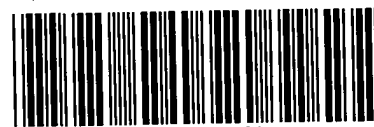


**FAITHFUL+GOULD LIMITED**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014**

**COMPANY REGISTRATION NUMBER 2236832**

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# **FAITHFUL+GOULD LIMITED**

## **FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014**

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# FAITHFUL+GOULD LIMITED

## STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2014

### Business review and future developments

#### *Nature of the business*

Faithful+Gould Limited (the Company) operates in transport, property and industrial sectors and is one of the world's largest project and cost consultants. The Company has a diverse external client portfolio and supplies services to third party customers and other members of the group of companies headed by WS Atkins plc (the Group).

The Company has entered into an arrangement to transfer the collection of its debt, and responsibility for paying its creditors to Atkins Limited in respect of the UK and to Faithful+Gould Pte Limited in respect of the United Arab Emirates. UK trade receivable and trade payable balances have been transferred to Atkins Limited in exchange for an intercompany balance. In relation to the United Arab Emirates, trade receivables and trade payables remain in the Company's balance sheet. The Company bears the risk of non-payment of its debt by the external party. Atkins Limited and Faithful+Gould Pte Limited are indirect wholly owned subsidiaries of WS Atkins plc. The Company's branches in Greece, France, Malta, Oman and Switzerland are responsible for the collection of their own debt and payment of their own creditors.

#### *Objectives of the business and future developments*

The Company's primary objective is to deliver sustainable growth in shareholder value. This requires long term earnings growth, maintaining good margins and minimising working capital. Our strategy is to develop the Company's identity further, drive excellence in all that we do and thus deliver core growth.

As the UK economy begins to improve, the business is well placed to benefit from the recovery. During 2013 we have seen good opportunities flowing through the Scape framework, to which we were appointed in 2012. The business remains strong across a range of sectors including commercial property, energy, financial services and public sector. In conjunction with the broader Group, efforts are continuous to ensure that the Company operates in an effective and efficient manner.

UK workload remains healthy going into 2014, and the Group entities in the Middle East are well placed to support the growth of other Faithful+Gould companies in the region.

#### *Principal risks and uncertainties*

We continue to manage a number of potential risks and uncertainties which could have a material impact on our long term performance. Many of these risks are common to other companies and we assess them to establish the principal risks for the Company. We continue to assess these risks under two main categories of strategic risk and operational risk. Effective risk management continues to be embedded in our governance framework, which is summarised in the Corporate Governance Report and the Strategic Report sections of the WS Atkins plc Group consolidated financial statements for the year ended 31 March 2014.

### Results and dividends

#### *Revenue*

Revenue for the year of £129.3m was £20.5m higher than 2013. This reflected increased work through the Scape framework and in the energy sector. Average headcount increased by 42 in the year, with closing headcount up by 81 on March 2013.

#### *Operating profit*

Operating profit of £9.0m represents a £2.0m increase on 2013. This reflects the turnover growth and continued focus on margins.

#### *Profit after tax*

Profit after tax for the year of £8.0m (2013: £6.6m) is shown in the statement of comprehensive income on page 9.

**FAITHFUL+GOULD LIMITED****STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2014****Results and dividends (continued)****Cash**

In the UK funds are held by either the Company or Atkins Limited and in the United Arab Emirates all funds are held by Faithful+Gould Pte Limited. The Company's branches in Greece, France, Oman and Switzerland hold their own bank accounts and the funds of the Malta branch are held in the UK.

Net funds as at 31 March 2014 were £3.9m (2013:£3.0m). Cash generated from operating activities was £2.5m (2013:£2.3m) representing 28% of operating profit (2013:32%).

**Dividends**

The directors do not recommend the payment of a dividend in respect of the year ended 31 March 2014 (2013: £nil).

**Key performance indicators (KPIs)**

Management uses a range of performance measures to monitor and manage the business. Certain of these are particularly important in the generation of shareholder value and are considered KPIs. Our KPIs measure past performance and also provide information to allow us to manage the business into the future. Revenue and operating profit indicate the volume of work we have done and its profitability; staff numbers show us how effective we have been in recruiting and retaining our key resource. KPIs for 2014 are shown in the table below, along with prior year comparatives.

|                                  | 2014           | 2013    | Change<br>in year |
|----------------------------------|----------------|---------|-------------------|
| <b>Financial metrics</b>         |                |         |                   |
| Revenue                          | <b>£129.3m</b> | £108.8m | +18.8%            |
| Operating profit                 | <b>£9.0m</b>   | £7.0m   | +28.3%            |
| Operating margin                 | <b>6.9%</b>    | 6.4%    | +7.8%             |
| <b>People</b>                    |                |         |                   |
| Average staff numbers            | <b>1,102</b>   | 1,060   | +42               |
| Staff at 31 March <sup>(1)</sup> | <b>1,141</b>   | 1,060   | +81               |

(1) Staff numbers are shown on a full time equivalent basis.

**Corporate responsibility**

The Company is committed to acting responsibly towards all our stakeholders and the Group is committed to taking a leadership position within our sector. The Group's corporate responsibility strategy and performance is published on its website at [www.atkinsglobal.com/cr](http://www.atkinsglobal.com/cr). A summary of the year's activities is included in the WS Atkins plc consolidated financial statements for the year ended 31 March 2014, which is publicly available on the Group website at [www.atkinsglobal.com/investors](http://www.atkinsglobal.com/investors).

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



Helen Baker

Company Secretary

10 September 2014

**FAITHFUL+GOULD LIMITED****DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2014**

The directors present their annual report on the affairs of Faithful+Gould Limited (the Company), together with the Financial Statements and the independent auditors' report, for the year ended 31 March 2014.

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

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

The Company is domiciled in England and Wales and is a private limited company.

