

**YOUNG & BUTT LIMITED**

**FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2007**

**COMPANY REGISTRATION NUMBER 3101321**

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# YOUNG & BUTT LIMITED

## COMPANY INFORMATION FOR THE PERIOD ENDED 31 MARCH 2007

<b>Directors</b>	J M O Young		(resigned 30/11/2006)
	J S Butt		(resigned 30/11/2006)
	R C Dickens		(resigned 30/11/2006)
	M E Small		(resigned 30/11/2006)
	G Cherrett		(resigned 30/11/2006)
	G R Holland		(resigned 30/11/2006)
	C N Mitchell		(resigned 30/11/2006)
	J Vigus		(resigned 30/11/2006)
	A W Ewers	(appointed 30/11/2006)	
	M A Rigby	(appointed 30/11/2006)	
	A H Griffiths	(appointed 09/02/2007)	(resigned 20/07/2007)
	I R Purser	(appointed 09/02/2007)	(resigned 20/07/2007)
	R J Macleod	(appointed 09/02/2007)	(resigned 20/07/2007)
	J B Brown	(appointed 20/07/2007)	
	E M S Nahome	(appointed 20/07/2007)	

<b>Secretary</b>	I Brewerton		(resigned 30/11/2006)
	A W Ewers	(appointed 30/11/2006)	(resigned 09/02/2007)
	R Webster	(appointed 09/02/2007)	(resigned 20/07/2007)
	P S J Davis	(appointed 09/02/2007)	(resigned 20/07/2007)
	M A Rigby	(appointed 20/07/2007)	

**Registered Office** United Kingdom House  
180 Oxford Street  
London  
W1A 1XG

**Registered Number** 3101321

**Registered Auditors** PricewaterhouseCoopers LLP  
1 Embankment Place  
London WC2N 6RH

# YOUNG & BUTT LIMITED

## REPORT OF THE DIRECTORS FOR THE PERIOD ENDED 31 MARCH 2007

### Introduction

The directors present their annual report on the affairs of the Company, together with the financial statements and the independent auditors' report, for the five month period ended 31 March 2007

### Principal activities and business review and future developments

The principal activity of the company for the year ended 31 October 2006 and for the period 1 to 30 November 2006 was that of chartered surveyors. The trading and net assets of the Company were transferred at their book value to Lambert Smith Hampton Group Limited on 30 November 2006 and thereafter the Company was dormant.

On 30 November 2006 WS Atkins plc became the Company's ultimate controlling party. Following the sale by WS Atkins plc of its interest in Lambert Smith Hampton Limited and its subsidiaries on 20 July 2007, Lambert Smith Hampton Holdings Limited became the ultimate controlling party.

Following the change in ownership the accounting reference date was changed to 31 March to align with other companies in the Lambert Smith Hampton Holdings Limited group. These accounts have accordingly been prepared for the five month period ended 31 March 2007.

### International Financial Reporting Standards (IFRS)

The financial statements for the period ended 31 March 2007 are the Company's first set prepared in accordance with IFRS. There have been no significant changes to the Company's reported results for the year and the net assets at 31 March 2007 as a result of adopting IFRS. As given in note 22 to the financial statements, there are no adjustments from UK Generally Accepted Accounting Principles (UK GAAP) to IFRS.

Conversion to IFRS is an accounting change which has no impact on the Company's financial performance, risk profile or ability to generate cash.

The main area of impact arises from changes to the format of the financial statements, and notably the inclusion of a cash flow statement for wholly owned subsidiaries.

### Results and dividends

#### *Revenue & profit before taxation*

Total revenue for the year was £131,692 (2006 £2,176,338). The profit before taxation was £23,652 (2006 £701,185).

#### *Profit after tax*

The profit after tax for the year was £14,320 (2006 £492,926) and is shown in the income statement on page 8.

#### *Cash flow*

There was a net decrease in cash of £396,464 and a net cash out flow from operating activities of £60,499 (2006 inflow £536,886). Net funds, including amounts owed by and to group undertakings as explained in note 18 to the financial statements, increased by £23,773 to £419,237.

