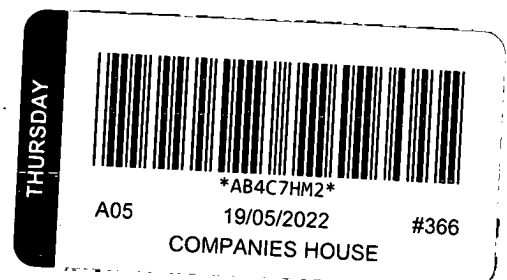


**HALCROW INTERNATIONAL PARTNERSHIP**  
(a private unlimited Company)

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 02 OCTOBER 2020**

**REGISTERED NUMBER: 02809680**



**HALCROW INTERNATIONAL PARTNERSHIP**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 02 OCTOBER 2020**

**CONTENTS**

	<b><u>Pages</u></b>
Strategic report	1-3
Directors' report	4-6
Directors' statement of responsibilities under section 172 companies act 2006	7-9
Directors' responsibilities statement	10
Independent auditor's report to the members of Halcrow International Partnership	11-14
Profit and loss account	15
Statement of other comprehensive income	16
Balance sheet	17
Statement of changes in equity	18
Notes to the Financial Statements	19-29

**HALCROW INTERNATIONAL PARTNERSHIP**  
**STRATEGIC REPORT**  
**FOR THE PERIOD ENDED 02 OCTOBER 2020**

The Strategic report is prepared in accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

**Our Business**

Halcrow International Partnership operates in Dubai and forms part of the Jacobs Engineering Inc Group (Jacobs). Jacobs is a professional engineering services firm providing engineering, consulting, design, design for design-build, procurement, operations and maintenance, programme management and technical services in select markets. The primary area of focus for the Company is in the field of civil engineering consultancy.

The following areas represent some of the fields in which the Company operates: construction engineering services, road and traffic engineering services, water and irrigation engineering services, ports engineering consultancies, airports engineering services, tunnels and bridges engineering services, onshore and offshore oil and gas fields and facilities services, power transmission and distribution engineering consultancy, comprehensive architectural planning engineering consultancy and foundations and soil mechanics engineering services. Key locations in which the Company currently operates include Dubai, Sharjah and Abu Dhabi.

We provide services to a diverse customer base. Our clients include public and private sector organizations around the world, including local, regional and national governments, asset owners, international funding agencies, regulators, financial institutions, contractors, developers and operators. We believe we provide our clients with innovative project delivery using cost-effective approaches and advanced technologies.

Our revenues are dependent upon our ability to attract and retain qualified and productive employees, identify business opportunities, allocate our labour resources to profitable markets, secure new contracts, execute existing contracts and maintain existing client relationships. Moreover, as a professional services Company, the quality of the work generated by our employees is integral to our revenue generation.

The ultimate parent undertaking is Jacobs Engineering Group Inc. ("Jacobs"), based in Texas, USA. The results of the Company have been consolidated by Jacobs commencing the accounting period ending 30 September 2020 and copies of Jacobs Financial Statements are available on the Group's website [www.jacobs.com](http://www.jacobs.com).

**Change of accounting period**

These financial statements cover the the nine month period from 28 December 2019 to 02 October 2020. Accordingly, the comparative figures for the Statement of Income and Retained Earnings and the related notes are for twelve months from 1 January 2019 to 27 December 2019.

**Principal Risks and Uncertainties Related to Our Business**

**Unpredictable economic cycles** - demand for our engineering and other services is affected by the general level of economic activity in the markets in which we operate. Our customers and the markets in which we compete to provide services are likely to experience periods of economic decline from time to time. We are engaged in a highly competitive business in which most of our contracts with public sector clients are awarded through a competitive bidding process. In both the private and public sectors, acting either as a prime contractor or as a subcontractor, we may join with other firms that we otherwise compete with to form a team to compete for a single contract. Because a team can often offer stronger combined qualifications than any firm standing alone, these teaming arrangements can be very important to the success of a particular contract competition or proposal. Consequently we maintain a network of relationships with other companies to form teams that compete for particular contracts and projects.

**Regulatory challenges** - the global nature of our business creates regulatory challenges, where failure to comply with anti-bribery and other governmental laws (whether directly or through acts of others, intentionally or through inadvertence) could, among other things, harm our reputation. While our staff are trained on the Foreign Corrupt Practices Act, the United Kingdom Bribery Act and other anti-corruption laws and we have procedures and controls in place to monitor compliance, situations outside of our control may arise that could potentially put us in violation of these regulations and thus negatively impact our business. Within the group we have ethics policies that are applicable to all employees that mandate rules of conduct to all employees including all senior executives and Directors. We maintain a confidential telephone and web-based hotline, where employees can seek guidance or report potential violations of laws, Jacobs policies or rules of conduct.

**HALCROW INTERNATIONAL PARTNERSHIP**  
**STRATEGIC REPORT**  
**FOR THE PERIOD ENDED 02 OCTOBER 2020**  
(continued)

**Foreign exchange risk** - the Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. We attempt to minimise our exposure to this by denominating our contracts in the currencies of our expenditures and obtaining escalation provisions for projects in inflationary economies.

**Credit risk** - this is primarily attributable to the Company's trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

**Key Performance Indicators**

The Company has a number of key performance indicators (KPI's), both financial and non-financial. Financial KPI's such as turnover and gross margin are covered in the Business Review section; non-financial KPI's such as client focus, safety and people investment are covered in the Market Outlook section.

**Business Review**

**Revenues** - Turnover decreased from £79.6m in 2019 to £46.3m in 2020. Whilst the level of trading has decreased slightly year-on-year due to the near completion of the SEPCO project, the fall in turnover is primarily due to 2020 being a shorter accounting period. This has been explained in the Change in Accounting Period section within the Directors' Report. Gross margin has increased in 2020 to 25% from 22% in 2019.

**Market Outlook**

The growth forecast for 2021 for UAE has been maintained, with the construction industry expected to expand by 4.4% in real terms this year, before registering an annual average growth of 3.9% from 2022 to 2025.

The hosting of the ongoing Expo 2020 event (1 October 2021 to 31 March 2022) will provide positive support to the economy, while low base effects and pent-up demand will help to generate positive growth when compared to the levels of 2020.

The UAE cabinet approved the AED290 billion (US\$79 billion) budget for 2022-2026 in October 2021. It also approved the AED58.9 billion (US\$16 billion) general budget for 2022, with a focus on improving infrastructure, along with social care, health and educational services. The budget includes an allocation of AED980.5 million (US\$267 million) for federal projects, of which AED751.5 million (US\$204.6 million) is allocated for energy and infrastructure projects.

In October 2021, the UAE became the first country in the Gulf Cooperation Council (GCC) region to commit to carbon neutrality, with the country announcing a target to cut carbon emissions to net zero by 2050. To achieve this target, the government plans to invest AED600 billion (US\$163.4 billion) on renewable energy over the next three decades.

