completing contracts, less payments on account received For this purpose, cost comprises the direct costs of providing the service, together with directly attributable overheads

Payments on account represent the excess of amounts billed over that earned and are included in creditors

Pension costs

The Company operates both defined contribution and defined benefit schemes For defined contribution schemes, contributions are charged as an expense to the profit and loss account as they fall due in accordance with the scheme rules

For defined benefit schemes, the obligation is calculated by independent actuaries using the Projected Unit Credit Method Actuarial gains and losses, which represent differences between the expected and actual return on the plan assets and the effect of changes in the actuarial assumptions, are recognised in full in the period in which they occur on the Statement of Total Recognised Gains and Losses

The defined retirement benefit obligation recognised in the Balance Sheet comprises the total for each plan of the present value of the benefit obligation using a discount rate determined by market yields on high quality corporate bonds, less the fair values of the scheme assets at the balance sheet date

Foreign currencies

Overseas branches' balance sheets and profit and loss accounts are translated into sterling at closing rates of exchange All other exchange gains or losses on settlement or translation at closing rates of exchange of monetary assets and liabilities are included in the determination of profit for the year

Deferred taxation

Deferred taxation is provided on an undiscounted basis on all timing differences that have originated but not reversed at the balance sheet date except as referred to below Amounts provided are calculated with reference to tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Provision is made for tax that would arise on the remittance of the retained earnings of overseas subsidiaries, only to the extent that the dividends have been accrued as receivable

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

Vacant properties

Provisions are made based on the estimated net present value of future rental payments less subletting income where properties are vacant, using independent professional advice The discount factor used in coming to the future rentals value for the average period of the lease is 5 5%

Claims including excess

The Company provides for excesses on professional indemnity insurance claims at the point these are notifiable to its insurers Amounts provided are based on estimates derived applying percentage probabilities to the expected outturn of the claim Claims deemed to have a low chance of success, set at 30% probability or less, are not provided for The amounts provided against specific indemnity claims are necessarily judgemental and are revised regularly in the light of known circumstances

1 Segmental analysis by geographical area by destination/origin

(a) Turnover by destination

	2007 £'000	2006 £'000
United Kingdom and rest of Europe	**95,352**	85,399
Far East	-	799
Rest of the world	**373**	413
Total to third parties	**95,725**	86,611
Total to fellow subsidiary undertakings	**3,172**	2,264
	98,897	88,875

(b) Turnover by origin

	2007 £'000	2006 £'000
United Kingdom and rest of Europe	**95,725**	86,611
Far East	-	-
Rest of the world	-	-
Total to third parties	**95,725**	86,611
Total to fellow subsidiary undertakings	**3,172**	2,264
	98,897	88,875

The profit and loss on ordinary activities before taxation is substantially derived from assets held within the UK

2 Net operating costs

	Before Exceptional Items 2007 £'000	Exceptional Items 2007 £'000	Total 2007 £'000	As restated 2006 £'000
Continuing operations:				
Staff costs (Note 4c)	53,558	-	53,558	45,168
Depreciation				
Own assets	598	-	598	658
Assets held under finance leases	875	-	875	779
Rentals under operating leases				
Land and buildings	1,883	-	1,883	1,762
Vehicles and equipment	1,652	-	1,652	1,497
Other operating charges	34,554	(5,679)	28,875	32,434
Dividends received from subsidiary undertakings	-	-	-	(242)
Exchange differences	394	-	394	(196)
Loss on disposal of fixed assets	2	-	2	19
Loss on disposal of subsidiaries	-	-	-	13
	93,516	(5,679)	87,837	81,892

Services provided by the Company's auditor and network firms

During the year, the following services were obtained from the Company's auditor as detailed below

	2007 £'000	2006 £'000
Fees payable for the audit of the Company	65	70
Fees payable to the Company's auditor and its associates for other Services		
Tax services		
- Compliance services	32	131
- Advisory services	29	38
Other services not covered above	4	64
	130	303

Other services include one off projects

3 Exceptional Items

Following the implementation of a pensionable salary freeze and an offer to deferred members to transfer out of the Acer Group Pension Scheme enhanced by an incentive payment from the Company, a saving against the FRS17 deficit of £6 6m has been recognised After the incentive payment and professional fees a pre-tax gain of £5 1m is included within exceptional items In addition, an amount of £0 6m has been released from the vacant property provision following an extension to the sub lease