No cash flow statement was required or published under UK GAAP, hence other than the required disclosure there is no transitional impact of IFRS in relation to cash flows.

#### *Dividends*

The Directors do not declare a dividend for the year (2006 £333,019).

#### *Key performance indicators*

Management uses a range of performance measures to monitor and manage the business and these are referred to as key performance indicators (KPIs). There are however no KPIs reported for this Company as there was limited trade during the period and the Company's employees have transferred to another Group company.

## **YOUNG & BUTT LIMITED**

### **REPORT OF THE DIRECTORS (continued) FOR THE PERIOD ENDED 31 MARCH 2007**

#### **Directors**

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

J M O Young  
J S Butt  
R C Dickens  
M E Small  
G Cherrett  
G R Holland  
C N Mitchell  
J J Vigus  
M A Rigby  
A W Ewers  
A H Griffiths  
R J Macleod  
I R Purser  
J B Brown  
E M S Nahome

For dates of appointments and resignations please refer to page 3 Company information

Directors and officers of the Company have the benefit of a directors' and officers' liability insurance policy which provides appropriate cover in respect of legal actions brought against its directors. The Company's practice has always been to indemnify its directors in accordance with the Company's Articles of Association and to the maximum extent permitted by law. Disclosure of such indemnities is now required by new provisions inserted into the Companies Act 1985 (the Act). Neither insurance nor the indemnities provide cover where the director has acted fraudulently or dishonestly.

#### **Directors' interests**

Directors' remuneration has been disclosed in note 4 to the financial statements.

The directors have no interest in the shares of Young & Butt Limited but their interest in the shares of the ultimate parent undertaking at 31 March 2007 are as stated in the report and accounts of the immediate parent company, Lambert Smith Hampton Group Limited.

#### **Share capital**

Full details of the Company's authorised and issued share capital can be found in note 15 to the financial statements.

# YOUNG & BUTT LIMITED

## REPORT OF THE DIRECTORS (continued) FOR THE PERIOD ENDED 31 MARCH 2007

### Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state that the financial statements comply with IFRSs as adopted by the European Union,
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the group will continue in business, in which case there should be supporting assumptions or qualifications as necessary

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### 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 accounts.

### Auditors

The Company has passed elective resolutions electing to dispense with the requirement to hold annual general meetings, lay accounts before a general meeting and the annual re-appointment of auditors.

### Disclosure to the auditors

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's auditors are unaware; and
- each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

By order of the board  
M A Rigby  
Company Secretary  
21 November 2007

**YOUNG & BUTT LIMITED****INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
YOUNG & BUTT LIMITED  
FOR THE FIVE MONTH PERIOD ENDED 31 MARCH 2007**

We have audited the financial statements of Young & Butt Limited for the five month period ended 31 March 2007 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

**Basis of audit opinion**

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

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

**Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 31 March 2007 and of its profit and cash flows for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

  
PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

London

21 November 2007

**YOUNG & BUTT LIMITED****INCOME STATEMENT  
FOR THE PERIOD ENDED 31 MARCH 2007**

	Note	Five month period ended 31 March 2007 £	Year ended 31 October 2006 £
<b>Revenue</b>		<b>131,692</b>	<b>2,176,338</b>
Employee benefit costs	3	(74,863)	(948,485)
Other administrative expenses		(33,177)	(533,254)
<b>Operating profit</b>		<b>23,652</b>	<b>694,599</b>
Interest receivable	5	-	7,011
Interest payable and similar charges	6	-	(425)
<b>Profit before taxation</b>		<b>23,652</b>	<b>701,185</b>
Income tax expense	7	(9,332)	(208,259)
<b>Profit for the year</b>		<b>14,320</b>	<b>492,926</b>
<b>Profit for the year attributable to equity shareholders</b>	16	<b>14,320</b>	<b>492,926</b>

All operations were discontinued on 30 November 2006 following the transfer of the trade and net assets of the business to Lambert Smith Hampton Group Limited

As there has been no recognised income or expenses except those disclosed above, no separate statement of recognised income and expenses has been prepared