In addition to this, the industry's forecast-period growth will also be supported by government initiatives such as the Sheikh Zayed Housing Programme and the Dubai Tourism Strategy. In October 2021, the government announced that over 11,000 new residential units are currently being constructed across the country as part of the Sheikh Zayed Housing Programme. Over the long term, the residential sector's output will be supported by the government's plan to invest AED65 billion (US\$17.7 billion) on the Emirati housing programme in Dubai over the next 20 years.

**Client Focus** - Enhancements continued to be made to the client service team to improve the ability to understand and respond to client issues and needs during the year. We aim for continued improvement to client relationship management, sales efficiency and cross market opportunities. We believe this will result in further improving the cost effectiveness of our offering to our clients.

**People Investment** - Employees have access to a variety of learning opportunities, including through the Jacobs Learning Management System where there is a mandatory annual compliance training programme, ranging from risk management to business development. This is in addition to a variety of professional network groups within the group organisation, such as the Women's Network and one for junior to mid-level staff.

**HALCROW INTERNATIONAL PARTNERSHIP**  
**STRATEGIC REPORT**  
**FOR THE PERIOD ENDED 02 OCTOBER 2020**

(continued)

**Economic disruption of COVID - 19**

On 11 March 2020, the World Health Organization made an assessment that the outbreak of a coronavirus (COVID - 19) was to be characterised as a pandemic. As a result, businesses in general have subsequently seen reduced volumes and, where governments mandated, temporary suspension of travel and closure of commercial establishments.

To alleviate the negative impact of the COVID-19 pandemic, the British Government and other independent jurisdictions and regulators have taken measures and issued directives to support businesses and the UK economy at large, including extensions of deadlines, facilitating continued business through social-distancing and easing pressure on credit and liquidity.

Specific to Jacobs, the Group has enacted several initiatives in response to the pandemic, which included making use of government support schemes including the furlough scheme and deferred VAT scheme. The company has now substantially returned all its staff from furlough and has repaid in full the VAT deferred in FY20. In addition, in the UK and globally Jacobs continues to review its property base with respect to the future of work and reduction in its office space footprint; the Group has also continued to apply its travel policy of reducing travel to a minimum.

**Economic disruption of Ukrainian conflict**

The Directors confirm that there has been no impact on the trading status, nor the company's net worth, from the ongoing conflict in Ukraine.

By order of the board of Directors on



S Miles

Director

Date 16/05/2022

**HALCROW INTERNATIONAL PARTNERSHIP**  
**DIRECTORS' REPORT**  
**FOR THE PERIOD ENDED 02 OCTOBER 2020**

The Directors present their report on the affairs of the Company, together with the audited Financial Statements for the period ended 02 October 2020.

**Principal activity**

The principal activity of the Company is the provision of services as consulting engineers in the Middle East. The Company is a private unlimited Company.

**Results**

The Company's results are outlined in the Strategic Report.

**Change of accounting period**

These financial statements cover the the nine month period from 28 December 2019 to 02 October 2020. Accordingly, the comparative figures for the Statement of Income and Retained Earnings and the related notes are for twelve months from 1 January 2019 to 27 December 2019.

**Going concern**

In assessing whether the financial statements of the Company should be prepared on a going concern basis, the Directors have considered the current trading performance, budgets, current market conditions and the longer-term outlook of the Company through to 30 June 2023.

Whilst there has been a prolonged period of economic uncertainty due to the Coronavirus (COVID19) pandemic, the Company has not been adversely affected. In addition, given the geographic location of the company's activities, there has been no direct or indirect operational impact from the ongoing Russia and Ukraine conflict. At 02 October 2020, the company has net assets of £31,605k.

The directors have prepared the financial statements on a going concern basis as they expect that adequate financing will be in place principally provided by parental support as necessary. The company is in a strong net asset position however this is funded by intercompany arrangements with other Jacobs group companies. These amounts have no prescribed terms and are therefore repayable on demand. As such, the settlement of liabilities is dependent on the timely receipt of receivable balances. This is not guaranteed and therefore creates a material uncertainty.

Having made appropriate enquiries, the directors are confident that the funding from other group companies will continue to be provided throughout the going concern period. As there is no formal commitment from JEG Inc for these funds to be provided throughout the going concern period, this represents a material uncertainty that may cast significant doubt on the entities' ability to continue as a going concern. Based on the confidence of the directors that the funds would be provided whenever necessary, the financial statements continue to be prepared on a going concern basis. The financial statements do not include the adjustments that would be required if the company was unable to continue as a going concern.

**Dividend**

The Directors have not recommended a dividend payment in respect of the period ended 02 October 2020 (2019: £nil).

**Share capital**

The ordinary share capital of the Company at 02 October 2020 was held beneficially as follows:

Halcrow Group Limited

50,000 ordinary shares (100%)

**HALCROW INTERNATIONAL PARTNERSHIP**  
**DIRECTORS' REPORT**  
**FOR THE PERIOD ENDED 02 OCTOBER 2020**  
(continued)

**Directors**

The following served on the board of Directors during the period under review and to the current date:

G Douglas (Appointed 3 June 2019 & resigned 11 August 2021)

A Lane (Appointed 30 November 2020)

A A Battikhi (Resigned 9 December 2020)

J R Shattock (Appointed 3 June 2019 and resigned 30 November 2020)

S Miles (Appointed 11 August 2021)

**Employee involvement**

The policy of the Company is one of continuing to develop effective means of consultation and communication within and between its operating constituents. Consultation is achieved through an Employee Forum, which is elected by employees and meets on a regular basis. Communication is achieved through a variety of means that deliver regular information relating to the finances, resources, technical developments and achievements of the group.

**Energy consumption**

In accordance with the Streamlined Energy & Carbon Reporting legislation, the energy use and associated greenhouse gas emissions are for those entities based within the UK only that come under the operational control boundary. Therefore, given all trading activity within Halcrow International Partnership takes place outside of the UK through the overseas branches in United Arab Emirates, the directors do not consider the entity to be in the scope of the new regulations. This aligns with the guidance for large unquoted companies – excluding the requirement for UK entities with overseas operations to disclose their energy, use and associated greenhouse gas emissions.

**Disabled persons**

The Company's policy is to give full and fair consideration to applications from disabled persons for positions in which they can perform the tasks required. Effectively, the same opportunities for training, career advancement and promotion are given to disabled persons employed by the Company as to all other staff, where this is practicable. The employment of those who become disabled whilst in the employment of the Company is continued wherever possible and appropriate training is arranged.

**Auditor**

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company auditor is unaware; and
- the Director 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.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

**HALCROW INTERNATIONAL PARTNERSHIP**  
**DIRECTORS' REPORT**  
**FOR THE PERIOD ENDED 02 OCTOBER 2020**  
(continued)

**Directors Qualifying Third Party Indemnity Provisions**

The Company has granted indemnity to one or more of its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report.