The Company operates in the Middle East through its branches in the United Arab Emirates and Oman. The Company also operates in Europe through branches in Greece, Malta, France and Switzerland, the last of which was established during the year. The Company has a subsidiary in the Kingdom of Saudi Arabia.

**Financial instruments**

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

**Treasury policies and objectives**

WS Atkins plc's (the ultimate parent company of Faithful+Gould Limited) group treasury function (Group Treasury) manages and monitors external funding and investment requirements and financial risks in support of the Group's corporate objectives. Details of the policies and procedures are set out in the WS Atkins plc's consolidated financial statements for the year ended 31 March 2014. Details of the Company's financial risks and management policies are in note 2 of the Financial Statements.

**Critical accounting policies**

The Company's principal accounting policies are described in note 1 to the Financial Statements. The Financial Statements for the year ended 31 March 2014 have been prepared under International Financial Reporting Standards (IFRSs) as adopted by the European Union.

# FAITHFUL+GOULD LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2014

### Directors

The directors who served during the year and up to the date of signing these financial statements were as follows:

| Name                         | Appointed   | Resigned         |
|------------------------------|-------------|------------------|
| Barrett, Richard John        |             | 15 July 2013     |
| Bottomley, William Albert    |             | 31 July 2013     |
| Breen, Peter Anthony Desmond |             |                  |
| Brooks, Adam                 |             |                  |
| Clemson, Neil William        |             |                  |
| Constable, Andrew Stephen    |             |                  |
| Cullens, James               | 1 July 2014 |                  |
| Dancy, Martin William        |             | 30 April 2013    |
| Drewett, Heath Stewart       |             |                  |
| Gould, John Alexander        |             |                  |
| Gray, Nicholas Kenneth       |             |                  |
| Green, Andrew Clifford       |             |                  |
| Griffiths, Alun Hughes       |             | 30 July 2014     |
| Hartley, Timothy             |             |                  |
| Holmes, David Jon            |             | 31 March 2014    |
| Lawson, Donald Arthur        |             |                  |
| McDonald, Gordon Edward      |             | 31 December 2013 |
| Metcalfe, Ian                |             | 31 July 2013     |
| Raine, Charles Simon         |             | 31 July 2013     |
| Sealy, Jonathan Mark         |             |                  |
| Sowerby, Mark Andrew         |             |                  |
| Stinton, Alan Keith          |             | 31 March 2014    |
| Wood, John                   |             |                  |

### Indemnification of and insurance cover for directors and officers

Directors and officers of the Company benefit from directors' and officers' liability insurance cover in respect of legal actions brought against them. In addition, directors of the Company are indemnified by a third party qualifying indemnity in accordance with the Company's articles of association to the maximum extent permitted by law. These indemnities were in force during the financial year and remain in force at the date of the signing of these financial statements. Neither the insurance nor the indemnities provide cover where the relevant director or officer has acted fraudulently or dishonestly.

### Directors' remuneration

Directors' remuneration has been disclosed in note 5 of the Financial Statements.

### Employees

#### Engagement

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

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

Day to day, we maintain regular communication with our employees through chief executive officer (CEO) letters, Group updates and information, project successes and stories about our people, which we make available via our Group wide intranet. Following the announcement of the Group's financial results, we provide updates on the Group's performance through an online presentation from our Group finance director and video interview with our Group CEO. We also make these available as a recorded telephone message and a written transcript.

## FAITHFUL+GOULD LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2014

#### **Employees (continued)**

##### *Engagement (continued)*

Our senior leadership teams hold meetings and open discussions to give employees the opportunity to ask questions about our strategy and future plans. Another popular communication channel is the Group's CEO blogs, through which the Company CEO shares informal thoughts, images and updates, and invite comments from employees.

##### *Diversity*

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

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

##### *Reward*

Employee share ownership is encouraged across the Group to align the interests of our employees and our shareholders and enable our employees to share in the success of the Group. In the UK, the Group operates a share incentive plan (SIP) that provides a tax-efficient mechanism for employees to become shareholders. Approximately 12% of eligible employees in the Group participate in the SIP.

#### **Political donations**

The Company made no political donations and incurred no political expenditure during the year ended 31 March 2014 (2013:£nil).

#### **Share capital**

Full details of the Company's issued share capital, including changes during the year, can be found in note 17 of these financial statements.

#### **Directors' statement of responsibility**

The directors are responsible for preparing the Directors' and Strategic Reports and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Financial Statements for each financial year. The directors have prepared the Company's financial statements in accordance with applicable law and IFRSs as adopted by the European Union. In preparing these Financial Statements, the directors have also elected to comply with IFRSs issued by the IASB. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union, and IFRSs as issued by the International Accounting Standards Boards (IASB), have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

**FAITHFUL+GOULD LIMITED****DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2014****Directors' statement of responsibility (continued)**

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and that 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.

Each of the directors, whose names are listed in these Financial Statements, confirms that, to the best of his knowledge:

- the Directors' report contained in the Annual Report and Financial Statements includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces; and
- the Company Financial Statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company.

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

**Disclosure of audit information**

The directors confirm that, as at the date this report was approved, so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware and that he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Going concern**

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and therefore continue to adopt the going concern basis in preparing the Financial Statements.

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



Helen Baker  
Company Secretary  
10 September 2014

Registered office:  
Woodcote Grove  
Ashley Road  
Epsom  
Surrey KT18 5BW



**FAITHFUL+GOULD LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**  
**FAITHFUL+GOULD LIMITED**  
**FOR THE YEAR ENDED 31 MARCH 2014**

**Report on the financial statements**

*Our opinion*

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the Company's affairs as at 31 March 2014 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with the IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

*What we have audited*

The Financial Statements, which are prepared by Faithful+Gould Limited, comprise:

- the balance sheet as at 31 March 2014;
- the statement of comprehensive income for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the Financial Statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

*What an audit of financial statement involves*

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (ISAs (UK & Ireland)). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all financial and non-financial information 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 misstatement or inconsistencies we consider the implications for our report.