4 Directors and employees

(a) Directors' remuneration

	2007 £'000	2006 £'000
Aggregate emoluments (including benefits in kind)	**480**	594
Contributions to defined contribution schemes	**19**	24
Contributions to defined benefit schemes	**60**	72

Retirement benefits are accruing to 4 directors (2006 3) under a defined benefit scheme
Retirement benefits are accruing to 3 directors (2006 1) under a defined contribution scheme

(b) Highest paid Director

	2007 £'000	2006 £'000
Aggregate emoluments (including benefits in kind and excluding gains on shares and options)	**99**	105
Defined benefit pension schemes Accrued pension at end of year	**-**	6

(c) Staff costs (including Directors)

	2007 £'000	As restated 2006 £'000
Wages and salaries	**45,006**	39,374
Social security costs	**4,231**	3,580
Pension costs (Note 18)	**4,242**	2,157
Share based payment expense	**79**	57
	53,558	45,168

(d) Average monthly number of employees during the year (including Directors)

	2007 Number	2006 Number
Technical	**1,316**	1,194
Administration	**239**	138
	1,555	1,332

5 Interest payable

	2007 £'000	2006 £'000
On finance leases	**150**	149
Other interest	**464**	42
Unwinding of discounts in provisions (Note 14)	**91**	67
Unwinding of discounts in deferred and contingent consideration	**103**	-
Net finance cost on pension liabilities (Note 18)	**411**	960
	1,219	1,218

6. Taxation

	2007 £'000	As restated 2006 £'000
Current Tax		
UK Corporation tax on profit for the period	**267**	1,375
Adjustment in respect of previous period	**(263)**	(528)
Double taxation relief	**(273)**	-
Overseas tax	**695**	(127)
Current year tax charge	**426**	720
Deferred taxation		
Origination and reversal of timing differences	**1,994**	1,152
Tax on profit on ordinary activities	**2,420**	1,872
Reconciliation of current year tax charge:		
Profit on ordinary activities before tax	**9,883**	5,792
Expected tax charge at 30% of profit before tax	**2,965**	1,738
Expenses not deductible for tax purposes	**257**	424
Payment for group relief	**-**	455
Overseas tax	**422**	(127)
Other timing differences	**(2,955)**	(1,242)
Adjustment in respect of previous period	**(263)**	(528)
Current year tax charge	**426**	720

The current year tax charge has been increased by the provision for payment of £1 for each £1 of tax losses received as group relief

7 Tangible fixed assets

	Leasehold properties and improvements £'000	Vehicles, plant, equipment, computer hardware & software £'000	Total £'000
Cost or valuation			
At 1 April 2006	1,255	9,346	10,601
Additions at cost	85	1,167	1,252
Transfer from subsidiary	-	377	377
Disposals	-	(237)	(237)
Exchange difference	-	(24)	(24)
At 31 March 2007	**1,340**	**10,629**	**11,969**
Accumulated depreciation			
At 1 April 2006	534	7,141	7,675
Charge for year	214	1,259	1,473
Transfer from subsidiary	-	244	244
Disposals	-	(232)	(232)
Exchange difference	-	(24)	(24)
At 31 March 2007	**748**	**8,388**	**9,136**
Net book value			
At 31 March 2007	**592**	**2,241**	**2,833**
At 31 March 2006	721	2,205	2,926

Included within the net book value is an amount of £959,895 related to assets held under finance leases (2006 £1,610,000) Within the depreciation charge for the year £875,060 relates to assets held under finance leases (2006 £778,834) All leasehold properties are held on short term leases

8 Fixed asset investments

	Interests in Subsidiary under-takings £'000	Interests in Associated under-takings £'000	Interests in Joint Ventures £'000	Total £'000
Cost				
At 1 April 2006	6,092	64	244	6,400
Additions	3,500	-	-	3,500
At 31 March 2007	**9,592**	**64**	**244**	**9,900**
Amounts provided				
At 1 April 2006 and at 31 March 2007	**-**	**64**	**244**	**308**
Net book value at 31 March 2007	**9,592**	**-**	**-**	**9,592**
Net book value at 31 March 2006	6,092	-	-	6,092