Approved by the Board and signed on  
its behalf by:



S Miles  
Director  
Date 16/05/2022

Registered office:  
Cottons Centre  
Cottons Lane  
London SE1 2QG  
United Kingdom

Registered Number:  
02809680



## **HALCROW INTERNATIONAL PARTNERSHIP**

### **DIRECTORS' STATEMENT OF RESPONSIBILITIES UNDER SECTION 172 COMPANIES ACT 2006 FOR THE PERIOD ENDED 02 OCTOBER 2020**

The Directors are fully appraised of their responsibilities under section 172 of the Companies Act 2006 and are so advised and updated regularly by the Jacobs Group internal legal counsel, and as where appropriate, its external legal counsel. Such responsibilities are as follows:

A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members a whole, and in doing so have regard (amongst other matters) to -

- 1) the likely consequences of any decision in the long term,
- 2) the interests of the company's workforce,
- 3) the need to foster the company's business relationships with suppliers, customers and others,
- 4) the impact of the company's operations on the community and the environment,
- 5) the desirability of the company maintaining a reputation for high standards of business conduct and
- 6) the need to act fairly as between members of the company

#### **Business**

Halcrow International Partnership is a company of the wider Jacobs Group. At Jacobs, we're challenging today to reinvent tomorrow by solving the world's most critical problems for thriving cities, resilient environments, mission-critical outcomes, operational advancement, scientific discovery and cutting-edge manufacturing, turning abstract ideas into realities that transform the world for good. Leveraging a talent force of more than 55,000, Jacobs provides a full spectrum of professional services including consulting, technical, scientific and project delivery for the government and private sector. Our deep global domain knowledge - applied together with the latest advances in technology - are why customers large and small choose to partner with Jacobs. We operate in two lines of business: Critical Mission Solutions and People & Places Solutions.

#### **Challenging today. Reinventing tomorrow**

At Jacobs values continue to guide our behaviours, relationships and outcomes - allowing us to act as one company and unify us worldwide when interacting with our clients, employees, communities and shareholders.

- We do things right. We always act with integrity - taking responsibility for our work, caring for our people and staying focused on safety and sustainability. We make investments in our clients, people and communities, so we can grow together.
- We challenge the accepted. We know that to create a better future, we must ask the difficult questions. We always stay curious and are not afraid to try new things.
- We aim higher. We do not settle - always looking beyond to raise the bar and deliver with excellence. We are committed to our clients by bringing innovative solutions that lead to profitable growth and shared success.
- We live inclusion. We put people at the heart of our business. We have an unparalleled focus on inclusion, with a diverse team of visionaries, thinkers and doers. We embrace all perspectives, collaborating to make a positive impact.

Our three-pillar strategy is based on the foundation of these values, as we drive to become the employer of choice, deliver connected and sustainable solutions, and leverage technology-enabled execution.

#### **Shareholders**

Halcrow International Partnership Limited is owned 100% by its ultimate parent undertaking Jacobs Engineering Group Inc ("JEGI"). JEGI provides support to the company through a variety of sources: funding availability, Executive leadership, systems and IT and going concern support as needed.

#### **Stakeholder Engagement**

The directors of Halcrow International Partnership recognise its importance of building and maintaining its relationships with its key stakeholders, advisors and suppliers. The Directors take active steps to develop and strengthen them through dialogue and engagement. Such relationships are closely monitored at Board level.

**HALCROW INTERNATIONAL PARTNERSHIP**  
**DIRECTORS' STATEMENT OF RESPONSIBILITIES UNDER SECTION 172 COMPANIES ACT 2006**  
**FOR THE PERIOD ENDED 02 OCTOBER 2020**

(continued)

**Key stakeholders**

**Workforce**

The Company is a member of the 'Jacobs' group. As part of Jacobs it puts the workforce at the heart of its business. There is an unparalleled focus on inclusion, with a diverse team of visionaries, thinkers and doers. Jacobs embraces all perspectives, collaborating to make a positive impact. As part of its Culture of Caring, it unites employees across the globe to foster these differences and amplify each voice through our employee networks. Refer to [www.jacobs.com](http://www.jacobs.com) for further details on our eight active employee networks.

At Jacobs, inclusion powers our collective strength. We believe our differences can broaden perspectives, our connections build confidence, and our collaboration inspires growth. At Jacobs, we believe the wellbeing of our people is fundamental to our success. Through our BeyondZero® culture of caring and genuine concern for each other, we work together to create a workplace that values the safety, positive mental health and sense of belonging of all employees.

In 2019, the Environmental Business International (EBI) recognized Jacobs' Mental Health Matters program for Social Contribution Merit and we also received a Silver Award in the Mind Workplace Wellbeing Index, recognizing our progress and commitment to the mental wellness of our employees.

As result of the Covid-19 pandemic Jacobs is offering the workforce a new way of working, we are in the process of implementing our 2021 plan for the 'future of work' initiative providing the flexibility of our workforce to move seamlessly between virtual and physical space. The workforce is centric to our future of work initiative, everything is routed in the workforce experience and engagement to allow our workforce to work more effectively, grow to their full potential and support innovation through new tools and software to allow for more effective work collaboration, creating a connected and sustainable Jacobs world.

**Suppliers**

The board recognises the key role its suppliers play in ensuring the company delivers a reliable service to its clients. The Company collaborates with its subcontractors and suppliers to achieve innovation solutions in support of project delivery around the world. The Company's intent is to treat its suppliers as partners; we ensure our vendors provide the required compliance and quality, reliability and flexibility. We rely on the capability of our suppliers including both large and small businesses to help deliver our services. Jacobs' procurement managers are in regular discussion with vendors. The key component to our success is our commitment to conducting business ethically, safely, and fairly — and we expect our business partners to do the same. Our supply base aspiration is geared toward building relationships with the best suppliers in areas of innovation, compliance, quality, capabilities, on-time delivery and sustainability. To accomplish this, we constantly monitor existing Jacobs suppliers and evaluate new potential suppliers.

**Clients**

We are committed to our clients by bringing innovative solutions that lead to profitable growth and shared success. We take on some of the world's biggest challenges, bringing a different way of thinking to everything we do, challenging the status quo and challenging what others might accept. Jacobs carry out client surveys and have regular meetings with key clients.

Jacobs' line of business provide end to end solutions for our clients most complex projects.

One of our key differentiators is our global integrated delivery model, which harnesses deep domain expertise from our global Solutions and Technology organization that is leveraged with the benefits of scale when we focus the world's best talent to deliver innovative and value to our clients.

Our Promise, Purpose & Values mentioned above help define who we are and what we stand for and together they summarize the fundamental tenants for how we interact with our clients; in addition Jacobs strategic business initiatives, including project management, projects controls, global quality and design excellence continue to improve performance on the solutions we deliver in our projects, programs, and services for our clients.