**Opinion on other matters prescribed by the Companies Act 2006**

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

**FAITHFUL+GOULD LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**  
**FAITHFUL+GOULD LIMITED**  
**FOR THE YEAR ENDED 31 MARCH 2014**

**Other matters on which we are required to report by exception**

*Adequacy of accounting records and information and explanations received*

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the Financial Statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

*Directors' remuneration*

Under the Companies Act 2006 we are required to report to you, if in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

**Responsibilities for the financial statements and the audit**

*Our responsibilities and those of the directors*

As explained more fully in the Directors' Responsibilities Statement on pages 5 and 6, the directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

The report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Richard Lingwood (Senior Statutory Auditor)  
**For and on behalf of PricewaterhouseCoopers LLP**  
Chartered Accountants and Statutory Auditors  
Newcastle upon Tyne

10 September 2014

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR  
ENDED 31 MARCH 2014**

|   | Note | 2014<br>£'000  | 2013<br>£'000  |
|---|------|----------------|----------------|
| <b>Revenue</b>  |      | <b>129,332</b> | <b>108,823</b> |
| Cost of sales   |      | (85,646)       | (71,600)       |
| <b>Gross profit</b>   |      | <b>43,686</b>  | <b>37,223</b>  |
| Administrative expenses   |      | (34,733)       | (30,247)       |
| <b>Operating profit</b>   | 3    | <b>8,953</b>   | <b>6,976</b>   |
| Finance income  | 6    | 11             | 224            |
| Finance costs   | 6    | (339)          | (28)           |
| <b>Profit before taxation</b>                                   |      | <b>8,625</b>   | <b>7,172</b>   |
| Taxation  | 7    | (615)          | (546)          |
| <b>Profit for the year attributable to owners of the parent</b> |      | <b>8,010</b>   | <b>6,626</b>   |
| Foreign currency translation                                    |      | (607)          | 318            |
| <b>Total comprehensive income</b>                               |      | <b>7,403</b>   | <b>6,944</b>   |

## BALANCE SHEET AS AT 31 MARCH 2014

|                                      | Note | 2014<br>£'000   | 2013<br>£'000   |
|--------------------------------------|------|-----------------|-----------------|
| <b>Assets</b>                        |      |                 |                 |
| <b>Non-current assets</b>            |      |                 |                 |
| Goodwill                             | 9    | 2,257           | 2,257           |
| Plant and Equipment                  | 10   | 28              | -               |
| Investments                          | 11   | 61              | 61              |
| Deferred tax asset                   | 12   | 76              | 18              |
|                                      |      | <b>2,422</b>    | <b>2,336</b>    |
| <b>Current assets</b>                |      |                 |                 |
| Trade and other receivables          | 13   | 87,814          | 79,880          |
| Cash and cash equivalents            | 14   | 3,906           | 2,996           |
|                                      |      | <b>91,720</b>   | <b>82,876</b>   |
| <b>Total assets</b>                  |      | <b>94,142</b>   | <b>85,212</b>   |
| <b>Liabilities</b>                   |      |                 |                 |
| <b>Current liabilities</b>           |      |                 |                 |
| Trade and other payables             | 15   | (27,116)        | (25,707)        |
| Corporation tax payable              |      | (546)           | (564)           |
|                                      |      | <b>(27,662)</b> | <b>(26,271)</b> |
| <b>Net current assets</b>            |      | <b>64,058</b>   | <b>56,605</b>   |
| <b>Non-current liabilities</b>       |      |                 |                 |
| Payables                             | 16   | (4,228)         | (4,050)         |
| Deferred tax liability               | 12   | (21)            | (63)            |
| <b>Total non-current liabilities</b> |      | <b>(4,249)</b>  | <b>(4,113)</b>  |
| <b>Total liabilities</b>             |      | <b>(31,911)</b> | <b>(30,384)</b> |
| <b>Net assets</b>                    |      | <b>62,231</b>   | <b>54,828</b>   |
| <b>Capital and reserves</b>          |      |                 |                 |
| Ordinary shares                      | 17   | 100             | 100             |
| Retained earnings                    |      | 62,131          | 54,728          |
| <b>Total equity</b>                  |      | <b>62,231</b>   | <b>54,828</b>   |

These financial statements on pages 9 to 29 were approved by the board of directors and are signed on its behalf by:



Heath Drewett  
Director

10 September 2014

Company Registration Number: 2236832

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED  
31 MARCH 2014**

|  | Ordinary<br>Shares<br>£'000 | Retained<br>Earnings<br>£'000 | Total<br>Equity<br>£'000 |
|--|-----------------------------|-------------------------------|--------------------------|
| Balance at 1 April 2012                                  | 100                         | 47,784                        | 47,884                   |
| Profit for the year                                      | -                           | 6,626                         | 6,626                    |
| Foreign currency translation                             | -                           | 318                           | 318                      |
| <b>Total recognised income and expenses for the year</b> | -                           | 6,944                         | 6,944                    |
| <b>Balance at 31 March 2013</b>                          | <b>100</b>                  | <b>54,728</b>                 | <b>54,828</b>            |
| Profit for the year                                      | -                           | 8,010                         | 8,010                    |
| Foreign currency translation                             | -                           | (607)                         | (607)                    |
| <b>Total recognised income and expenses for the year</b> | -                           | 7,403                         | 7,403                    |
| <b>Balance at 31 March 2014</b>                          | <b>100</b>                  | <b>62,131</b>                 | <b>62,231</b>            |

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2014**

|   | Note | 2014<br>£'000 | 2013<br>£'000 |
|---|------|---------------|---------------|
| <b>Cash flows from operating activities</b>         |      |               |               |
| Cash generated from operations                      | 21   | 2,526         | 2,245         |
| Purchase of fixed assets                            |      | (48)          | -             |
| Corporation tax paid                                |      | (633)         | (190)         |
| Interest received                                   |      | 11            | 224           |
| Interest paid                                       |      | (339)         | (28)          |
| <b>Net cash generated from operating activities</b> |      | <b>1,517</b>  | <b>2,251</b>  |
| <b>Net increase in cash and cash equivalents</b>    |      | <b>1,517</b>  | <b>2,251</b>  |
| Cash and cash equivalents at 1 April                |      | 2,996         | 427           |
| Effects of exchange rates                           |      | (607)         | 318           |
| <b>Cash and cash equivalents at 31 March</b>        | 14   | <b>3,906</b>  | <b>2,996</b>  |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

### 1. Accounting policies

The Company is a limited company incorporated and domiciled in England and Wales and its registered office is Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, England.