Acquisitions

Hyder Consulting (UK) Limited purchased the entire share capital of Cresswell Associates (Environmental Consultants) Limited on 6 April 2006 for a maximum purchase consideration of £3 5m

Key Subsidiaries

Name	Country of incorporation, registration and operation	Direct Shareholding %
Ashact Limited	England and Wales	100
Marcus Hodges Environment Limited	England and Wales	100
Livic Limited (t/a Bettridge, Turner and Partners)	England and Wales	100
Cresswell Associates (Environmental Consultants) Limited	England and Wales	100

Joint ventures

Name	Country of incorporation, registration and operation	Proportion %
McCarthy Hyder Consultants Ltd	Ireland	50

9 Debtors

	2007 £'000	2006 £'000
Amounts falling due within one year.		
Trade debtors	**20,516**	18,136
Amounts recoverable on contracts	**10,124**	10,745
Amounts owed by parent company and fellow subsidiary undertakings	**1,815**	4 469
Corporation tax	**245**	119
Other debtors	**225**	344
Prepayments and accrued income	**989**	723
	33,914	34,536
Amounts falling due after more than one year:		
Deferred tax asset (Note 10)	**780**	713
Prepayments and accrued income	**215**	202
	34,909	35,451

10. Deferred tax asset

	2007 £'000	2006 £'000
At 1 April	**713**	688
Credited to profit and loss account	**67**	25
	780	713
Comprising		
Accelerated capital allowances	**521**	561
Other timing differences	**259**	152
	780	713

11 Creditors

(a) Amounts falling due within one year

	2007 £'000	As restated 2006 £'000
Overdrafts & bank loans	**301**	6
Payments received on account of contracts	**4,758**	4,536
Trade creditors	**4,378**	3,396
Amounts owed to parent and fellow subsidiary undertakings	**3,167**	7,350
Other taxation and social security	**3,921**	3,228
Other creditors	**4,068**	4,310
Accruals and deferred income	**2,261**	1,919
Obligations under finance leases (Note 12)	**913**	869
Deferred and contingent consideration	**303**	-
	24,070	25,614

(b) Amounts falling due after more than one year

	2007 £'000	2006 £'000
Overdrafts & bank loans	**3,581**	193
Obligations under finance leases (Note 12)	**704**	942
Deferred and contingent consideration	**1,021**	810
	5,306	1,945

At 31 March 2007 the company has total borrowings of £3 9m, all unsecured This figure includes a loan of £3 8m, with a floating interest rate, for the purpose of funding special contributions and incentive payments to members of the AGPS The remaining balance of £0 1m relates to a fixed rate loan, expiring September 2009, for the purchase of computer software

12 Obligations under finance leases

	2007 £'000	2006 £'000
Amounts due are payable as follows		
Within one year	**913**	869
Between one and two years	**569**	653
Between two and five years	**135**	289
	1,617	1,811

13. Leasing commitments

At 31 March 2007 there were revenue commitments, in the ordinary course of business in the next year for the payment of rentals on non-cancellable operating leases expiring

	Land and buildings 2007 £'000	Land and buildings 2006 £'000	Others 2007 £'000	Others 2006 £'000
Within one year	**18**	18	**262**	143
Between two and five years	**496**	354	**1,049**	1,102
After more than five years	**1,406**	1,295	**-**	-
	1,920	1,667	**1,311**	1,245

14 Provisions for liabilities and charges

	Note	At 1 April 2006 £'000	Released to profit and loss account £'000	Utilised in year £'000	Unwinding of discount £'000	At 31 March 2007 £'000
Professional indemnity insurance excesses	(a)	945	-	(609)	-	**336**
Vacant property	(b)	1,132	(584)	(35)	91	**604**
		2,077	(584)	(644)	91	**940**

(a) Professional indemnity insurance excesses

The provision reflects management's estimate of the likely cost of professional indemnity insurance excesses on notified claims and has been provided in accordance with Company policy These provisions will be carried forward until the claims to which they relate are agreed and the amounts utilised or released as appropriate

(b) Vacant property

The provision represents the net present value of future rentals where properties are vacant These provisions will be utilised up until such time as the vacant properties are re-let (when the requirement for a provision will be reassessed), or the lease terminates, whichever occurs earlier