**HALCROW INTERNATIONAL PARTNERSHIP**  
**DIRECTORS' STATEMENT OF RESPONSIBILITIES UNDER SECTION 172 COMPANIES ACT 2006**  
**FOR THE PERIOD ENDED 02 OCTOBER 2020**  
(continued)

**Community and Environment**

The board is committed to managing the wider social environmental and economic impacts of its operations which involves the way it deals with its clients and manages sustainability issues in its supply chain. Refer to [www.jacobs.com](http://www.jacobs.com) for details of our Human rights policy, Modern Slavery Act Statement and Supplier Code of Conduct. Jacobs are committed to local communities in which it operates

From the way business is operated, to the work performed with clients, the Jacobs' Climate Action Plan will make a positive environmental, societal and economic difference for businesses, governments and communities around the world. In 2019 Jacobs received the Climate Leadership Award and EBI also recognised our work with 11 business achievements awards for environmental and climate change innovations. Refer to [www.jacobs.com](http://www.jacobs.com) for a copy of Jacobs Climate Action Plan.

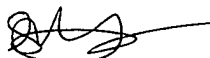
Jacobs employees around the world make a positive difference for our clients and the communities in which we live and work. As part of our PlanBeyond<sup>SM</sup> sustainability strategy, we launched our Global Giving and Volunteering program — Collectively<sup>SM</sup> — in FY20. At year end, the program had donated \$900,000 to charitable causes through employee fundraising and Jacobs matching campaigns. Established to govern and centralize our giving strategy and budget and provide a user-friendly way for employees to donate and volunteer, the program unites our 55,000 employees to support more than 2 million charities around the globe. Jacobs pledged \$1 million to help global organizations in the fight against COVID-19, including an employee matching campaign through the Collectively program.

From volunteering, employee matching campaigns and other fundraising, to providing wide-ranging technical and logistics support, we are helping in our communities during the pandemic.

**Governance**

Board meetings address compliance of the company with its corporate governance codes and reinforces the Boards requirements that its business be conducted to all due ethical standards and with integrity.

Approved by the Board and signed on its behalf  
by:



S Miles  
Director  
Date: 16/05/2022

Registered office:  
Cottons Centre  
Cottons Lane  
London SE1 2QG  
United Kingdom

Registered Number:  
02809680

**HALCROW INTERNATIONAL PARTNERSHIP**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE**  
**DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 02 OCTOBER 2020**

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

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law they have elected to prepare the Financial Statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under Company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these Financial Statements, the Directors are required to:

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

The Directors are responsible for keeping 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 enable them to ensure that the Financial Statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**  
**HALCROW INTERNATIONAL PARTNERSHIP**

**Opinion**

We have audited the financial statements of Halcrow International Partnership for the period ended 02 October 2020 which comprise the Profit and Loss Account, the Statement of comprehensive income, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 02 October 2020 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Material uncertainty related to going concern**

In forming our opinion on the financial statements, we have considered the adequacy of the disclosures made in Note 1(b) to the financial statements concerning the company's ability to continue as a going concern. The directors have prepared the financial statements on a going concern basis as they expect that adequate financing will be in place principally provided by parental support as necessary and that the company will continue to operate for the foreseeable future. However, a formal letter of support has not been provided by the parent. These conditions, along with the other matters explained in Note 1(b) to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**

**HALCROW INTERNATIONAL PARTNERSHIP**

(continued)

**Other information (continued)**

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the Financial Statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**  
**HALCROW INTERNATIONAL PARTNERSHIP**

(continued)

**Responsibilities of Directors**

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are the UK Companies Act 2006, FRS 102, and local laws and regulations relating to the company's operations in United Arab Emirates.
- We understood how Halcrow International Partnership is complying with those frameworks by making enquiries of management, those charged with governance, and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes and any correspondence with tax authorities. We noted no contradictory evidence.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by making enquiries of management from various parts of the business and performing walkthroughs of the significant classes of transactions, including controls designed to prevent and detect material misstatements. Where the risk of manipulation was considered to be higher, we performed audit procedures to address each identified fraud risk. Revenue recognition was considered to be a fraud risk due to the potential for inappropriate manipulation of estimated costs to complete within large active lump sum / fixed fee contracts.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**  
**HALCROW INTERNATIONAL PARTNERSHIP**

(continued)

**Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)**

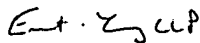
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. For a sample of projects, our procedures included inspecting contract agreements and amendments and discussing contract progress with project teams. We made an assessment of the reasonableness of estimated costs to complete which included analysing supporting evidence, performing year on year analysis and considering the reasonableness of historical estimates for similar projects. In addition, we made enquiries of the company's internal legal team, recalculated the valuation of unbilled receivables, and verified the subsequent recovery of project receivables. We also determined management override to be a fraud risk. Procedures to address this risk, in addition to the above, included testing manual journal entries and identifying specific transactions which did not meet our expectations based on specific criteria. We gained an understanding of the transactions and agreed to source documentation.

We also performed a review of board minutes to identify any non-compliance with laws and regulations and to identify any contradictory audit evidence. In addition, we designed and executed procedures to test the appropriateness of financial statement disclosures.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Use of our report**

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



**Nick Gomer (Senior Statutory Auditor)**  
**for and on behalf of Ernst & Young LLP, Statutory Auditor**  
Glasgow

16 May 2022



**HALCROW INTERNATIONAL PARTNERSHIP**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE PERIOD ENDED 02 OCTOBER 2020**

	Notes	<u>9 months to</u> <u>02 October</u> <u>2020</u> £	<u>12 months to</u> <u>27 December</u> <u>2019</u> £
<b>Turnover</b>	2	<b>46,324,474</b>	79,610,449
Cost of sales		<u>(34,869,593)</u>	<u>(62,126,296)</u>
Gross profit		<b>11,454,881</b>	17,484,153
Administrative expenses	3	<u>(6,874,123)</u>	<u>(24,214,845)</u>
<b>Operating profit / (loss)</b>	4	<b>4,580,758</b>	(6,730,692)
Interest receivable and similar income	5	<b>8,144</b>	10,980
Interest payable and similar charges	6	<u>(697,471)</u>	<u>(1,170,776)</u>
<b>Profit / (loss) on ordinary activities before taxation</b>		<b>3,891,431</b>	(7,890,488)
Tax on profit / (loss) on ordinary activities	8	<u>33,797</u>	<u>31,935</u>
<b>Profit / (Loss) for the financial period</b>		<u><b>3,925,228</b></u>	<u>(7,858,553)</u>

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

**HALCROW INTERNATIONAL PARTNERSHIP**  
**STATEMENT OF OTHER COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 02 OCTOBER 2020**