The principal accounting policies applied in the preparation of the Company's Financial Statements are set out below. The policies have been consistently applied to all the periods presented, including the application of new IFRSs standards and interpretations, unless otherwise stated.

#### Basis of preparation

The Company's Financial Statements have been prepared in accordance with IFRSs as adopted by the European Union (EU), the Companies Act 2006 that applies to companies reporting under IFRS, and IFRS Interpretations Committee standards (IFRS IC) applicable to companies reporting under IFRS. The Financial Statements have been prepared under the historical cost convention, and financial assets and financial liabilities at fair value through profit or loss.

#### Changes in accounting policy and disclosure

##### (a) New and amended standards adopted by the Company

- Amendment to IAS 19, *Employee benefits*
- Amendment to IAS 1, *Financial statement presentation*, regarding other comprehensive income
- Amendment to IFRS 7, *Financial instruments: Disclosures*, on asset and liability offsetting
- IFRS 13, *Fair value measurement*

##### (b) New standards and interpretations not yet adopted by the Company

- IFRS 9, *Financial instruments*
- IFRS 10, *Consolidated financial statements*
- IFRS 11, *Joint arrangements*
- IFRS 12, *Disclosures of interests in other entities*
- IFRS 14, *Regulatory deferral accounts*
- IAS 27 (revised 2011), *Separate financial statements*
- IAS 28 (revised 2011), *Associates and joint ventures*
- IAS 36, *Impairment of assets on recoverable amount disclosures*
- Amendments to the following standards:
  - IFRS 10, IFRS 12 and IAS 27: *Investment Entities*
  - IFRS 10, IFRS 11 and IFRS 12: *Transition Guidance*
  - IAS 19, *Employee benefits: Defined benefit plans: Employee Contributions*
  - IAS 32, *Financial instruments: Presentation*
  - IAS 39, *Financial instruments: Recognition and measurement*

#### Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and therefore continue to adopt the going concern basis in preparing the Financial Statements.

#### Basis of consolidation

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

### 1. Accounting policies (continued)

#### **Critical accounting policies**

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Material estimates applied across the Company are reviewed to a common standard and adjusted where appropriate to ensure that consistent treatment of similar and related issues that require judgement is achieved. Any revisions to estimates are recognised prospectively. The accounting policies and areas that require the most significant estimates and judgements to be used in the preparation of the financial statements are in relation to contract accounting and goodwill impairment.

#### *Contract accounting*

The Company's contract accounting policy is central to how the Company values the work it has carried out in each financial year. The policy requires forecasts to be made on the projected outcome of projects. These forecasts require assessments and judgements to be made on changes in work scopes, changes in costs and costs to completion, for example. While the assumptions made are based on professional judgements, subsequent events may mean that calculated estimates prove to be inaccurate, with a consequent effect on the reported results.

#### *Goodwill impairment*

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

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

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

#### **Foreign currency transactions and translation**

##### *Functional and presentational currency*

Items included in the Financial Statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in pounds sterling ("£"), which is the Company's functional and presentation currency.

##### *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

### 1. Accounting policies (continued)

#### Foreign currency transactions and translation (continued)

##### *Branches*

The results and financial position of the Company's branches (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- income and expenses for each income statement are translated at average exchange rates;
- all resulting exchange differences are recognised in the comprehensive income statement.

#### Revenue

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

#### Revenue recognition and contract accounting

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

In some cases, a margin provision is then made, depending on how far progressed each project is and the risk profile of the project. Where contracts span two or more accounting periods, profit is not generally recognised until the project is 50% complete. In addition, provision is made in full for estimated losses and, where the outcome of a contract cannot be reasonably foreseen, profit is taken on completion.

Revenue is recognised on the majority of the Company's contracts on a percentage completion basis when the outcome of a contract or project can be reasonably foreseen. Under the percentage completion method, the percentage of the total forecast revenue reported at any point in time is calculated based upon the proportion of total costs incurred to date as a percentage of total forecast costs.

#### Pre-contract costs

The Company accounts for all pre-contract costs in accordance with IAS 11, *Construction contracts*. Costs incurred before it becomes probable that a contract will be obtained are charged to expenses. Directly attributable costs incurred after that point are recognised in the balance sheet and charged to the income statement over the duration of the contract.

#### Retirement benefit schemes

The Company operates a defined contribution scheme. A defined contribution scheme is a pension plan under which the Company pays fixed contributions into separately administered funds. The Company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefit relating to employee service in the current and prior periods.

The Company accounts for pensions in accordance with IAS 19, *Employee benefits*. The cost of the defined contribution scheme is charged to operating profit as incurred.

#### Share-based payments

Key employees of the Company participate in a number of share incentive plans involving awards settled in equity of the ultimate holding company, WS Atkins plc, or, in limited circumstances, in cash. These awards are administered on behalf of the Group by a fellow subsidiary undertaking which recharges the costs of awards that relate to other participating companies. Full details of share-based payments are disclosed in notes of the WS Atkins plc financial statements for the year ended 31 March 2014.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

### 1. Accounting policies (continued)

#### Share-based payments (continued)

WS Atkins plc reports on the schemes in accordance with IFRS 2, *Share-based payments*. The cost of share-based payments awarded after 7 November 2002 is charged to the Group's income statement over the performance and vesting periods of the instruments. The cost is based on the fair value of the awards made at the date of grant adjusted for the number of awards expected to vest. In accordance with the transitional provisions within IFRS 2, no charge is made in respect of instruments awarded before 7 November 2002. The credits associated with the amounts charged to the income statement are included in the Group's retained earnings/deficit until the awards are exercised. Where awards are settled by new issue shares any proceeds received in respect of share options are credited to the Group's share capital and share premium. Where awards are settled in shares held by the Employee Benefit Trusts ("EBTs") any proceeds are credited to the Group's retained earnings/deficit.