15 Called up share capital

	2007 £'000	2006 £'000
Authorised:		
11,091,000 Ordinary shares of £1 each (2006 11,091,000)	**11,091**	11,091
Allotted, called up and fully paid:		
11,091,000 Ordinary shares of £1 each (2006 11,091,000)	**11,091**	11,091

16. Profit and loss reserve

	£'000
1 April 2006 as previously reported	(24,801)
Prior year adjustment – FRS 20	(114)
1 April 2006 as restated	(24,915)
Retained profit for the financial year	7,463
Actuarial loss on pension scheme	(328)
Deferred tax on actuarial loss	99
Foreign currency translation	36
31 March 2007	(17,645)
Net Pension deficit (Note 18)	24,925
Profit and loss excluding pension deficit	7,280

17. Directors' and officers' loans and transactions

Other than disclosed in the Directors' report, no loans or credit transactions with any directors, officers or connected persons subsisted during the year or were outstanding at the end of the year

18. Pension schemes

Employees of the Company participate in a number of pension schemes in the UK The assets of each pension scheme are held separately from the assets of the Company and are administered by trustees The principal scheme in the UK is the Acer Group Pension Scheme (AGPS), which is a defined benefit scheme The company also operates a Defined Contribution scheme, the Hyder Consulting (UK) Limited Group Personal Pension Plan During the year £2,062,025 (2006 £1,212,480) contributions were made to the defined contribution scheme and at 31 March 2007 there were outstanding contributions to this scheme of £199,274 (2006 £136,139)

The pension cost for the AGPS, being the principal UK scheme for Hyder Consulting (UK) Limited, has been assessed in accordance with actuarial advice, using the project unit method For this purpose the main actuarial assumptions used are based upon a discount rate of 5 3% per annum, investment return of 6 9% per annum, pay growth and inflationary increases of 3 2% per annum, and increases to pensions in payment of 2 95%, 3 2% and 2 5% per annum for increases in line with the RPI capped at 3%, 5% and 2 5% respectively, which were the assumptions used for the most recent valuation of the AGPS The overall assumption for the expected rate of return on the assets for the year starting 1 April 2006 was 7 0% per annum The overall assumption for the expected rate of return on the assets for the year starting 1 April 2007 is 7 5% per annum

A full actuarial valuation of the AGPS was carried out as at 1 April 2005 and updated to 31 March 2007 by a qualified independent actuary The contribution made to the scheme in the accounting period was

£5 822,000 (2006 £2 226,000), including a £2m special contribution funded through an unsecured loan facility, and £1 3m in lieu of member contributions, as a result of the scheme becoming non-contributory through a salary sacrifice scheme, which was offset by an increase in the current service cost The Company contribution rate was increased to 13 6% of pensionable salaries with effect from 1 April 2005 and to £2 5m per annum with effect from 1 January 2006 As the Scheme is closed to new members, under the projected unit method the current service cost will increase as the members of the scheme approach retirement During the period a pensionable salary freeze of up to five years was implemented for active members of the AGPS generating an immediate reduction in the deficit as reported under FRS17 of £4 0m In addition, an offer was made to active and deferred members to transfer out their liabilities from the AGPS resulting in an additional savings against the deficit of £2 6m being recognised in the period

Audit fees for the pension scheme amounted to £10,000 for the year (2006 £9,000)

The mortality assumptions used at March 2007 have remained consistent with those used at March 2006 The next actuarial valuation of the scheme is due in April 2008 and prior to that date the Company will work with the Trustees to set revised mortality assumptions that are specific to the scheme It is anticipated that longevity assumptions will increase in the future and have a resultant impact on the deficit

The key assumptions used are as follows

	At 31 March 2007	At 31 March 2006	At 31 March 2005
	% per annum	% per annum	% per annum
Rate of increase of salaries	**3 20**	2 90	2 92
Rate of increase of pensions in payment and deferred pensions	**2.95**	2 85	2 92
Discount rate	**5.30**	5 00	5 60
Inflation assumption	**3 20**	2 90	2 92