	Notes	<u>9 months to</u> <u>02 October</u> <u>2020</u> £	<u>12 months to</u> <u>27 December</u> <u>2019</u> £
<b>Profit / (loss) for the period</b>		<b><u>3,925,228</u></b>	<b><u>(7,858,553)</u></b>
<b>Other Comprehensive Income</b>			
Remeasurement of the net defined benefit pension liability	12	20,628	(710,705)
Foreign exchange differences on translation of foreign operations		<u>274,185</u>	<u>(932,718)</u>
<b>Other Comprehensive Income / (loss) for the period, net of income tax</b>		<b><u>294,813</u></b>	<b><u>(1,643,423)</u></b>
<b>Total Comprehensive Income / (loss) for the period</b>		<b><u>4,220,041</u></b>	<b><u>(9,501,976)</u></b>

**HALCROW INTERNATIONAL PARTNERSHIP**  
**BALANCE SHEET AT 02 OCTOBER 2020**

	Notes	<u>As at 02</u> <u>October 2020</u> £	<u>As at 27</u> <u>December 2019</u> £
<b>Fixed assets</b>			
Tangible assets	9	<u>1,029,091</u>	<u>1,102,556</u>
		<u>1,029,091</u>	<u>1,102,556</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	10	<u>80,998,042</u>	<u>80,443,065</u>
Cash at bank and in hand		<u>17,915,790</u>	<u>14,853,320</u>
		<u>98,913,832</u>	<u>95,296,385</u>
Creditors: amounts falling due within one year	11	<u>(54,086,485)</u>	<u>(54,981,512)</u>
<b>Net current assets</b>		<u>44,827,347</u>	<u>40,314,873</u>
<b>Total assets less current liabilities and net assets excluding pension liability</b>		<u>45,856,438</u>	<u>41,417,429</u>
Pensions and similar obligations	12	<u>(14,251,713)</u>	<u>(14,032,745)</u>
<b>Net assets</b>		<u>31,604,725</u>	<u>27,384,684</u>
<b>Capital and reserves</b>			
Called up share capital	13	<u>50,000</u>	<u>50,000</u>
Translation reserve		<u>4,365,441</u>	<u>4,091,256</u>
Profit and loss account		<u>27,189,284</u>	<u>23,243,428</u>
<b>Equity Shareholder's funds</b>		<u>31,604,725</u>	<u>27,384,684</u>

The Financial Statements for Halcrow International Partnership, registered number 02809680, were approved by the board of Directors and authorised for issue on 16 May 2022. They were signed on its behalf by:



S Miles  
Director  
Date: 16/05/2022

**HALCROW INTERNATIONAL PARTNERSHIP**  
**STATEMENT OF CHANGES IN EQUITY AT 02 OCTOBER 2020**

	Notes	Called up share capital	Translation reserve	Profit and loss account	Total equity
		£	£	£	£
<b>Balance at 1 January 2019</b>		<b>50,000</b>	<b>5,023,974</b>	<b>31,812,686</b>	<b>36,886,660</b>
<b>Total comprehensive income for the period</b>					
Loss for the period		-	-	(7,858,553)	(7,858,553)
Other comprehensive income					
Remeasurement of the net defined benefit liability	12	-	-	(710,705)	(710,705)
Foreign exchange differences on translation of foreign operations		-	(932,718)	-	(932,718)
Total comprehensive income for the period-		-	(932,718)	(8,569,258)	(9,501,976)
<b>Balance at 27 December 2019 and at 28 December 2019</b>		<b>50,000</b>	<b>4,091,256</b>	<b>23,243,428</b>	<b>27,384,684</b>
<b>Total comprehensive income for the period</b>					
Profit for the period		-	-	3,925,228	3,925,228
Other comprehensive income					
Remeasurement of the net defined benefit liability	12	-	-	20,628	20,628
Foreign exchange differences on translation of foreign operations		-	274,185	-	274,185
Total comprehensive income for the period		-	274,185	3,945,856	4,220,041
<b>Balance at 02 October 2020</b>		<b>50,000</b>	<b>4,365,441</b>	<b>27,189,284</b>	<b>31,604,725</b>

**HALCROW INTERNATIONAL PARTNERSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 02 OCTOBER 2020**

**1 PRINCIPAL ACCOUNTING POLICIES**

**Basis of accounting**

Halcrow International Partnership is a private unlimited Company incorporated and domiciled in the UK.

These Financial Statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these Financial Statements is sterling whereas the functional currency is Arab Emirates Dirhams. The functional currency is different from the presentation currency as the Company operates through branches based in the United Arab Emirates, where the local currency is Arab Emirates Dirhams.

These financial statements cover the the nine month period from 28 December 2019 to 02 October 2020. Accordingly, the comparative figures for the Statement of Income and Retained Earnings and the related notes are for twelve months from 1 January 2019 to 27 December 2019.

The Company is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the Financial Statements have been applied:

- (i) No Cash Flow Statement with related notes is included
- (ii) Key Management Personnel compensation is not disclosed
- (iii) Certain disclosures required by FRS 102.26 Share Based Payments are not disclosed
- (iv) Transactions with companies within the Jacobs group are not disclosed

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Financial Statements.

**(a) Measurement convention**

The Financial Statements are prepared on the historical cost basis.

**(b) Going concern**

In assessing whether the financial statements of the Company should be prepared on a going concern basis, the Directors have considered the current trading performance, budgets, current market conditions and the longer-term outlook of the Company through to 30 June 2023.

Whilst there has been a prolonged period of economic uncertainty due to the Coronavirus (COVID19) pandemic, the Company has not been adversely affected. In addition, given the geographic location of the company's activities, there has been no direct or indirect operational impact from the ongoing Russia and Ukraine conflict. At 02 October 2020, the company has net assets of £31,605k.

The directors have prepared the financial statements on a going concern basis as they expect that adequate financing will be in place principally provided by parental support as necessary. The company is in a strong net asset position however this is funded by intercompany arrangements with other Jacobs group companies. These amounts have no prescribed terms and are therefore repayable on demand. As such, the settlement of liabilities is dependent on the timely receipt of receivable balances. This is not guaranteed and therefore creates a material uncertainty.

Having made appropriate enquiries, the directors are confident that the funding from other group companies will continue to be provided throughout the going concern period. As there is no formal commitment from JEG Inc for these funds to be provided throughout the going concern period, this represents a material uncertainty that may cast significant doubt on the entities' ability to continue as a going concern. Based on the confidence of the directors that the funds would be provided whenever necessary, the financial statements continue to be prepared on a going concern basis. The financial statements do not include the adjustments that would be required if the company was unable to continue as a going concern.

**HALCROW INTERNATIONAL PARTNERSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 02 OCTOBER 2020**

(continued)

**1 PRINCIPAL ACCOUNTING POLICIES (continued)**

**(c) Use of critical estimates and judgements**

The preparation of Financial Statements in conformity with FRS102 requires management to make certain estimates, judgements and assumptions. These estimates, judgements and assumptions can affect the reported amounts of assets and liabilities as of the date of the Financial Statements, as well as the reported amounts of revenue and expenses during the periods presented. Actual results could differ from these estimates. In the opinion of the Directors, there are no critical estimates or judgements, which have a material impact on the Financial Statements other than as included in the notes below and in respect of indefinite lived current assets. The Company has indefinite lived current assets in the form of amounts owed by group and related undertakings. The Company determines on an annual basis whether there are any internal or external conditions that may indicate that the carrying value is impaired and whether an impairment exercise is required.

**(d) Foreign exchange**

Transactions in foreign currencies are recorded at the rate of exchange at the date of transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations and on foreign currency borrowings, to the extent that they hedge the Company's investment in such operations, are reported in the statement of other comprehensive income. All other exchange differences are included in the profit and loss account.

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. We attempt to minimise our exposure by denominating our contracts in the currencies of our expenditures and obtaining escalation provisions for projects in inflationary economies.

The assets and liabilities of the branches are translated into the presentational currency at the rate of exchange ruling at the balance sheet date. Income and expenses for each statement of comprehensive income are translated at exchange rates at the dates of transaction. All resulting exchange differences are taken to the profit and loss account.

**(e) Basic financial instruments**

***Trade and other debtors / creditors***

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at cost plus attributable transaction costs. Subsequent to initial recognition, trade and other debtors are recognised at the amortised cost less any impairment provisions, with trade and other creditors being measured at amortised cost.

***Interest bearing borrowings classified as basic financial instruments***

Interest bearing borrowings repayable on demand are recognised at the transaction value, with interest being charged to the profit and loss account.

***Cash and cash equivalents***

Cash and cash equivalents comprise cash balances and call deposits, together with bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

**(f) Tangible fixed assets**

Fixed assets are stated at cost less depreciation and impairment provisions. Impairment provisions are determined by comparing the carrying value of the asset with its recoverable amount. The recoverable amount is the higher of the amount that can be obtained from selling the asset or the value of expected discounted cash flows arising from owning the asset.

The Company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation of tangible fixed assets is by equal annual instalments calculated to write off the cost less estimated residual value of each asset on a straight-line bases over its anticipated useful life.

The annual rate of depreciation applied to each class of tangible fixed asset is as follows:

Improvements to short leasehold property	period of lease
Furniture and equipment:	
Computers	20% - 33%
Others	10% - 33%

**HALCROW INTERNATIONAL PARTNERSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 02 OCTOBER 2020**

(continued)

**1 PRINCIPAL ACCOUNTING POLICIES (continued)**

**(g) Impairment**

***Financial assets (including trade and other debtors)***

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cashflows of that asset which can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of the impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

***Non financial assets***

The carrying amounts of the Company's non financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of the impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

**(h) Employee benefits**

***Defined benefit plans***

A defined benefit plan is a post employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The Company determines the net interest expense/income on the net defined benefit liability/asset for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability/asset taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the Company's obligations. A valuation is performed by a qualified actuary using the projected unit credit method.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on defined benefit liability, and the cost of plan introduction, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Remeasurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

**HALCROW INTERNATIONAL PARTNERSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 02 OCTOBER 2020**

(continued)

**1 PRINCIPAL ACCOUNTING POLICIES (continued)**

**(h) Employee benefits (continued)**

**Termination benefits**

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date.

**Share based payment transactions**

The group share option programmes allow employees to acquire beneficial ownership in the shares of the ultimate parent Company. The fair value of options granted is recognised as an equity settled share based payment. The fair value of the options granted is measured using an option pricing model at the date of grant, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

For the Common Stock plans the fair value of the stock granted is measured based on the market value of the stock. The amount recognised as an expense is adjusted to reflect the underlying change in market value.

**(i) Provisions**

Professional indemnity claims - where claims have been made against the Company, judgements are made by management to evaluate the claims and categorise these as either remote, possible or probable. Provisions are made to the extent that it is considered probable that an obligation will arise. In making these judgements, an inherent level of uncertainty is involved.

**(j) Turnover and recognition of profit**

Turnover represents amounts earned for professional services provided and items procured for clients, adjusted, where necessary, for the stage of completion of individual contracts. It excludes value added and similar taxes.

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated by reference to the value of work performed to date as a proportion of the estimated total contract value.

Change orders are included in total estimated contract revenue only when approved by the client.

In making estimates of total contract value, judgements are required to evaluate potential variances in schedule, the cost of materials and labour, productivity, liability claims, contract disputes and achievement of contract performance standards. We record the cumulative effect of changes in contract revenue and forecast cost at completion in the period in which the changed estimates are determined to be reliably estimable. In making these judgements there is an inherent level of uncertainty involved.

**(k) Amounts recoverable on contracts and Payments on account**

Amounts recoverable on contracts represent the excess of contract revenue recognised over billings to date on contracts in progress. These amounts become billable according to the contract terms, which usually consider the passage of time, achievement of certain milestones or completion of the project.

Payments on account represent the excess of billings to date, per the contract terms, over revenue recognised on contracts in progress. As the projects near completion, the payments on account balance should decline.

**(l) Allowance for uncollectible trade debtors**

We reduce trade debtors by estimating an allowance for amounts that may become uncollectible in the future. Management determines the estimated allowance based on their judgement in evaluating the ageing of the receivables and the financial condition of our clients. Factors affecting management judgement will include the type of client and the client's current financial condition.

**(m) Concentrations of credit risk**

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents and trade receivables. Cash is primarily held with major banks and financial institutions and typically is insured up to a set amount. The Directors consider that the risk of any potential loss on deposits is minimal. Concentrations of credit risk relative to trade debtors is considered to be limited due to our diverse client base, which includes government, public and private sector clients across a number of markets.



**HALCROW INTERNATIONAL PARTNERSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 02 OCTOBER 2020**

(continued)

**1 PRINCIPAL ACCOUNTING POLICIES (continued)**

**(n) Expenses**

**Operating leases**

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight line basis over the term of the lease unless the payments to the lessor are structured to increase in line with general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

**Interest receivable and interest payable**

Interest receivable and similar income includes interest receivable on short term bank deposits; interest receivable on loans to related parties and other interest receivable.

Interest payable and similar charges includes interest payable on bank loans and overdrafts; finance charges in respect of defined benefit pension liabilities; interest payable on loans from related parties and other interest payable.

Interest income and interest payable are recognised in profit or loss as they accrue.

**(o) Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax, including UK corporation tax and foreign tax, is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Unrelieved tax losses and deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted

**(p) Transfer Pricing**

Effective 1 October 2019, Jacobs Engineering Group Inc., adopted a new global transfer pricing model, developed in conjunction with advice from external consultants.

**2 TURNOVER**

The Directors consider there to be one class of business, being consulting engineers. The geographical analysis of turnover is set out below:

	<u>9 months to 02</u> <u>October 2020</u>	<u>12 months to 27</u> <u>December 2019</u>
	£	£
Middle East	<u>46,324,474</u>	<u>79,610,449</u>

**3 ADMINISTRATION INCOME / (EXPENSES)**

Included in administration expenses is income of £7,044,156 (2019: expenses of £3,940,043) against costs incurred by the company, which arises from the application of the Jacobs' Engineering Group Inc global transfer pricing policy. As noted in note 1(p) there was a change in the global pricing model which has driven the variance of transfer pricing amounts recorded through the income statement from the prior financial year.

**4 OPERATING PROFIT / (LOSS)**

	<u>9 months to 02</u> <u>October 2020</u>	<u>12 months to 27</u> <u>December 2019</u>
	£	£
Included in profit / (loss) are the following:		
Depreciation of tangible fixed assets	302,024	491,373
Increase in bad debt provisions	187,837	100,260
Exchange losses	11,704	186,922
Operating leases		
Rent of properties payable	<u>679,100</u>	<u>976,902</u>

**HALCROW INTERNATIONAL PARTNERSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 02 OCTOBER 2020**

(continued)

	<u>9 months to 02</u> <u>October 2020</u>	<u>12 months to 27</u> <u>December 2019</u>
<b>5 INTEREST RECEIVABLE AND SIMILAR INCOME</b>	<b>£</b>	<b>£</b>
Interest receivable on:		
Short term bank deposits	5,932	10,980
Group undertakings	2,212	-
	<u>8,144</u>	<u>10,980</u>
<b>6 INTEREST PAYABLE AND SIMILAR CHARGES</b>	<b>£</b>	<b>£</b>
Interest payable on:		
Net interest charge on pension schemes	288,632	444,786
Loans from group undertakings	408,839	725,990
	<u>697,471</u>	<u>1,170,776</u>
<b>7 EMPLOYEE INFORMATION</b>	<b>Number</b>	<b>Number</b>
(a) The average number of persons, including Directors, employed by the Company during the year was:		
Professional and technical	728	775
Administrative	49	57
	<u>777</u>	<u>832</u>
(b) Staff costs during the year were:	<b>£</b>	<b>£</b>
Wages and salaries	44,445,116	62,441,896
Social security costs	6,526	11,042
Expenses related to defined benefit plans	2,242,929	2,657,002
Redundancy costs	2,569,746	5,584,326
	<u>49,264,317</u>	<u>70,694,266</u>
The level of qualifying services of the Directors of the Company is considered to be incidental and negligible compared to the services provided to the group. There are no management charges to the Company from the parent company for these services. Consequently it is determined that the remuneration for such qualifying services is £nil (2019: £nil)		
<b>8 TAX ON PROFIT / (LOSS) ON ORDINARY ACTIVITIES</b>	<b>£</b>	<b>£</b>
United Kingdom corporation tax	(67,382)	20,343
Overseas taxation	33,585	
Adjustments in respect of prior periods	-	(52,278)
Total current tax	(33,797)	(31,935)
Total deferred tax	-	-
Total tax credit for the period	<u>(33,797)</u>	<u>(31,935)</u>

The standard rate of tax for the period, based on the UK standard rate of corporation tax is 19% (2019: 19%). The actual tax charge for the current and the previous period differs from the standard rate for the reasons set out in the following reconciliation.

**HALCROW INTERNATIONAL PARTNERSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 02 OCTOBER 2020**

(continued)

**8 TAX ON (LOSS) / PROFIT ON ORDINARY ACTIVITIES (continued)**

	<u>9 months to 02</u> <u>October 2020</u>	<u>12 months to 27</u> <u>December 2019</u>
	£	£
<b>Profit / (Loss) on activities before tax</b>	<b>3,891,431</b>	<b>(7,890,488)</b>
Tax on profit/(loss) on ordinary activities at standard rate	739,372	(1,499,193)
Factors affecting charge for the period:		
Expenses not deductible for tax purposes	5,039	376
Adjustment in respect of prior periods	-	(52,278)
Income not taxable	-	(378,333)
Tax exempt overseas branch (profit) / loss	(811,793)	1,897,493
Overseas tax	33,585	-
<b>Total tax credit for period</b>	<b>(33,797)</b>	<b>(31,935)</b>

The main UK corporation tax rate reduced from 20% to the current rate of 19% on 1 April 2017. The Finance Act 2016 includes legislation which will reduce the tax rate further to 17% from 1 April 2020. Following the budget resolution on 17 March 2020, the main UK corporation tax rate will remain at 19% from 1 April 2020 (cancelling the enacted cut to 17%). This was incorporated in the Finance Act 2020 which received Royal Assent on 22nd July 2020. As a result, the deferred tax closing balances will now be recognised at 19%.

Deferred tax assets have not been recognised, as the Company has made a tax election to exempt branch profit / (loss). Since all trading activities relate to this, no deferred tax has been recognised.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes received Royal Assent on 10 June 2021.

**9 TANGIBLE FIXED ASSETS**

	Motor Vehicles £	Improvements to short leasehold properties £	Furniture and equipment £	TOTAL £
<b>Cost</b>				
<b>At 28 December 2019</b>	<b>40,625</b>	<b>1,400,908</b>	<b>1,689,523</b>	<b>3,131,056</b>
Exchange movement	390	14,501	10,921	25,812
Additions		65,214	239,294	304,508
Disposals		(238,951)	(77,213)	(316,164)
<b>At 02 October 2020</b>	<b>41,015</b>	<b>1,241,672</b>	<b>1,862,525</b>	<b>3,145,212</b>
<b>Depreciation</b>				
<b>At 28 December 2019</b>	<b>40,625</b>	<b>1,280,810</b>	<b>707,065</b>	<b>2,028,500</b>
Exchange movement	390	12,176	6,993	19,559
Charge for the year		107,019	195,005	302,024
Disposals		(227,160)	(6,802)	(233,962)
<b>At 02 October 2020</b>	<b>41,015</b>	<b>1,172,845</b>	<b>902,261</b>	<b>2,116,121</b>
<b>Net Book Value</b>				
<b>At 02 October 2020</b>	<b>-</b>	<b>68,827</b>	<b>960,264</b>	<b>1,029,091</b>
<b>At 27 December 2019</b>	<b>-</b>	<b>120,098</b>	<b>982,458</b>	<b>1,102,556</b>

**HALCROW INTERNATIONAL PARTNERSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 02 OCTOBER 2020**

(continued)

**10 DEBTORS - AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<u>As at 02</u> <u>October 2020</u>	<u>As at 27</u> <u>December 2019</u>
	£	£
Trade debtors	28,176,557	27,446,140
Amounts recoverable on contracts	30,678,718	40,404,630
Amounts owed by group undertakings	20,427,313	10,854,509
United Kingdom corporation tax	67,379	-
Other debtors and prepayments	<u>1,648,075</u>	<u>1,737,785</u>
	<u>80,998,042</u>	<u>80,443,065</u>

All amounts owed by group undertakings are unsecured, non-interest bearing and are repayable on demand.

**11 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<u>As at 02</u> <u>October 2020</u>	<u>As at 27</u> <u>December 2019</u>
	£	£
Payments on account	9,425,409	10,343,751
Trade creditors	3,887,277	6,729,959
Amounts owed to group undertakings	29,360,904	25,459,153
United Kingdom corporation tax	-	20,343
Other taxation and social security	491,383	182,663
Other creditors and accruals	<u>10,921,512</u>	<u>12,245,643</u>
	<u>54,086,485</u>	<u>54,981,512</u>

Amounts owed to group and related undertakings are unsecured, repayable on demand, and comprise both interest bearing and non-interest bearing balances.

**HALCROW INTERNATIONAL PARTNERSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 02 OCTOBER 2020**  
(continued)

**12 PENSIONS AND SIMILAR OBLIGATIONS**

In the UAE the company provides end of service benefit plans that pay out a defined level of benefit based on the length of a member's service and salary. The plan is unfunded.

The end of service plans in UAE are still open to new members.

The calculations for the end of service plans for UAE have been based on a valuation using full membership data at the census date. As required by FRS102, the value of the defined benefit liabilities has been measured using the projected unit method.

The following table sets out the key FRS102 assumptions as at 02 October 2020 used for the plans. 2020 is the tenth year that Halcrow International has disclosed the UAE Schemes under FRS102.

<b>Assumptions</b>	<b><u>As at 02</u> <u>October 2020</u></b>	<b><u>As at 27</u> <u>December 2019</u></b>
Price inflation (RPI)	n/a	n/a
Price inflation (CPI)	n/a	n/a
Discount rate	1.7% p.a.	2.9% p.a.
Pension increases (fixed)	n/a	n/a
Pension increases (5% LPI)	n/a	n/a
Salary Growth (on average)	2.7% p.a.	3.9% p.a.

Life expectancy is not a feature of the UAE plan as these arrangements pay out lump sums to individuals on leaving service or retirement. The key demographic assumptions for these plans are turnover. UAE is assumed to have on average 15% p.a. turnover (10% p.a. in 2019)

The arrangement in UAE is unfunded and thus no interest on assets assumption is required

<b><u>Breakdown of Net Liability</u></b>	<b><u>As at 02</u> <u>October 2020</u> <u>Fair Value (plan</u> <u>in deficit)</u></b>	<b><u>As at 27</u> <u>December 2019</u> <u>Fair Value (plan</u> <u>in deficit)</u></b>
	<b>£</b>	<b>£</b>
<b><u>Balance Sheet</u></b>		
Total fair value of assets	-	-
Present value of liabilities	(14,251,713)	(14,032,745)
Deficit in the schemes	(14,251,713)	(14,032,745)
Related deferred tax	-	-
Net liabilities	<u>(14,251,713)</u>	<u>(14,032,745)</u>

Under FRS102, the scheme is represented on the balance sheet as a net pension liability of £14,251,713 (before deferred tax)

**HALCROW INTERNATIONAL PARTNERSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 02 OCTOBER 2020**  
(continued)

**12 PENSIONS AND SIMILAR OBLIGATIONS (continued)**

The scheme liabilities under FRS102 moved over the period as follows:

	<u>As at 02</u> <u>October 2020</u> £	<u>As at 27</u> <u>December 2019</u> £
Scheme liabilities at the beginning of the year	(14,033,672)	(12,197,509)
Current service cost	(1,954,297)	(2,212,217)
Interest on post-retirement liabilities	(288,632)	(444,786)
Actuarial gain/(loss)	20,628	(710,705)
Benefits paid	1,915,148	1,182,412
Transfers between subsidiaries	-	(51,919)
Currency gain/(loss)	89,112	401,978
Scheme liabilities at the end of the year	<u>(14,251,713)</u>	<u>(14,032,745)</u>

The value of the pension scheme assets moved over the period as follows:

	<u>As at 02</u> <u>October 2020</u> £	<u>As at 27</u> <u>December 2019</u> £
Scheme assets at the beginning of the year	-	-
Employer contributions	1,915,148	1,182,412
Benefits paid	<u>(1,915,148)</u>	<u>(1,182,412)</u>
Scheme assets at the end of the year	<u>-</u>	<u>-</u>

The following amounts have been included within operating profit under FRS102 in relation to the defined benefit schemes:

	<u>9 months to 02</u> <u>October 2020</u> £000	<u>12 months to 27</u> <u>December 2019</u> £
Current service cost	1,954,297	2,212,217
Total operating charge	<u>1,954,297</u>	<u>2,212,217</u>

The following amounts have been included as net finance costs under FRS102:

	<u>As at 02</u> <u>October 2020</u> £	<u>As at 27</u> <u>December 2019</u> £
Interest on post-retirement liabilities	288,632	444,786
Interest on net defined benefit liability	<u>288,632</u>	<u>444,786</u>

**13 SHARE CAPITAL**

	<u>As at 02</u> <u>October 2020</u> £	<u>As at 27</u> <u>December 2019</u> £
Allotted, Called-up and fully paid:		
50,000 (2019: 50,000) ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

**HALCROW INTERNATIONAL PARTNERSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 02 OCTOBER 2020**

(continued)

**14 LEASE COMMITMENTS**

At 02 October 2020 the Company was committed to making the following payments in respect of operating leases:

	<u>As at 02</u> <u>October 2020</u>	<u>As at 27</u> <u>December 2019</u>
	£	£
Land and buildings		
Within one year	689,185	873,247
In second to fifth years	460,439	-
	<u>1,149,624</u>	<u>873,247</u>

**15 CONTINGENT LIABILITIES**

We maintain a variety of commercial commitments that are generally made available to provide support for various provisions in our engineering contracts. Performance and advance payment bonds are issued by our banks, for the purpose of guaranteeing our performance on contracts.

	<u>As at 02</u> <u>October 2020</u>	<u>As at 27</u> <u>December 2019</u>
	£	£
Performance and advance payment bonds provided by banks	<u>7,625,180</u>	<u>7,552,710</u>

We are also party to various legal actions arising in the normal course of business. These actions often take years to complete and many result in no adverse action or alternatively could result in settlement. Damages assessed in connection with and the cost of defending such actions could be substantial. While the outcomes of pending proceedings and legal actions are often difficult to predict, management believes that proceedings and legal actions currently pending would not result in a material adverse effect on the results of operations or financial condition even if the final outcome is adverse to the Company.

**16 RELATED PARTY TRANSACTIONS**

In accordance with section 33.1A of FRS 102, 'Related Party Disclosures', transactions with other group undertakings within the Halcrow Holdings group have not been disclosed in these Financial Statements.

**17 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The immediate parent undertaking is CH2M Hill Holdings Limited, a company incorporated in England & Wales. The ultimate parent undertaking is Jacobs Engineering Group Inc. a Company incorporated in the United States of America. The smallest and largest group in which the results of this Company are consolidated is Jacobs Engineering Group Inc. Copies of the consolidated accounts of Jacobs Engineering Group Inc. may be obtained from [www.jacobs.com](http://www.jacobs.com). The postal address is 1999 Bryan Street, Suite 1200, Dallas, TX 75201, United States.