## YOUNG &amp; BUTT LIMITED

BALANCE SHEET  
AS AT 31 MARCH 2007

	Note	31 March 2007 £	31 October 2006 £
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	8	-	58,667
Property, plant and equipment	9	-	22,087
Investments in subsidiaries	10	1,000	1,000
		<b>1,000</b>	<b>81,754</b>
<b>Current assets</b>			
Trade and other receivables	12	419,237	439,530
Cash and cash equivalents	13	-	396,464
		<b>419,237</b>	<b>835,994</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	14	-	(190,781)
Current tax liabilities		-	(320,784)
Provisions for liabilities and charges	11	-	(266)
		-	(511,831)
<b>Net current assets</b>		<b>419,237</b>	<b>324,163</b>
<b>Net assets</b>		<b>420,237</b>	<b>405,917</b>
<b>Shareholders' equity</b>			
Ordinary shares	15	12,000	12,000
Retained earnings	16	408,237	393,917
<b>Equity shareholders' funds</b>		<b>420,237</b>	<b>405,917</b>

The financial statements on pages 8 to 20 were approved by the Board of Directors and were signed on its behalf by

M A Rigby  
21 November 2007

The notes on pages 11 to 20 form part of these financial statements

**YOUNG & BUTT LIMITED****CASH FLOW STATEMENT  
FOR THE PERIOD ENDED 31 MARCH 2007**

		<b>Five month period ended 31 March 2007 £'000</b>	<b>Year ended 31 October 2006 £'000</b>
	<b>Note</b>		
<b>Cash flows from operating activities</b>			
Cash (used in)/generated from operations	17	(60,499)	662,522
Interest received	6	-	7,011
Interest paid	5	-	(425)
Tax paid		-	(131,957)
Net cash from operating activities		(60,499)	537,151
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment	9	(114)	(11,464)
Proceeds from transfer of tangible fixed assets to group undertaking		21,319	-
Proceeds from transfer of intangible fixed assets to group undertaking		58,667	-
Net cash generated from/(used in) investing activities		79,872	(11,464)
<b>Cash flows from financing activities</b>			
Amounts repaid by/(paid to) group undertaking		(415,837)	-
Equity dividends paid to shareholder		-	(333,019)
Net cash used in financing activity		(416,837)	(333,019)
<b>Net (decrease)/ increase in cash and cash equivalents</b>		<b>(396,464)</b>	<b>192,668</b>
Cash and cash equivalents at 1 November 2006/2005		396,464	203,796
<b>Cash and cash equivalents at 31 March 2007/31 October 2006</b>	<b>13</b>	<b>-</b>	<b>396,464</b>

The notes on pages 11 to 20 form part of these financial statements

## YOUNG & BUTT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2007

#### 1. Accounting policies

##### **Basis of accounting**

Young & Butt Limited is a limited company registered in England and Wales. Its registered office at the period end and until 20 July 2007 was Woodcote Grove, Ashley Road, Epsom, Surrey, KT22 2BW, England. From 20 July 2007 the registered office changed to United Kingdom House, 180 Oxford Street, London W1D 1NN.

The Company's financial statements for the period ended 31 March 2007 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS), IFRICs and those parts of the Companies Act 1985 applicable to companies reporting under IFRS. A summary of the more important accounting policies applied in the preparation of the financial statements is given below. These financial statements are covered by IFRS 1, *First-time adoption of International Financial Reporting Standards*, as they are the Company's first IFRS financial statements.

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.

These financial statements have been prepared on the going concern basis and except where noted below, under the historical cost convention.

The accounting policies as set out below have been consistently applied to all the periods presented.

##### **Basis of consolidation**

The Company is a wholly owned subsidiary of, and is included in, the consolidated financial statements of WS Atkins plc, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under section 228 of the Companies Act 1985 and IAS 27, Consolidated and Separate Financial Statements.

##### **Revenue**

Revenue in respect of consultancy represents fee income receivable on completion of services to the client or otherwise in accordance with agreed terms in respect of services rendered. Revenue in respect of commercial agency work is not recognised until the underlying transaction is completed or exchanged unconditionally.

Under certain services contracts, the Company manages client expenditure and is obliged to purchase goods and services from suppliers and recharge them on to the customer at cost. The amounts charged by suppliers and recharged to clients are excluded from revenue and cost of sales. Receivables, creditors and cash relating to these transactions are included in the Company balance sheet.