The assets in the scheme and the expected rate of return were

	Long term rate of return expected at 31 March 2007 % per annum	**Value at 31 March 2007 £'000**	Long term rate of return expected at 31 March 2006 % per annum	Value at 31 March 2006 £'000	Long term rate of return expected at 31 March 2005 % per annum	Value at 31 March 2005 £'000
Equities	8 30	**53,941**	8 00	51 016	8 00	38 219
Bonds	5 50	**21,621**	5 20	18 838	5 65	26 264
Other	5 25	**1,692**	4 50	5,761	4 75	(37)
Total market value of assets		**77,254**		75 615		64 446
Present value of scheme liabilities		**(109,924)**		(117 700)		(100.852)
Deficit in the scheme		**(32,670)**		(42,085)		(36 406)
Present value of unfunded liabilities		**(650)**		(799)		(780)
Pension deficit		**(33,320)**		(42 884)		(37,186)
Related deferred tax asset		**8,395**		10 357		8 592
Net pension deficit		**(24,925)**		(32 527)		(28,594)

Notes

(1) At the date of the last funding valuation (1 April 2005), the scheme held assets to the value of £64m This represented a funding level of 72 4% of the scheme's accrued liabilities at that date

(2) The Minimum Funding Requirement solvency level was certified by the scheme's independent actuary as being 89 0% as at 1 April 2005 and hence there is no statutory obligation to fund the pension deficit shown under FRS17

Analysis of the amount credited to operating profit	2007 £'000	2006 £ 000
Current service cost	(2,180)	(945)
Settlements / curtailments	6,587	3,711
Total operating income	4,407	2,766

Movement in deficit in the year	2007 £'000	2006 £'000
Deficit in scheme at beginning of year	(42,884)	(37,186)
Movement in year		
Current service cost	(2,180)	(945)
Contributions	5,896	2,304
Past service costs and settlement	6,587	3,711
Other finance income	(411)	(960)
Actuarial loss	(328)	(9,808)
Deficit in scheme at end of year	(33,320)	(42,884)

Analysis of the amount charged to other finance income	2007 £'000	2006 £'000
Expected return on pension scheme assets	5,254	4,732
Interest on pension scheme liabilities	(5,665)	(5,692)
Net expense	(411)	(960)

Analysis of amount recognised in statement of total recognised gains and losses	2007 £'000	2006 £'000
Actual return less expected return on pension scheme assets	(1,697)	5,199
Experience gains and losses arising on the scheme liabilities	(731)	(1,751)
Changes in assumptions underlying the present value of the liabilities	2,100	(13,256)
Actuarial losses	(328)	(9,808)

History of experience gains and losses	2007	2006	2005	2004
Difference between the expected and actual return on scheme assets				
Amount (£m)	(1.7)	5 2	1 2	5 0
Percentage of scheme assets	(2%)	7%	2%	8%
Experience of gains and losses on scheme liabilities				
Amount (£m)	(0.7)	(1 8)	0 2	(0 4)
Percentage of the present value of the scheme liabilities	(0.7%)	(1%)	0%	0%
Total amount recognised in statement of total recognised gains and losses				
Amount (£m)	(0.3)	(9 8)	(6 4)	1 3
Percentage of the present value of the scheme liabilities	(0.3%)	(8%)	(6%)	1%

19. Contingent liabilities

The Directors estimate that at 31 March 2007 the maximum contingent liability in respect of potential professional indemnity claims relating to contracts not covered by insurance or provided for in the financial statements amounted to £3,063,000 (2006 £3,839,000) The Directors do not consider any provision is necessary in respect of these amounts, as they consider any likelihood of loss to be remote based on legal and other advice received

The Company has entered into performance guarantees supporting project requirements The potential liability of the company at 31 March 2007 totalled £1,627,597 (2006 £2,052,553) The Directors do not consider any provision is necessary in respect of these amounts

20. Related Party transactions

In accordance with the exemption afforded by Financial Reporting Standard 8, there is no disclosure in these financial statements of transactions with entities that are part of the Hyder Consulting PLC group

21. Ultimate holding company and controlling party

The Company's intermediate holding company is Hyder Consulting Europe Ltd and its ultimate holding company and controlling party is Hyder Consulting PLC, a company registered in England and Wales Copies of the report and the consolidated financial statements of Hyder Consulting PLC are available from The Company Secretary, 29 Bressenden Place, London, SW1E 5DZ