#### Income tax

Current and deferred income tax are recognised in the income statement for the period except where the taxation arises as a result of a transaction or event that is recognised directly in equity. Income tax arising on transactions or events recognised directly in equity is charged or credited directly to equity.

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its branches operate and generate taxable income.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting, nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

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

#### Intangible assets

##### Goodwill

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

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

Goodwill is allocated to CGUs for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

### 1. Accounting policies (continued)

#### Intangible assets (continued)

##### *Goodwill (continued)*

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value is compared to the recoverable amount. Any impairment is recognised immediately as an expense and is not subsequently reversed.

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

#### Plant and Equipment

Plant and equipment is carried at cost less accumulated depreciation and impairment. Cost comprises purchase price after discounts and rebates plus all directly attributable costs of bringing the asset to working condition for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on plant and equipment is calculated using the straight line method to write off the cost less residual value of each asset over its estimated useful life of between 3 to 12 years.

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

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

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

#### Investments

Investments in subsidiaries are stated at cost less impairments.

#### Financial instruments

All of the Company's financial assets are receivables. All of the Company's financial assets and liabilities are initially measured at fair value and subsequently measured at amortised cost.

#### Trade receivables

UK trade receivables are held by a representative of the Company, Atkins Limited; trade receivables of the Company's branches are held by the Company. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairments. A provision for the impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against the income statement.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014****1. Accounting policies (continued)****Cash and cash equivalents**

Cash and cash equivalents represent amounts held as petty cash and cash in the bank account of the Company's branches in Greece, France, Switzerland Malta and Oman. UK funds are held by the Company and Atkins Limited and in the United Arab Emirates all funds are held by Faithful+Gould Pte Limited.

**Operating leases**

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

**Trade payables**

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). UK trade payables are held by a representative of the Company, Atkins Limited; all branch trade payables are held by the Company. Trade payables are recognised at original invoice amount.

**Share capital**

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

**Provisions for other liabilities and charges**

Provisions are recognised in the balance sheet when the Company has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

**2. Financial risk management****Financial risk factors**

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and price risk), credit risk and liquidity risk.

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

These policies are further described within the 'Treasury policy and objectives' section of the Financial Performance Review section of the WS Atkins plc consolidated financial statements for the year ended 31 March 2014.

*(a) Market risk*

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

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

### 2. Financial risk management (continued)

#### Financial risk factors (continued)

##### (a) Market risk (continued)

Trade receivables and payables denominated in currencies other than the local functional currency arise from commercial transactions and are therefore largely hedged as part of the process described above. Remaining financial assets and liabilities denominated in currencies other than the local functional currency are unhedged.

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

##### (b) Credit risk

Credit risk is the risk that the Company will suffer financial loss as a result of counterparties defaulting on their contractual obligations. The risk arises on trade and other receivables, with the maximum exposure to risk equivalent to 100% of the carrying value disclosed in the Company's balance sheet at 31 March. The Company does not hold any collateral as security. The Company's policy is that cash and investments should not be concentrated with any one counterparty.

For trade and other receivables, an assessment of credit quality of the customer is made where appropriate using a combination of external rating agencies, past experience and other factors. In circumstances where credit information is unavailable or poor, the risk is mitigated by use of advance payments and, by exception, through credit risk insurance. Company policy is not to apply individual credit limits, although exposure and payment performance are monitored closely both at individual project and client level, with a series of escalating debt recovery actions taken where necessary. The Company's customer base is broad and dispersed; there are no concentrations of credit risk that would cause concern.

##### (c) Liquidity risk

The Company funds its activities through intercompany balances. All Company income is received and all Company expenditure is met by the Group. The Group's banking facilities include cash facilities and bank guarantees.

|                                    | Over 1<br>year<br>£'000 | Carrying<br>value<br>£'000 |
|------------------------------------|-------------------------|----------------------------|
| <b>2014</b>                        |                         |                            |
| Amounts owed to group undertakings | 3,455                   | 3,455                      |
| <b>2013</b>                        |                         |                            |
| Amounts owed to group undertakings | 3,455                   | 3,455                      |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

### 2. Financial risk management (continued)

#### Financial risk factors (continued)

##### (d) Concentrations of financial instruments

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

|                             | Financial<br>assets<br>2014<br>£'000 | Financial<br>liabilities<br>2014<br>£'000 | Financial<br>assets<br>2013<br>£'000 | Financial<br>liabilities<br>2013<br>£'000 |
|-----------------------------|--------------------------------------|---|--------------------------------------|---|
| Sterling                    | 71,549                               | 3,814                                     | 65,381                               | 3,455                                     |
| Euro                        | 260                                  | 104                                       | 165                                  | 6   |
| United Arab Emirates Dirham | 7,140                                | 114                                       | 7,433                                | 26  |
| Kuwaiti Dinar               | 331                                  | 1,017                                     | 1,287                                | 1,005                                     |
| Omani Rial                  | 1,631                                | 24  | 413                                  | 32  |
| Total                       | 80,911                               | 5,073                                     | 74,679                               | 4,524                                     |

#### Capital risk management

As part of the Group, the Company's objectives when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