##### **Taxation**

Current and deferred taxation is 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. Taxation arising on transactions or events recognised directly in equity is charged or credited directly to equity.

Deferred tax is recognised in respect of all taxable temporary differences that have originated but not reversed at the balance sheet date. Deferred tax is measured on a non-discounted basis using tax rates enacted at the balance sheet date.

A deferred tax asset is recognised only when it is regarded as more likely than not to be recovered.

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries. As the earnings are continually reinvested by the Company, no tax is expected to be payable on them in the foreseeable future.

# YOUNG & BUTT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE PERIOD ENDED 31 MARCH 2007

### 1 Accounting policies (continued)

#### Intangible assets

##### Goodwill

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

On acquisition of a business, fair values are attributed to the assets, liabilities and contingent liabilities of the acquired business at the date of acquisition. Goodwill arises when the fair value of the consideration given for a business exceeds the fair value of the net assets. In accordance with IFRS 3, *Business combinations*, goodwill arising on acquisitions is capitalised and is subject to impairment review both annually and when there are indications that the carrying value may not be recoverable.

#### Property, plant and equipment

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

Property, plant and equipment are depreciated on a straight line basis calculated at annual rates to write off each asset over the term of its useful life as follows:

- Property, plant and equipment – 20% per annum
- Motor vehicles – 25% per annum

The directors annually review the estimated useful lives and residual values of the fixed assets.

#### Investments

Investments in subsidiaries are stated at cost less impairments.

#### Impairment

Assets that have an indefinite useful life are not subject to amortisation and are reviewed for impairment annually and when there are indications that the carrying value may not be recoverable. Assets that are subject to amortisation are reviewed for impairment wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

#### 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.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

# YOUNG & BUTT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE PERIOD ENDED 31 MARCH 2007

### 1 Accounting policies (continued)

#### Lease obligations

##### *Operating leases*

Where the Company acts as lessee in an operating lease arrangement, the costs of operating leases are charged to income statement as incurred. Lease incentives received are recognised over the lease term on a straight-line basis.

Where the Company acts as lessor in an operating lease arrangement, rental income from operating leases is accounted for on a straight-line basis over the period of the lease. Lease incentives provided are recognised over the lease term on a straight-line basis.

#### New IFRS standards and interpretations not applied

##### *(a) Standards, amendments and interpretations effective in current financial year but not relevant*

The following standards, amendments and interpretations are mandatory but are not relevant to the Company's activities:

- IAS 39 (Amendment), Cash Flow Hedge Accounting of Forecast Intragroup Transactions,
- IAS 39 (Amendment), The Fair Value Option,
- IAS 39 and IFRS 4 (Amendment), Financial Guarantee Contracts,
- IFRS 6, Exploration for and Evaluation of Mineral Resources,
- IFRS 1 (Amendment), First-time Adoption of International Financial Reporting Standards and IFRS 6 (Amendment), Exploration for and Evaluation of Mineral Resources,
- IFRIC 6, Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment,
- IFRIC 4, Determining whether an Arrangement contains a Lease, and
- IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

##### *(b) Standards that are not yet effective and have not been adopted early by the Company*

- IFRS 7, Financial Instruments: Disclosures (effective for accounting periods beginning on or after 1 January 2007) replaces IAS 30 and the disclosure requirements in IAS 32 and locates in one place all disclosures relating to financial instruments. The new requirements incorporate many of IAS 32's disclosures as well as additional qualitative and quantitative disclosures on the risks arising from financial instruments. The Company will apply IFRS 7 from 1 April 2007 and will increase the level of disclosure in the Company's accounts,
- IFRS 8, 'Operating segments', (effective for accounting periods beginning on or after 1 January 2009) replaces IAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard uses a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The Company will apply IFRS 8 from 1 January 2009 but it is not expected to have a significant impact on the Company's accounts.

##### *(c) Interpretations to existing standards that are not yet effective and have not been early adopted by the Company*

The following interpretations to existing standards have been published that are mandatory for later accounting periods and the Company has not adopted early:

- IFRIC 9, 'Reassessment of embedded derivatives', (effective for accounting periods beginning on or after 1 June 2006) clarifies that an entity should assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited, unless there is a change in the contract's terms, in which case it is required. The Company will apply IFRIC 9 from 1 April 2007 but it is not expected to have any impact on the Company's accounts,
- IFRIC 10, Interim Financial Reporting and Impairment (effective for annual periods beginning on or after 1 November 2006). IFRIC 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. The Company will apply IFRIC 10 from 1 April 2007, but it is not expected to have any impact on the Company's accounts,
- IFRIC 11 – IFRS 2 – Group and Treasury Share Transactions – which requires arrangements whereby an employee is granted rights to an entity's equity instruments to be accounted for as an equity-settled scheme by the

# YOUNG & BUTT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE PERIOD ENDED 31 MARCH 2007

entity even if the entity chooses or is required to buy those equity instruments from another party or the shareholders of the entity provide the equity instruments needed. This interpretation becomes effective for annual periods beginning on or after 1 March 2007. The Company will apply IFRIC 11 from 1 April 2007, but it is not expected to have any impact on the Company's accounts.

- IFRIC 8, Scope of IFRS 2 (effective for annual periods beginning on or after 1 May 2006). IFRIC 8 requires consideration of transactions involving the issuance of equity instruments – where the identifiable consideration received is less than the fair value of the equity instruments issued – to establish whether or not they fall within the scope of IFRS 2.

*(d) Interpretations to existing standards that are not yet effective and not relevant for the Company's operations*  
The following interpretations to existing standards have been published that are mandatory for later accounting periods but are not relevant for the Company's operations:

- IFRIC 7, Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies (effective from 1 March 2006). IFRIC 7 provides guidance on how to apply requirements of IAS 29 in a reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, when the economy was not hyperinflationary in the prior period. As none of the Company entities have a currency of a hyperinflationary economy as its functional currency, IFRIC 7 is not relevant to the Company's operations.

- IFRIC 13 – 'Customer loyalty programmes', relating to IAS 18, 'Revenue' clarifies that where goods or services are sold together with a customer loyalty incentive, the arrangement is a multiple-element arrangement and the consideration receivable from the customer should be allocated between the components of the arrangement in proportion to their fair values. The interpretation applies to periods beginning on or after 1 July 2008 with earlier application permitted.

- IFRIC 14 – 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction' provides guidance on assessing the limit in IAS 19, 'Employee benefits' on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. The interpretation applies to periods beginning on or after 1 January 2008 with earlier application permitted.

The following interpretations to existing standards have been published that are mandatory for later accounting periods and the Company has adopted early:

- IFRIC 12 - Service Concession Arrangements - which outlines an approach to account for contractual arrangements arising from entities providing public services.

## 2. Operating profit

	2007 £'000	2006 £'000
Operating profit is stated after charging/(crediting)		
Employee benefit costs (see note 3)	74,863	948,485
Depreciation and impairment of property, plant and equipment		
- owned assets	882	11,308
Loss on disposal of property, plant and equipment	-	2,000
Impairment of trade receivables included in cost of sales	-	3,146
Payments under operating leases		
- motor	2,447	29,179
- property	2,667	39,463

*Services provided by the Company's auditors*

Auditors' remuneration is borne by a fellow subsidiary company

# YOUNG & BUTT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE PERIOD ENDED 31 MARCH 2007

### 3. Employee numbers and employee benefit costs

The average number of employees of the Company during the year was 26 (2006 26)

The employee benefit costs of the above were

	2007	2006
	£	£
Wages and salaries	67,356	738,135
Social security costs	7,379	75,372
Pension costs	128	134,978
	<b>74,863</b>	<b>948,485</b>

The pension contributions above represent those made to private pension schemes

### 4. Directors' remuneration

The directors' aggregate emoluments in respect of their qualifying service were

	2007	2006
	£	£
Salaries	34,160	268,813
Bonus	-	30,000
Pension	-	133,439
	<b>34,160</b>	<b>432,251</b>

Key management comprises the directors

The emoluments, excluding pension contributions, of the highest paid director were £5,576 (2006, £74,166)