### 3. Operating profit – analysis of costs by nature

|   | 2014<br>£'000 | 2013<br>£'000 |
|---|---------------|---------------|
| <b>Operating profit is stated after charging/(crediting):</b> |               |               |
| Employee benefit costs (note 4)                               | 64,858        | 61,184        |
| Impairment of trade receivables (note 13)                     |               |               |
| - increase in provisions                                      | 306           | 282           |
| - release of provisions                                       | (328)         | (263)         |
| Impairment of amounts receivable from group undertakings      | -             | 370           |
| Depreciation of plant & equipment                             | 20            | -             |
| Write off of amounts receivable from group undertakings       | -             | 221           |
| Audit fee   | 28            | -             |
| Payments under operating leases – vehicles and plant          | 2,750         | 2,615         |

#### Services provided by the Company's auditors

The audit fee for 2013 was borne by another group undertaking, Atkins Limited. There was no specific recharge in respect of this charge.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

### 4. Employee benefit costs

The monthly average number of staff (including directors) employed by the Company during the financial year split by activity amounted to:

|                               | 2014   | 2013   |
|-------------------------------|--------|--------|
|                               | Number | Number |
| Administration and management | 120    | 117    |
| Technical                     | 982    | 943    |
|                               | 1,102  | 1,060  |

The employee benefit costs of the above were:

|                                | 2014   | 2013   |
|--------------------------------|--------|--------|
|                                | £'000  | £'000  |
| Wages and salaries             | 55,591 | 52,737 |
| Share based payments (note 18) | 813    | 871    |
| Social security costs          | 5,255  | 4,709  |
| Other pension costs (note 20)  | 3,199  | 2,867  |
|                                | 64,858 | 61,184 |

2014 costs include redundancy costs of £248,121 (2013: £319,869).

### 5. Directors' remuneration

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

|  | 2014  | 2013  |
|--|-------|-------|
|  | £'000 | £'000 |
| Aggregate emoluments                             | 2,590 | 3,318 |
| Pension scheme contributions                     | 356   | 382   |
| Aggregate amounts receivable under share schemes | 549   | 443   |
|  | 3,495 | 4,143 |

Emoluments of the highest paid director:

|                       | 2014  | 2013  |
|-----------------------|-------|-------|
|                       | £'000 | £'000 |
| Emoluments receivable | 428   | 363   |

During the year, 19 directors received contributions to a money purchase scheme (2013: 20). 19 of the directors exercised share options during the year (2013: 16), including the highest paid director.

The directors' emoluments, including pension contributions of £356,006 (2013: £381,921), paid by the Company were £3,495,062 (2013: £4,143,230). The emoluments, excluding pension contributions, for the highest paid director were £386,680 (2013: £328,114) and pension contributions for that director were £41,496 (2013: £35,173).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014**
**5. Directors' remuneration (continued)**

Heath Drewett is and Alun Griffiths was a director of WS Atkins plc, the ultimate parent company. Heath Drewett is and Alun Griffiths was also a director of a number of other subsidiary companies in the Group along with and John Gould. The services provided by these directors to this Company and to a number of other subsidiaries of the Group are of a non-executive nature.

None of the directors mentioned above received any emoluments in respect of their qualifying services to the Company during the year (2013: none). The emoluments and key management compensation of these directors are borne by another Group company, Atkins Limited, and recharged to the Company as part of a management charge. This management charge, which in 2014 amounted to £1,772,000 (2013: £1,146,000), also includes a recharge of administration costs borne by the Group companies on behalf of the entity and it is not possible to identify separately the amount of each of the directors' compensation within this management charge.

All other directors were remunerated in full by the Company.

**6. Finance income and costs**

| Finance income  | 2014<br>£'000 | 2013<br>£'000 |
|---|---------------|---------------|
| Loan interest on intercompany loans                                   | 11            | 224           |
| Finance costs   | 2014<br>£'000 | 2013<br>£'000 |
| Loan interest on intercompany borrowing                               | 36            | 28            |
| Reverse loan interest income on intercompany loans for previous years | 316           | -             |
| Other   | (13)          | -             |
|   | 339           | 28            |

**7. Income Tax expense**
**a) Analysis of charge in the year**

|   | 2014<br>£'000 | 2013<br>£'000 |
|---|---------------|---------------|
| Current income tax                                  |               |               |
| - current year                                      | 759           | 454           |
| - adjustment in respect of prior years              | (44)          | (26)          |
| Deferred income tax (see note 12)                   |               |               |
| - origination and reversal of temporary differences | (97)          | 153           |
| - adjustment in respect of prior years              | (10)          | (33)          |
| - effects of changes in tax rates                   | 7             | (2)           |
| Income tax charged to income statement              | 615           | 546           |
| Profit before tax per income statement              | 8,625         | 7,172         |
| Effective tax rate                                  | 7.1%          | 7.6%          |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

### 7. Income Tax expense (continued)

b) The income tax rate for the year is lower (2013: lower) than the standard rate of corporation tax in the UK (23%) (2013: 24%). The differences are explained below:

|   | 2014   | 2013   |
|---|--------|--------|
|   | %      | %      |
| UK Statutory tax rate   | 23.0   | 24.0   |
| Increase/(decrease) resulting from:                           |        |        |
| Higher tax rates on overseas earnings                         | 3.4    | 0.1    |
| (Non taxable income)/expenses not deductible for tax purposes | (1.5)  | 7.1    |
| Losses claimed for nil consideration                          | (17.3) | (22.8) |
| Adjustments in respect of prior years                         | (0.6)  | (0.8)  |
| Effect in changes in tax rates                                | 0.1    | -      |
| Effective tax rate  | 7.1    | 7.6    |

### 8. Dividends

There were no dividends either paid or proposed for the year (2013: £nil).

### 9. Goodwill

|   | 2014  | 2013  |
|---|-------|-------|
|   | £'000 | £'000 |
| Cost and net book value at 1 April and 31 March | 2,257 | 2,257 |

Goodwill is not amortised but is tested for impairment in accordance with IAS 36, *Impairment of assets*, at least annually. The goodwill is considered to relate to two CGUs.

The recoverable amount of goodwill for the CGU has been based on a value in use as represented by the net present value of future cash flows. Cash flows are projected for five years based on approved budgets and plans, beyond which they are inflated by a GDP-based growth factor. They are then discounted using a pre-tax discount rate based on a nominal weighted average cost of capital. The pre-tax discount rates used were between 6.7% and 17.9% per annum which has been applied consistently to each CGU based on its risk profile.

The key assumptions used for each CGU is as follows:

|                         | 2014        | 2013        |
|-------------------------|-------------|-------------|
| 5-year growth rate      | 1.7% -5.4%  | 1.5% -3.3%  |
| Post 5-year growth rate | 1.8% -5.3%  | 1.7% -3.3%  |
| Pre-tax discount rate   | 6.7% -17.9% | 7.7% -15.2% |

As at 31 March 2014, and March 2013, based on these internal valuations, the recoverable value of goodwill required no impairment.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

## 10. Plant and Equipment

|                                      | 2014<br>£'000 | 2013<br>£'000 |
|--------------------------------------|---------------|---------------|
| Cost at 1 April                      | -             | -             |
| Additions                            | 48            | -             |
| Cost at 31 March                     | 48            | -             |
| Accumulated depreciation at 1 April  | -             | -             |
| Charge for year                      | 20            | -             |
| Accumulated depreciation at 31 March | 20            | -             |
| Net book value at 31 March           | 28            | -             |

The depreciation charge for the year of £20k is included in administrative expenses in the statement of comprehensive income.

## 11. Investments

|                        | 2014<br>£'000 | 2013<br>£'000 |
|------------------------|---------------|---------------|
| Opening net book value | 61            | 61            |
| Impairment             | -             | -             |
| Closing net book value | 61            | 61            |

The following Company was the principal subsidiary undertaking as at 31 March 2014:

| Name                                | Country of registration/incorporation | Class and percentage of shares held | Nature of business                  |
|-------------------------------------|---------------------------------------|-------------------------------------|-------------------------------------|
| Faithful+Gould Saudi Arabia Limited | Kingdom of Saudi Arabia               | Ordinary shares 90%                 | Construction and project management |

The balance of the shares is held by WS Atkins International Limited. Faithful+Gould Saudi Arabia Limited operates in the country of registration and the percentage of the issued share capital held by the Company is equivalent to the percentage of voting rights held.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

### 12. Deferred income tax

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

|   | 2014<br>£'000 | 2013<br>£'000 |
|---|---------------|---------------|
| Deferred tax assets:  |               |               |
| - deferred tax assets to be recovered after more than 12 months | 11            | 15            |
| - deferred tax assets to be recovered within 12 months          | 65            | 3             |
|   | 76            | 18            |
| Deferred tax liabilities:                                       |               |               |
| - deferred tax liabilities payable within 12 months             | (21)          | (63)          |
|   | 55            | (45)          |

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

#### a) Net deferred tax assets/(liabilities)

|                             | 2014<br>£'000 | 2013<br>£'000 |
|-----------------------------|---------------|---------------|
| Accelerated depreciation    | 14            | 18            |
| Other temporary differences | 41            | (63)          |
| Total deferred income tax   | 55            | (45)          |

#### b) Analysis of movements during the year

|  | 2014<br>£'000 | 2013<br>£'000 |
|--|---------------|---------------|
| Deferred tax assets/(liabilities) at 1 April                     | (45)          | 73            |
| Deferred tax credited/(charged) to the income statement (note 7) | 100           | (118)         |
| Deferred tax assets/(liabilities) at 31 March                    | 55            | (45)          |

The Finance Act 2013 enacted a reduction to the main rate of UK corporation tax to 21% from 1 April 2014 and 20% from 1 April 2015. As the Finance Act 2013 had been enacted as at the balance sheet date, the impact of these reductions have been reflected in the movements in deferred tax as at 31 March 2014. No further reductions to the UK corporation tax rate are currently proposed.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

### 13. Trade and other receivables

|  | 2014   | 2013   |
|--|--------|--------|
|  | £'000  | £'000  |
| Trade receivables                            | 2,370  | 4,004  |
| Less provision for impairment of receivables | (413)  | (462)  |
| Trade receivables net                        | 1,957  | 3,542  |
| Amounts recoverable on contracts             | 6,250  | 4,824  |
| Amounts owed by group undertakings           | 78,954 | 71,073 |
| Prepayments and accrued income               | 653    | 441    |
|  | 87,814 | 79,880 |

UK trade receivables are held by a representative of the Company, Atkins Limited, and are included in Amounts owed by group undertakings. The trade receivables of the branches are held by the Company. These are held at cost and this approximates to the fair value. The Company bears the risk of non payment of trade receivables by the external party. The cost of uncollectable trade receivables and the provisions for impairment are charged to the Company.

At 31 March 2014 £11.5m (2013: £11.9m) of trade receivables were within normal payment terms and considered to be fully performing. A further £7.3m (2013: £4.0m) were past due date and aged up to six months from invoice date. They were not impaired as they relate to customers for whom there is no recent history of default. Trade receivables aged beyond six months of invoice date totalled £1.1m (2013: £1.0m) and carried a provision for impairment of £0.4m (2013: £0.5m).

Amounts owed by Group undertakings are unsecured, interest free and have no fixed date of repayment.

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

|                                      | 2014  | 2013  |
|--------------------------------------|-------|-------|
|                                      | £'000 | £'000 |
| Provision for impairment at 1 April  | (462) | (426) |
| Increase in provisions               | (306) | (282) |
| Release of provisions                | 328   | 263   |
| Difference on exchange               | 27    | (17)  |
| Provision for impairment at 31 March | (413) | (462) |

The creation and release of the provision has been included within revenue in the income statement.