Details of directors who exercised options in the shares of the ultimate parent undertaking during the year can be referred to in the Directors' Report

### 5. Interest receivable

	2007	2006
	£	£
Bank interest receivable	-	7,011

### 6. Interest payable and similar charges

	2007	2006
	£	£
Interest payable on borrowings	-	425

## YOUNG &amp; BUTT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE PERIOD ENDED 31 MARCH 2007

## 7. Income tax expense

## a) Analysis of charge in the period

	2007	2006
	£	£
Current tax		
- Current year	9,281	212,702
- Adjustment in respect of prior years	-	(4,501)
Deferred tax	51	58
Tax on profit on ordinary activities	9,332	208,259
Profit per income statement	23,652	701,185
Effective tax rate	39.4	29.7
The tax for the period is higher (2006 lower) than the standard rate of corporation tax in the UK (30%) The differences are explained below	%	%
UK statutory tax rate	30.0	30.0
Increase/(decrease) resulting from		
Expenses not deductible for tax purposes	9.4	(0.6)
Adjustments in respect of prior periods	-	0.3
Tax rate	39.4	29.7

## 8. Goodwill

	2007	2006
	£	£
Cost at start of period	58,667	58,667
Transfer to parent company	(58,667)	-
Net book value at end of period	-	58,667

## 9. Property, plant and equipment

	Motor vehicles	Plant, machinery & equipment	Total
	£	£	£
Cost at 1 November 2005	16,172	101,210	117,382
Additions	-	11,464	11,464
Disposals	(16,172)	-	(16,172)
Cost at 31 October 2006	-	112,674	112,674
Additions	-	114	114
Transfers to parent company	-	(112,788)	(112,788)
Cost at 31 March 2007	-	-	-
Depreciation at 1 November 2005	16,172	79,468	95,450
Depreciation charge for the year	-	11,119	11,308
Disposals	(16,172)	-	(16,172)
Depreciation at 31 October 2006	-	90,587	90,587
Depreciation charge for the period	-	882	882
Transfers to parent company	-	(91,469)	(91,469)
Depreciation at 31 March 2007	-	-	-
Net book value at 31 October 2006	-	22,087	22,087
Net book value at 31 March 2007	-	-	-



# YOUNG & BUTT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE PERIOD ENDED 31 MARCH 2007

### 10. Investments in subsidiaries

	2007	2006
	£	£
Cost at start and end of period	1,000	1,000

At 31 March 2007 the company held the following investment in a subsidiary

Subsidiary undertaking	Country of incorporation or registration	Class and percentage holding	Nature of business
Holland & Mitchell Ltd	England	100%	Dormant company

The percentage of the share capital held by the company is equivalent to the percentage voting rights held

### 11. Deferred tax liability

#### a) Analysis of deferred tax liability

	2007	2006
	£	£
Accelerated depreciation	-	266

#### b) Analysis of movement during the year:

	2007	2006
	£	£
Deferred tax liability at start of period	266	208
Deferred tax charged/(credited) to the income statement	51	58
Transfer to group undertaking	(317)	-
Deferred tax liability end of period	-	266

### 12. Trade and other receivables

	2007	2006
	£	£
Trade receivables – net	-	411,140
Amounts owed by group undertaking	419,237	-
Other receivables	-	19,171
Other prepayments	-	9,219
	419,237	439,530

The directors consider that the carrying value of trade and other receivables approximates to their fair value

The amounts owed by group undertakings are interest-free, unsecured and have no fixed repayment date

### 13. Cash and cash equivalents

	2007	2006
	£	£
Bank balances and other liquid funds	-	396,464

# YOUNG & BUTT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE PERIOD ENDED 31 MARCH 2007

### 14. Trade and other payables

	2007 £	2006 £
Trade payables – current	-	43,639
Amounts owed to group undertakings	-	1,000
Other tax and social security payable	-	320,784
Other payables	-	146,142
	-	511,565

The directors consider that the carrying value of trade and other payables approximates to their fair value

The amounts owed to group undertakings are interest-free, unsecured and have no fixed repayment date

### 15. Called up share capital

	2007 £	2006 £
<b>Authorised ordinary shares of £1 each</b>		
At start and end of period	12,000	12,000
<b>Issued and fully paid ordinary shares of £1 each</b>		
At start and end of period	12,000	12,000

### 16. Statement of changes in shareholders' equity

	Share capital £'000	Retained earnings £'000	Equity shareholders' funds £'000
Balance at 1 November 2005	12,000	234,010	246,010
Profit for the year	-	492,926	492,926
Dividends	-	(333,019)	(333,019)
<b>Balance at 31 October 2006</b>	<b>12,000</b>	<b>393,917</b>	<b>405,917</b>
Profit for the period	-	14,320	14,320
<b>Balance at 31 March 2007</b>	<b>12,000</b>	<b>408,237</b>	<b>420,237</b>

#### Share capital

The balance of the share capital account represents the aggregate nominal value of all ordinary shares in issue

#### Retained earnings

The balance held in retained earnings is the accumulated profits and losses of the Company

# YOUNG & BUTT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE PERIOD ENDED 31 MARCH 2007

### 17. Cash generated from operating activities

	2007 £	2006 £
Profit for the period	14,320	492,926
Adjustments for		
Taxation	9,332	208,259
Interest expenses	-	425
Interest income	-	(7,011)
Depreciation charges	882	11,308
Loss on disposal of property, plant and equipment	-	2,000
Movement in trade and other receivables	436,130	(109,578)
Movement in current liabilities	(521,163)	64,193
Cash (used in)/ generated from operations	(60,499)	662,522

### 18 Analysis of net funds

	At 31 October 2006 £	Cash flow £	At 31 March 2007 £
Cash and cash equivalents	396,464	(396,464)	-
Amounts owed by/ to group undertakings	(1,000)	420,237	419,237
<b>Net funds</b>	<b>395,464</b>	<b>23,773</b>	<b>419,237</b>

For the purpose of the cash flow statement, the payment, repayment and loan of funds to and from other group undertakings, repayable on demand, are treated as cash flows from financing activities and the loans to and from these group undertakings are included in net funds above

### 19 Contingent liabilities

As at the year end the Company was included in the WS Atkins Limited Group Registration for VAT purposes and was, therefore, jointly and severally liable for all other group undertakings' unpaid debts in this connection

### 20. Operating lease commitments – minimum lease payments

All operating leases have been novated to other group companies

# YOUNG & BUTT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE PERIOD ENDED 31 MARCH 2007

### 21. Related party transactions

	2007 £	2006 £
Receivables from		
- Fellow group undertaking	419,237	-
Payables to		
- Fellow group undertaking	-	1,000

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 provision has been made for doubtful debts in respect of amounts owed by related parties.

Details of the Company's investments in a subsidiary undertaking are shown in note 10.

Details of directors' emoluments and payments to key management personnel are disclosed in note 4.

### 22. Reconciliation of net assets and profit under UK GAAP to IFRS

The Company reported under UK GAAP in its previously published financial statements for the year ended 31 October 2006. As required by IFRS 1, *First-time adoption of IFRS*, there has been no impact on equity and profit as reported under UK GAAP as at 31 October 2006 to the revised equity and profit under IFRS as reported in these financial statements and as at the transition date of 31 October 2005.

### 23. Post balance sheet events

In 2007, the United Kingdom government announced its intention to reduce the UK corporate income tax rate from 30 percent to 28 percent. As of 31 March 2007, the tax rate change was not substantively enacted.

### 24. Ultimate controlling party

The immediate parent undertaking is Lambert Smith Hampton Group Limited. At 31 March 2007 the ultimate parent undertaking and ultimate controlling party was WS Atkins plc, a company registered in England and Wales, the accounts of which can be obtained from the WS Atkins plc, Woodcote Grove, Ashley Road, Epsom, Surrey KT18 5BW.

On 20 July 2007 WS Atkins plc sold its interest in Lambert Smith Hampton Limited and its subsidiaries, including Young & Butt Limited, to Lambert Smith Hampton Acquisitions Limited, and the ultimate controlling party became Lambert Smith Hampton Holdings Limited.