### 14. Cash and cash equivalents

|                           | 2014  | 2013  |
|---------------------------|-------|-------|
|                           | £'000 | £'000 |
| Cash at bank              | 3,902 | 2,991 |
| Cash in hand              | 4     | 5     |
| Cash and cash equivalents | 3,906 | 2,996 |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014**

**15. Trade and other payables**

|                                    | <b>2014</b>   | <b>2013</b>  |
|------------------------------------|---------------|--------------|
|                                    | <b>£'000</b>  | <b>£'000</b> |
| Trade payables                     | <b>1,024</b>  | 1,069        |
| Fees invoiced in advance           | <b>16,956</b> | 16,755       |
| Amounts owed to group undertakings | <b>316</b>    | -            |
| Social security and other taxation | <b>466</b>    | 443          |
| Accruals and deferred income       | <b>8,354</b>  | 7,440        |
|                                    | <b>27,116</b> | 25,707       |

UK trade payables are held by a representative of the Company, Atkins Limited. These are held at cost and this approximates to the fair value.

Amounts owed to Group undertakings are unsecured, interest free and have no fixed date of repayment. These are held at cost and this approximates to the fair value.

**16. Non-current liabilities - payables**

|                                    | <b>2014</b>  | <b>2013</b>  |
|------------------------------------|--------------|--------------|
|                                    | <b>£'000</b> | <b>£'000</b> |
| Amounts owed to group undertakings | <b>3,455</b> | 3,455        |
| Non current accruals               | <b>773</b>   | 595          |
|                                    | <b>4,228</b> | 4,050        |

Amounts owed to Group undertakings are unsecured, interest free and have no fixed date of repayment. These are held at cost and this approximates to the fair value.

**17. Ordinary shares**

|   | <b>2014</b>      | <b>2014</b>  | <b>2013</b>      | <b>2013</b>  |
|---|------------------|--------------|------------------|--------------|
|   | <b>Number of</b> | <b>£'000</b> | <b>Number of</b> | <b>£'000</b> |
|   | <b>shares</b>    |              | <b>shares</b>    |              |
| <b>Issued and fully paid ordinary shares of £1 each</b> |                  |              |                  |              |
| At 1 April  | 100,000          | 100          | 100,000          | 100          |
| At 31 March   | <b>100,000</b>   | <b>100</b>   | <b>100,000</b>   | <b>100</b>   |

**18. Share-based payments**

Key employees of the Company participate in a number of share incentive plans involving awards settled in equity of the ultimate holding company, WS Atkins plc, or in limited circumstances, in cash. These awards are administered on behalf of the Group by a fellow subsidiary undertaking which recharges the costs of awards that relate to other participating companies. Full details of share-based payments are disclosed in note 35 of the WS Atkins plc financial statements for the year ended 31 March 2014.

Costs amounting to £813,133 have been charged to the Company during the year in respect of these recharges (2013: £871,047).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

### 19. Operating lease arrangements

|   | 2014   | 2013   |
|---|--|--|
|   | Vehicles,<br>plant and<br>equipment<br>£'000 | Vehicles,<br>plant and<br>equipment<br>£'000 |
| Future aggregate minimum lease payments under non –cancellable under non-cancellable operating leases expiring: |  |  |
| Within one year   | 2,195  | 2,549  |
| Later than one year but less than five years  | 2,184  | 3,383  |
|   | 4,379  | 5,932  |

Commitments under operating leases in respect of office space occupied as a tenant of Atkins Limited are declared in the financial statements of Atkins Limited.

### 20. Pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the fund and amounted to £3,198,556 (2013: £2,867,428).

### 21. Cash generated from operations

|   | 2014    | 2013     |
|---|---------|----------|
|   | £'000   | £'000    |
| Profit before income tax                | 8,625   | 7172     |
| Adjustments for:                        |         |          |
| Finance income                          | (11)    | (224)    |
| Finance cost                            | 339     | 28       |
| Depreciation – plant and equipment      | 20      | -        |
| Movement in deferred tax                | (100)   | 118      |
| Movement in trade and other receivables | (7,934) | (10,182) |
| Movement in trade and other payables    | 1,587   | 5,333    |
| Cash generated from operations          | 2,526   | 2,245    |

### 22. Contingent liabilities

As at 31 March 2014 the Company was a guarantor/obligor on the Group's £200m revolving credit facility (RCF), signed on 10 October 2013. This facility matures in October 2018 and replaced the Group's previous £150m RCF and £30m bilateral facility, of which the Company was a guarantor/obligor at 31 March 2013. As at 31 March 2014 the Company was also a guarantor/obligor on the Group's \$75m US private placement debt which is due for repayment on 31 May 2019. The Company is jointly and severally liable for any unpaid debts in connection with these facilities.

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

The Company has given indemnities in respect of performance and contractual-related bonds. The indemnities, which arose in the ordinary course of business, are not expected to result in any material financial loss. The Company has given a cross guarantee in respect of fellow subsidiaries' overdraft facilities in the ordinary course of business.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

### 23. Related party transactions

|   | 2014    | 2013    |
|---|---------|---------|
|   | £'000   | £'000   |
| Sale of goods and services to                         |         |         |
| - entities with significant influence over the entity | 12,089  | 9,871   |
| Purchase of goods and services from                   |         |         |
| - entities with significant influence over the entity | 4,381   | 2,190   |
| Receivables from                                      |         |         |
| - entities with significant influence over the entity | 78,954  | 71,073  |
| Payables to   |         |         |
| - WS Atkins plc                                       | (3,455) | (3,455) |
| - entities with significant influence over the entity | (316)   | -       |

Provision of goods and services to and purchases of goods and services from related parties were made at the rates charged to external customers. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of amounts owed by related parties (2013: £nil).

Details of directors' emoluments are disclosed in note 5 of these financial statements.

### 24. Ultimate parent company and controlling party

The immediate parent undertaking is Faithful+Gould (Holdings) Limited, copies of the financial statements for this company are available from the company secretary at the above address.

The ultimate parent undertaking and controlling party is WS Atkins plc, a company registered in England and Wales, which is the smallest and largest group to consolidate these Financial Statements. Copies of WS Atkins plc's consolidated financial statements are publicly available at [www.atkinsglobal.com/investors](http://www.atkinsglobal.com/investors) or from the company secretary at Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW.