

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

**REGISTERED NUMBER: 03415971**



**HALCROW GROUP LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 02 OCTOBER 2020**  
**Corporate Information**

<b>Directors</b>	S Miles B Harvey D Morrison A Lane
<b>Secretary</b>	T Chaudhary
<b>Registered Office</b>	Cottons Centre Cottons Lane London SE1 2QG
<b>Registered number of incorporation</b>	03415971
<b>Bankers</b>	Bank of America 2 King Edward Street London EC1A 1HQ
<b>Auditors</b>	Ernst & Young LLP G1 5 George Square Glasgow G2 1DY

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

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**HALCROW GROUP LIMITED**  
**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**

We are 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 around the world.

We provide services to a diverse customer base. Our clients include public and private sector organizations in a variety of geographies, 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"). Jacobs is based in the USA and is listed on the New York Stock Exchange (NYSE). On 15 December 2017 Jacobs acquired the former ultimate parent Company CH2M HILL Companies, Ltd ("CH2M HILL"). The results of the Company are consolidated into the Group Financial Statements of Jacobs and copies of the Consolidated Financial Statements are available on the Group's website: [www.jacobs.com](http://www.jacobs.com).

**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. 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.

**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. Additionally the 23 June 2016 Brexit referendum has caused significant volatility in global markets, including currencies. Volatility in exchange rates is expected to continue as the United Kingdom negotiates the future terms of its relationship with the European Union.

**Funding and liquidity risk** - the Company finances its operations from borrowing facilities from its parent company. The Company's principal objective is to maintain appropriate funding facilities relative to the level of current and future requirements.

**Credit risk** - this is primarily attributable to the Company's billed and unbilled 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.

**Defined benefit pension scheme liability** - the ongoing funding obligations for these schemes vary from time to time depending on actuarial assumptions outside of the Company's control, such as discount rates, inflation rates, scheme investment returns and life expectancy of scheme members. In order to maintain an adequate funding position over time, the Company continuously reviews these assumptions and mitigates these risks by working with the pension scheme trustees and with actuarial and investment advisers. The Company maintains an ongoing dialogue with its pension scheme trustees to negotiate a reasonable schedule for cash contributions as required by UK regulations. If, however, we are unable to agree such a schedule in the future, or if certain assumptions that are outside our control, such as discount rates, inflation rates, scheme investment returns or life expectancy change over time, the Company may need to make cash payments to the schemes in order to meet funding obligations that could have an adverse effect on our financial position and cashflows.

**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.

**HALCROW GROUP LIMITED**  
**STRATEGIC REPORT**  
**FOR THE PERIOD ENDED 02 OCTOBER 2020**  
(continued)

**Business Review**

Turnover decreased from £273m in 2019 to £174m 2020. Turnover fell on 2019 as a result of any new projects being opened up in Jacobs UK Limited, a member company of the Jacobs Group. The profit before taxation was £166m (2019: £32m). The increase in profit before tax was mainly as a result of the gain on sale from discontinued operations as detailed below.

These financial statements cover 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 to 27 December 2019.

On 1st December 2019 the sponsorship of the Halcrow Rail section of the Railways Pension Scheme (RPS) transferred to Jacobs UK Limited from Halcrow Group Limited, a company which is ultimately owned by the same parent undertaking as Jacobs UK Limited. The Halcrow section of the scheme shall thereafter be called the Jacobs UK Shared Cost section of the scheme. All assets, liabilities and future obligations pertaining to this section of the scheme transfer from Halcrow Group Limited to Jacobs UK limited as of 1st December 2019. On 23rd December 2019 the main scheme, the Halcrow Pension Scheme 2 (HPS2) also saw sponsorship transfer to Jacobs UK Limited with Halcrow Group Limited released from all its obligations as the principal sponsor. The value of the defined benefit obligations liabilities transferred were £51,825k net of deferred tax. This is to remain outstanding as an intercompany liability due to Jacobs UK Limited.

On 2nd October 2020 the trade and majority of assets of Halcrow Group Limited were transferred to Jacobs UK Limited, including the remaining Halcrow Group Limited defined benefit pension arrangements being, the Prudential Platinum Pension Scheme, the MEDA Pension & Death Benefits Scheme and the East Sussex Local Government Pension Scheme (LGPS).

There were certain assets excluded from the transfer and are to be retained by Halcrow Group Limited. The fair value of the consideration for the transfer of assets was £76,639k and is to remain outstanding as an intercompany receivable due from from Jacobs UK Limited.

Halcrow Group Limited has recorded a gain on sale for the trade and assets transferred to Jacobs UK Limited of £102,987k during the period. The gain on sale represents the difference between the fair value of the consideration £76,639k and the book value of the net liabilities transferred to Jacobs UK Limited of £26,348k.

Prior to the trade and transfer of assets to Jacobs UK Limited, Halcrow Group Limited sold its 50,000 ordinary shares of £1 each in the capital of Halcrow International Partnership Limited, comprising the entire issued share capital of Halcrow International Partnership Limited to CH2M Hill Holdings Limited for a consideration of £53,000k, being an amount equal to the market value of the shares. The consideration due from CH2M Hill Holdings is to remain as an intercompany loan note receivable and which was transferred to Jacobs UK Limited as part of the trade and transfer of assets agreement.

Prior to the trade and transfer of assets to Jacobs UK Limited, Halcrow Group Limited also sold its 100 A ordinary shares of £1 each in the capital of Broadland Environmental Services Limited, comprising 10% of the entire issued share capital of Broadland Environmental Services Limited to CH2M Hill Holdings Limited for a consideration of £200k, being an amount equal to the market value of the shares. The consideration due from CH2M Hill Holdings is to remain as an intercompany loan note receivable and which was transferred to Jacobs UK Limited as part of the trade and transfer of assets agreement.

During the period the company received a dividend of £6m from its subsidiary Sir William Halcrow & Partners Limited. Halcrow Group Limited also impaired its investment in this subsidiary by £6m.

During the period the company received a dividend of £1.7m from its subsidiary Crouch Hogg Waterman Limited. Halcrow Group Limited also impaired its investment in this subsidiary by £1.6m.

During the period the company received a dividend of £3.7m from its subsidiary Yolles Partnership Limited. Halcrow Group Limited also impaired its investment in this subsidiary by £1.8m and released the provision of £1.8m against the investment in the period to 02 October 2020.

During the period the company received a dividend of £1.3m from its subsidiary Halcrow Water Services Limited. Halcrow Group Limited also impaired its investment in this subsidiary by £1m and released the provision of £1m against the investment in the period to 02 October 2020.

**Environmental policy**

We recognise the importance of managing the earth's resources responsibly for the benefit of present and future generations. To this end, we will seek to continually improve our environmental performance.

To execute our corporate strategy, it is essential to carry out an assessment of the environmental impacts on each commission. Where issues exist, appropriate control measures are included in our project execution plans. Each office regularly reviews and develops the Office Environmental Action Plan to manage performance improvements based on the Company objectives and targets. These plans are evaluated quarterly by the Corporate Environmental Manager to ensure best practice is sustained.

**HALCROW GROUP LIMITED**  
**STRATEGIC REPORT**  
**FOR THE PERIOD ENDED 02 OCTOBER 2020**  
(continued)

**Energy Consumption**

	9 months to 2 October 2020	12 months to 31 December 2019
Energy consumption used to calculate emissions	3,848,306 kWh	3,797,963 kWh
Scope 1 emissions	656.45 tCO <sub>2</sub> e	579.40 tCO <sub>2</sub> e
Scope 2 emissions	220.77 tCO <sub>2</sub> e	242.67 tCO <sub>2</sub> e
Scope 3 emissions	1,036.63 tCO <sub>2</sub> e	1,972.32 tCO <sub>2</sub> e
Total gross emissions	1,913.85 tCO <sub>2</sub> e	2,794.39 tCO <sub>2</sub> e
Intensity ratio: gross emissions per billable hour	0.000130 tCO <sub>2</sub> e/billable hour	0.000192 tCO <sub>2</sub> e/billable hour
Carbon offsets	97.92 tCO <sub>2</sub> e (purchase of carbon neutral gas for heating)	150.02 tCO <sub>2</sub> e
Electricity from Green Tariffs	267.45 tCO <sub>2</sub> e (already deducted from Scope 2 emissions)	340.77 tCO <sub>2</sub> e
Total net emissions	1,815.93 tCO <sub>2</sub> e	2,378.29 tCO <sub>2</sub> e
Methodology	DEFRA - UK Government GHG Conversion Factors for Company Reporting (2020)	DEFRA - UK Government GHG Conversion Factors for Company Reporting (2019)
Third Party Verification	No	No

Our total energy consumption increased by 1.3% from FY19 to FY20. Our overall gross carbon emissions reduced by 31.5% and our net emissions reduced by 23.6% between FY19 and FY20. When considering energy consumption using a Billable Hours comparison, the gross emissions per Billable Hour reduced by 32.7% from FY19 to FY20, the reduction is in line with the current period being 9 months to 02 October 2020 versus 12 months for the prior year. We continue to ensure that all electricity that we are responsible for procuring is supplied from sustainable sources and Renewable Energy Guarantee of Origin certificates have been obtained. Similarly, all gas supplies where we are responsible have been procured on carbon neutral contracts. The ongoing certification of our Energy Management System to ISO 50001 continues to drive energy reduction savings throughout the UK and Ireland.

**COVID19**

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 the Jacobs Group, the Company 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 Company has also continued to apply its travel policy of reducing travel to a minimum.

**Market Outlook**

**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.

**Safety** - The Halcrow organisation is proud to report millions of work hours without a lost time incident in 2018 due to a continuing and relentless focus on operating safely in all markets.

**People Investment** - We continue to invest in staff across the enterprise. Employees have access to a variety of learning opportunities, ranging from risk management to business development. Included through the Jacobs Learning Management System, there is also mandatory annual compliance training. 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.

By order of the board of Directors on



S Miles

Director

Date 31/01/2022

**HALCROW GROUP LIMITED**  
**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 international consulting engineers.

**Results**

The Company's results are outlined in the Business Review section of the Strategic Report.

**Change of Accounting period**

The Accounting Period of the Company was changed from 31 December to 30 September. These financial statements cover the nine month period from 1 January 2020 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 31 December 2019. The accounting period was changed in order to be in line with the wider Jacobs Group accounting reference date.

**Future Developments**

Following the transfer of the majority of the company's trade and assets to Jacobs UK Limited on 02 October 2020, as detailed in the Strategic Report, the company will remain to continue as a going concern for the foreseeable future as its operations continue in its foreign branches.

**Going concern**

The Company's business activities together with the factors likely to affect its future developments and position are set out in the Strategic Report on pages 1 to 3. The Company has recorded a profit before tax in both the current and previous financial years and the Company's balance sheet shows that it has current assets of £33,584k and current liabilities of £2,708k at its most recent balance sheet date. The Directors believe that the Company has enough resources to continue in operation for the foreseeable future.

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 31st January 2023. From 02 October 2020 the balance sheet of Halcrow Group Limited has been repaired following the transfer of trade and assets to Jacobs UK Limited. The latest financials at 02 October 2020 show a net asset position of £30,880k and thus Halcrow Group Limited has sufficient cash to meet its liabilities as they fall due. This has been forecasted to remain the same throughout the going concern assessment period.

Whilst there has been a prolonged period of economic uncertainty due to the Coronavirus (COVID19) pandemic, the Company has managed the issues brought about by the global health pandemic, and the expected delays in new projects have not caused any enduring impact to the Company's trading performance.

As a result, at the date of the 2020 financial statements being issued, the financial viability of Halcrow Group Limited is strong and there isn't a requirement for parental support. The financial statements have therefore been prepared on a going concern basis.

**Dividend**

The Directors do not recommend a dividend payment in respect of the period ended 02 October 2020.

**Foreign branches**

The Company operates 12 branches outside of the UK, the results of which form part of these Financial Statements.

**Share capital**

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

Halcrow Consulting Limited	30,033,339 ordinary shares
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**Directors**

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

B R Shelton (Resigned 9 December 2020)

D J Coultas (Resigned 9 December 2020)

G Douglas (Resigned 11 August 2021)

S Miles (Appointed 11 August 2021)

H D Morrison

J R Shattock (Appointed 3 June 2019, Resigned 30 November 2020)

A Lane (Appointed 30 November 2020)

B Harvey (Appointed 30 November 2020)

**HALCROW GROUP LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE PERIOD ENDED 02 OCTOBER 2020**

(continued)

**Financial Instruments**

The Company's financial instruments are trade and other debtors/creditors, and cash and cash equivalents. Details of the Company's exposure to funding, liquidity and credit risk are given in the Strategic Report on page 2.

**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.

**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.

**Post Balance Sheet Events**

Refer to future developments above

**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.

**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:

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



S Miles  
Director  
Date 31/01/2022

Registered Number:  
03415971



## **HALCROW GROUP LIMITED**

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

The Directors are fully apprised 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 as 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 Group Limited 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 Group Limited is owned 100% by its ultimate parent 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 Group Limited recognise the 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.

#### **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.

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

(continued)

**Key Stakeholders (continued)**

**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.

**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.

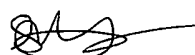
**Governance**

Halcrow Group Limited as a subsidiary of Jacobs Engineering Group Inc., adopts its code of business conduct, ethics, and corporate governance guidance as per its ultimate parent undertaking Jacobs Engineering Group Inc. The Board's approach on corporate governance is based on these group-wide policies which cover the main aspects of corporate responsibility and ethical behaviour. The full text of these code of ethics and corporate governance guidelines are available from [www.jacobs.com](http://www.jacobs.com).

The company on a stand-alone basis has not followed any specific corporate code of conduct due to the reliance and use of group-wide policies and corporate governance practices mentioned in the previous paragraph. However, the following governance arrangements and policies form a basis for the company's decision-making processes:

- The composition of the Board is diverse and includes Jacobs executive management from both global and local UK locations and with wide experience across corporate and operational activities. As such, the Board conducts the company's governance without any board committees. The Board formally convenes twice a year and on other occasions as deemed necessary.
- Board meetings address compliance of the company with its corporate governance codes and reinforces the Board's requirements that its business be conducted to all due ethical standards and with integrity.
- Board members discuss key matters relating to the company, including employee engagement, legal and regulatory compliance, interests of key stakeholders and other critical matters affecting the company.
- The company Board has regular dialogue with the Board members and senior management of the principal shareholder Jacobs Engineering Group, Inc.
- The Board review business plans, targets, and results. It also considers the impact of other factors on the business such as economic, political and challenge within its sphere of activity and any risks the business may face.

Approved by the Board and signed on its behalf by:



S Miles  
Director  
Date 31/01/2022

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

Registered Number:  
03415971

**HALCROW GROUP LIMITED**  
**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 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 GROUP LIMITED**

**Opinion**

We have audited the Financial Statements of Halcrow Group Limited for the period ended 02 October 2020 which comprise of the Profit and Loss Account, Statement of Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and related notes 1 to 25, 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 including 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 below. 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.

**Conclusions relating to going concern**

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 evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- In conjunction with our walkthrough of the Company's financial close process, we confirmed our understanding of management's going concern assessment process and also engaged with management early to ensure all key factors were considered in their assessment.
- We obtained management's going concern assessment for the going concern period which covers the period from the date of signing audit opinion to 31 January 2023.
- We have tested the factors and assumptions included in management's going concern assessment. We considered the appropriateness of the methods used to calculate the cash forecasts and determined through inspection and testing of the methodology and calculations that the methods utilised were appropriately sophisticated to be able to make an assessment for the entity.
- We stress tested the company forecasts including understanding the ability of management to implement any mitigating actions if required.
- We reviewed the company's going concern disclosures included in the financial statements in order to assess that the disclosures were appropriate and in conformity with the reporting standard.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**  
**HALCROW GROUP LIMITED**  
(continued)

**Other information**

The other information comprises the information included in the annual report set out on pages 1 to 7 other than the Financial Statements and our auditor's report thereon. The Directors are responsible for the other information.

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.

In connection with our audit of the Financial Statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the Financial Statements or a material misstatement of the other information. 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 the 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.

**Responsibilities of Directors**

As explained more fully in the statement of Directors' responsibilities statement set out on page 8, 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

**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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**  
**HALCROW GROUP LIMITED**

(continued)

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

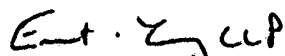
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not 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 those that relate to the reporting framework, being FRS 102 and the Companies Act 2006, and the relevant tax compliance regulations in the UK.
- We understood how the company 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.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures included testing certain controls such as management's monitoring and review of contract estimates. For a sample of projects, our procedures included observing operational project review meetings, 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 period on period 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

Date: 31/01/2022

**HALCROW GROUP LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE PERIOD ENDED 02 OCTOBER 2020**

		<u>9 months to</u> <u>02 October</u> <u>2020</u> £000	<u>9 months to</u> <u>02 October</u> <u>2020</u> £000	<u>9 months to</u> <u>02 October</u> <u>2020</u> £000	<u>12 months to</u> <u>31 December</u> <u>2019</u> £000	<u>12 months to</u> <u>31 December</u> <u>2019</u> £000	<u>12 months to</u> <u>31 December</u> <u>2019</u> £000
	Notes	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Turnover	2	3,309	170,632	173,941	4,875	268,312	273,187
Cost of sales		(2,852)	(230,520)	(233,372)	(4,535)	(190,757)	(195,292)
Gross profit / (loss)		457	(59,888)	(59,431)	340	77,555	77,895
Administrative (expenses) / income		(4,314)	72,388	68,074	535	(41,817)	(41,282)
<b>Operating Profit</b>	3	(3,857)	12,500	8,643	875	35,738	36,613
Sale of Investments	13,14	-	53,150	53,150	-	-	-
Investment impairments	13	-	(7,633)	(7,633)	-	-	-
Gain on sale of discontinued operations	4	-	102,987	102,987	-	-	-
Investment income	5	-	12,885	12,885	-	-	-
Restructuring costs	6	-	(1,820)	(1,820)	-	(1,414)	(1,414)
Interest receivable and similar income	7	105	1,054	1,159	169	1,565	1,734
Interest payable and similar charges	8	-	(3,175)	(3,175)	(10)	(5,303)	(5,313)
<b>Profit on ordinary activities before taxation</b>		(3,752)	169,948	166,196	1,034	30,586	31,620
Tax on profit on ordinary activities	11	(75)	1,922	1,847	(65)	6,830	6,765
<b>Profit for the financial year</b>		<b>(3,827)</b>	<b>171,870</b>	<b>168,043</b>	<b>969</b>	<b>37,416</b>	<b>38,385</b>

**HALCROW GROUP LIMITED**  
**STATEMENT OF OTHER COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 02 OCTOBER 2020**

		<u>9 months to</u> <u>02 October</u>	<u>12 months to</u> <u>31 December</u>
	Notes	<u>2020</u> £000	<u>2019</u> £000
<b>Income for the period</b>		<u>168,043</u>	<u>38,385</u>
<b>Other Comprehensive income</b>			
Remeasurement of the net defined benefit pension liability	18	2,534	(38,954)
Foreign exchange differences on translation of foreign operations		-	(477)
Deferred tax on items recognised in other comprehensive income		<u>(396)</u>	<u>6,741</u>
<b>Other Comprehensive income / (loss) for the period, net of income tax</b>		<u>2,138</u>	<u>(32,690)</u>
<b>Total Comprehensive income for the period</b>		<u><u>170,181</u></u>	<u><u>5,695</u></u>



**HALCROW GROUP LIMITED**  
**BALANCE SHEET AS AT 02 OCTOBER 2020**

	Notes	<b><u>As at 02 October 2020</u></b> £000	<b><u>As at 31 December 2019</u></b> £000
<b>Fixed assets</b>			
Tangible assets	12	4	1,149
Investments			
Investments in Subsidiaries	13	-	7,633
Investments in Associate	14	-	-
		<u>4</u>	<u>8,782</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	15	30,056	93,643
Debtors: amounts falling after more than one year	15	-	25,518
Cash at bank and in hand		<u>3,528</u>	<u>9,683</u>
		<u>33,584</u>	<u>128,844</u>
Creditors: amounts falling due within one year	16	<u>(2,708)</u>	<u>(130,352)</u>
<b>Net current assets / (liabilities)</b>		<u>30,876</u>	<u>(1,507)</u>
<b>Total assets less current liabilities</b>		<u>30,880</u>	<u>7,275</u>
Creditors: amounts falling due after one year	16	-	(145,973)
<b>Provisions for liabilities</b>			
Provisions	17	-	(46,935)
Pensions and similar obligations	18	<u>-</u>	<u>(4,255)</u>
<b>Net assets / (liabilities)</b>		<u><u>30,880</u></u>	<u><u>(189,888)</u></u>
<b>Capital and reserves</b>			
Called up share capital	19	30,033	30,033
Translation reserve		290	(297)
Profit and loss account		<u>557</u>	<u>(219,624)</u>
<b>Equity Shareholder's funds / (deficit)</b>		<u><u>30,880</u></u>	<u><u>(189,888)</u></u>

The Financial Statements for Halcrow Group Limited, registered number 03415971, were approved by the Board of Directors and authorised for issue on 31 January 2022. They were signed on its behalf by:



S Miles  
Director  
Date 31/01/2022

**HALCROW GROUP LIMITED**  
**STATEMENT OF CHANGES IN EQUITY AS AT 02 OCTOBER 2020**

	Notes	Called up share capital £000	Translation reserve £000	Profit and loss account £000	Total equity £000
<b>Balance at 1 January 2019</b>		<b>30,033</b>	<b>30</b>	<b>(225,796)</b>	<b>(195,733)</b>
<b>Total comprehensive income for the period</b>					
Profit for the period		-	-	38,385	38,385
Other comprehensive income					
Remeasurement of the net defined benefit liability	18	-	-	(38,954)	(38,954)
Foreign exchange differences on translation of foreign operations		-	(327)	-	(327)
Deferred tax on items recognised in other comprehensive income		-	-	6,741	6,741
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>(327)</b>	<b>6,172</b>	<b>5,845</b>
<b>Balance at 31 December 2019</b>		<b>30,033</b>	<b>(297)</b>	<b>(219,624)</b>	<b>(189,888)</b>
<b>Balance at 1 January 2020</b>		<b>30,033</b>	<b>(297)</b>	<b>(219,624)</b>	<b>(189,888)</b>
<b>Total comprehensive income for the period</b>					
Profit for the period		-	-	168,043	168,043
Contributions received				50,000	50,000
Other comprehensive income					
Remeasurement of the net defined benefit liability	18	-	-	2,534	2,534
Foreign exchange differences on translation of foreign operations		-	587	-	587
Deferred tax on items recognised in other comprehensive income		-	-	(396)	(396)
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>587</b>	<b>220,181</b>	<b>220,768</b>
<b>Balance at 02 October 2020</b>		<b>30,033</b>	<b>290</b>	<b>557</b>	<b>30,880</b>

**HALCROW GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 02 OCTOBER 2020**

**1 PRINCIPAL ACCOUNTING POLICIES**

**Basis of accounting**

Halcrow Group Limited is a private Company limited by shares and incorporated and resident 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. All amounts in the Financial Statements have been rounded to the nearest £1,000.

These financial statements cover the nine month period from 1 January 2020 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 31 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
- (iv) Transactions with companies within the Jacobs group are not disclosed

The accounting policies which follow set out those policies which apply in preparing the financial statements for the period ended 02 October 2020, unless otherwise stated have been applied consistently to all periods presented in these Financial Statements.

The impact of COVID19 on the going concern basis for the financial statements, and management's assessment, is disclosed in note 1(b) and in the Directors' Report.

**(a) Measurement convention**

The Financial Statements are prepared on the historical cost basis.

**(b) Going concern**

The Company's business activities together with the factors likely to affect its future developments and position are set out in the Strategic Report on pages 1 to 3. The Company has recorded a profit before tax in both the current and previous financial years and the Company's balance sheet shows that it has current assets of £33,584k and current liabilities of £2,708k at its most recent balance sheet date. The Directors believe that the Company has enough resources to continue in operation for the foreseeable future.

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 31st January 2023. From 02 October 2020 the balance sheet of Halcrow Group Limited has been repaired following the transfer of trade and assets to Jacobs UK Limited. The latest financials at 02 October 2020 show a net asset position of £30,880k and thus Halcrow Group Limited has sufficient cash to meet its liabilities as they fall due. This has been forecasted to remain the same throughout the going concern assessment period.

Whilst there has been a prolonged period of economic uncertainty due to the Coronavirus (COVID19) pandemic, the Company has managed the issues brought about by the global health pandemic, and the expected delays in new projects have not caused any enduring impact to the Company's trading performance.

As a result, at the date of the 2020 financial statements being issued, the financial viability of Halcrow Group Limited is strong and there isn't a requirement for parental support. The financial statements have therefore been prepared on a going concern basis.

**(c) Use of estimates and assumptions**

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 our estimates. For further details on use of estimates, refer to each individual accounting policy. The Directors have made judgements in these Financial Statements against critical accounting policies, and in particular, investment values, impairments, turnover, contract balances, employee benefits, provisions and deferred tax. For details of the judgements applied to each estimate refer to each individual accounting policy.

**(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 to this by denominating our contracts in the currencies of our expenditures and obtaining escalation provisions for projects in inflationary economies.

**HALCROW GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 02 OCTOBER 2020**

**1 PRINCIPAL ACCOUNTING POLICIES (continued)**

**(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 basis over its anticipated useful life.

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

Short leasehold property	Period of lease
Furniture and equipment:	
Computers	20% - 33%
Others	10% - 33%

**(g) Investments**

A subsidiary is an entity that is controlled by the parent. Control is established when the parent has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Company takes into consideration potential voting rights that are currently exercisable.

An associate is an entity in which the group has significant influence, but not control, over the operating and financial policies of the entity. Significant influence is presumed to exist when the investor holds between 20% and 50% of the equity voting rights.

A joint venture is a contractual arrangement undertaking in which the Company exercises joint control over the operating and financial policies of the entity. Where the joint venture is carried out through an entity, it is treated as a jointly controlled entity.

The Company's share of the profits less losses of associates and of jointly controlled entities is included in the profit and loss account and its interest in their net assets is recorded on the balance sheet using the equity method.

Where the Company is party to a joint venture which is not an entity, the Company accounts directly for its own income and expenditure, assets, liabilities and cashflows, together with its share of the net results of the joint arrangement.

Investments in subsidiaries are carried at cost less impairment. Management determines the amount of the impairment based on their judgements in evaluating the financial performance and operations of those subsidiaries. In making these judgements an inherent level of uncertainty is involved.

Where the Company is party to a joint venture which is not an entity, the Company accounts directly for its own income and expenditure, assets, liabilities and cashflows, together with its share of the net results of the joint arrangement.

Investments in subsidiaries are carried at cost less impairment. Management determines the amount of the impairment based on their judgements in evaluating the financial performance and operations of those subsidiaries. In making these judgements an inherent level of uncertainty is involved.

**(h) Finance costs**

Finance costs of financial liabilities are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount.

**(i) 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 either the value in use or 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 and 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.

**HALCROW GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 02 OCTOBER 2020**

**1 PRINCIPAL ACCOUNTING POLICIES (continued)**

**(j) Employee benefits**

*Defined contribution plans and other long term employee benefits*

A defined contribution plan is a post employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

*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. The Company recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on defined benefit liability, 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.

The ongoing funding obligations for these schemes vary from time to time depending on actuarial assumptions outside of the Company's control, such as discount rates, inflation rates, scheme investment returns and life expectancy of scheme members. In order to maintain an adequate funding position over time, the Company continuously reviews these assumptions and mitigates these risks by working with the pension scheme trustees and with actuarial and investment advisers. The Company maintains an ongoing dialogue with its pension scheme trustees to negotiate a reasonable schedule for cash contributions as required by UK regulations. If, however, we are unable to agree such a schedule in the future, or if certain assumptions that are outside our control, such as discount rates, inflation rates, scheme investment returns or life expectancy change over time, the Company may need to make cash payments to the schemes in order to meet funding obligations that could have an adverse effect on our financial position and cashflows.

*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*

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.

**(k) Provisions**

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligations at the reporting date.

Property dilapidations - the Company makes provision for the expected amount of payments to be made to landlords of properties leased by the Company at their termination. Management makes judgements as to the amount of provision required based on historical experience. Whilst this is the best estimate available, there is a level of uncertainty in the estimate.

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.

Onerous leases - provision is made in respect of vacant properties, or onerous property terms associated with the Company's leased portfolio. The provision will be utilised over the remaining periods of the relevant leases.

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

Turnover represents amounts earned for professional services and items procured for clients, adjusted, where necessary, for the stage of completion on 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 costs incurred for work performed to date as a proportion of the estimated total contract costs.

Change orders are included in total estimated contract revenue when it is probable that the change order will result in an addition to contract value and when the change order can be estimated. Management evaluates when a change order is probable based upon its experience in negotiating change orders, the customer's written approval of such changes or separate documentation of change order costs that are identifiable.

In making estimates of total contract value and total costs, 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 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.

**HALCROW GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 02 OCTOBER 2020**

**1 PRINCIPAL ACCOUNTING POLICIES (continued)**

**(m) 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 declines.

**(n) 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 judgements in evaluating the ageing of the receivables and the financial condition of our clients, which may be dependent on the type of client and the client's current financial condition.

**(o) 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 throughout the world 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.

**(p) 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.

*Finance leases*

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

*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, on pension assets and other interest receivable.

Interest payable and similar charges includes interest payable on bank loans and overdrafts; interest charges on finance leases; 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.

**(q) 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.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the Financial Statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

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.

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. Recognition, therefore involves judgement based on management's forecasts of future performance.

**HALCROW GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 02 OCTOBER 2020**

**1 PRINCIPAL ACCOUNTING POLICIES (continued)**

(r) **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.

(s) **Stocks**

Stocks are valued at the lower of cost and net realizable value, after making due allowance for obsolete and slow-moving items.

**2 TURNOVER**

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

	<u>9 months to</u> <u>02 October</u> <u>2020</u> £000	<u>12 months</u> <u>to 31</u> <u>December</u> <u>2019</u> £000
United Kingdom, Ireland and rest of Europe	171,200	270,899
Asia and Australasia	202	74
The Americas	565	227
Middle East and Africa	1,974	1,987
	<u>173,941</u>	<u>273,187</u>

**3 OPERATING PROFIT/(LOSS)**

	<u>9 months to</u> <u>02 October</u> <u>2020</u> £000	<u>12 months</u> <u>to 31</u> <u>December</u> <u>2019</u> £000
Operating loss is stated after charging/(crediting):		
Auditor's remuneration for audit of the financial statements	519	517
Depreciation of tangible fixed assets - owned	487	1,001
Exchange gains/(losses)	(519)	3,135
Operating leases		
Motor vehicles	1	7
Other equipment	5	6
Rent of properties payable	1,481	3,011

In 2019, auditor remuneration has been borne by Halcrow Group Limited. In 2020 auditor remuneration has been borne by a member company of Jacobs Engineering Group Inc, Jacobs UK Limited.

**4 DISCONTINUED OPERATIONS**

As stated in the Strategic Report, on 2nd October 2020 the trade and majority of assets of Halcrow Group Limited were transferred to Jacobs UK Limited, a member company of Jacobs Engineering Group Inc. There were certain assets excluded from the transfer and are to be retained by Halcrow Group Limited. The fair value of the consideration for the transfer of assets was £76,639k and is to remain outstanding as an intercompany receivable due from from Jacobs UK Limited.

Halcrow Group Limited has recorded a gain on sale for the trade and assets transferred to Jacobs UK Limited of £102,987k during the period. The gain on sale represents the difference between the fair value of the consideration £76,639k and the book value of the net liabilities transferred to Jacobs UK Limited of £26,348k.

**5 INVESTMENT INCOME**

During the period the company received dividends of £12,885k from its subsidiaries. Refer to the strategic report for further detail.

**HALCROW GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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(continued)

	<u>9 months to</u> <u>02 October</u>	<u>12 months</u> <u>to 31</u> <u>December</u>
	<u>2020</u>	<u>2019</u>
	<u>£000</u>	<u>£000</u>
<b>6 RESTRUCTURING COSTS</b>		
Redundancy and other related costs	1,820	1,414
	<u>1,820</u>	<u>1,414</u>

Redundancy and other related costs were incurred in the year as part of the restructuring programme.

	<u>9 months to</u> <u>02 October</u>	<u>12 months</u> <u>to 31</u> <u>December</u>
	<u>2020</u>	<u>2019</u>
	<u>£000</u>	<u>£000</u>
<b>7 INTEREST RECEIVABLE AND SIMILAR INCOME</b>		
Interest receivable on:		
Short term bank deposits	4	7
Loans to related parties	1,155	1,726
Other interest	-	1
	<u>1,159</u>	<u>1,734</u>

	<u>9 months to</u> <u>02 October</u>	<u>12 months</u> <u>to 31</u> <u>December</u>
	<u>2020</u>	<u>2019</u>
	<u>£000</u>	<u>£000</u>
<b>8 INTEREST PAYABLE AND SIMILAR CHARGES</b>		
Interest payable on:		
Net interest charge on pension schemes	29	727
Loans from related parties	3,146	4,583
Other	-	3
	<u>3,175</u>	<u>5,313</u>

	<u>9 months to</u> <u>02 October</u>	<u>12 months</u> <u>to 31</u> <u>December</u>
	<u>2020</u>	<u>2019</u>
	<u>Number</u>	<u>Number</u>
<b>9 EMPLOYEE INFORMATION</b>		
(a) The average number of persons, including Directors, employed by the Company during the year was:		
Professional and technical	1,758	2,017
Administrative	61	46
	<u>1,819</u>	<u>2,063</u>

	<u>9 months to</u> <u>02 October</u>	<u>12 months</u> <u>to 31</u> <u>December</u>
	<u>2020</u>	<u>2019</u>
	<u>£000</u>	<u>£000</u>
(b) Staff costs during the year were:		
Wages and salaries	70,803	103,744
Social security costs	7,021	10,224
Contributions to defined contribution	5,964	8,014
Expenses related to defined benefit	-	797
Redundancy costs	1,493	39
	<u>85,281</u>	<u>122,818</u>



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

**10 DIRECTORS' EMOLUMENTS**

	<u>9 months to</u> <u>02 October</u> <u>2020</u> £000	<u>12 months</u> <u>to 31</u> <u>December</u> <u>2019</u> £000
Staff costs include the following emoluments of Directors of Halcrow Group Limited:		
Aggregate emoluments	-	286
Contributions to money purchase pension arrangement	-	17
	<u>-</u>	<u>303</u>
	<u>Number</u>	<u>Number</u>
The number of Directors who:		
Are members of a money purchase pension scheme	-	3
Aggregate emoluments include amounts paid to:		
	<u>9 months to</u> <u>02 October</u> <u>2020</u> £000	<u>12 months</u> <u>to 31</u> <u>December</u> <u>2019</u> £000
The highest-paid Director		
Emoluments	-	121
Contributions to money-purchase pension arrangements	-	7

The emoluments of the company's directors are or were paid by other Jacobs Engineering Inc companies.

**11 TAX ON PROFIT ON ORDINARY ACTIVITIES**

	<u>9 months to</u> <u>02 October</u> <u>2020</u> £'000	<u>12 months</u> <u>to 31</u> <u>December</u> <u>2019</u> £'000
United Kingdom corporation tax	17	1,972
UK corporation tax on profits of the period	17	1,972
UK corporation tax-adjustments in respect of prior periods	(77)	(413)
Overseas taxation - Tax charge	75	65
Total current tax (credit) / charge	15	1,624
Total Deferred Tax	(1,862)	(8,389)
Total tax (credit) / charge for period	<u>(1,847)</u>	<u>(6,765)</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 19%. The actual tax charge for the current and the previous year recognised in the profit and loss account differs from the standard rate for the reasons set out in the following reconciliation.

	<u>9 months to</u> <u>02 October</u> <u>2020</u> £'000	<u>12 months</u> <u>to 31</u> <u>December</u> <u>2019</u> £'000
Profit / (loss) on activities before tax	166,196	31,620
Tax on profit / (loss) on ordinary activities at standard rate	31,577	6,008
Factors affecting charge for the period:		
Dividend income not taxable	(2,448)	-
Sale of investment not taxable	(29,678)	-
Income not taxable	(50)	(264)
Expenses not deductible for tax purposes	1,475	827
Adjustments in respect of prior periods	-	(440)
Deferred Tax asset now recognised	(1,073)	(10,517)
Utilisation of previously unrecognised losses now utilised	1,073	(1,708)
Deferred Tax rate change	(2,798)	(736)
Foreign Tax- net of relief	75	65
Total tax (credit) / charge for period	<u>(1,847)</u>	<u>(6,765)</u>

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.

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.

**HALCROW GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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(continued)

	<u>As at 02</u> <u>October</u> <u>2020</u> £	<u>As at 31</u> <u>December</u> <u>2019</u> £
<b>Movement in the year on deferred tax asset</b>		
<b>Deferred Tax Asset</b>		
Opening balance	25,518	25,849
Deferred tax asset recognised - P&L	(1,073)	10,380
Current year movements - P&L	316	(4,105)
Current year movements - OCI	(396)	6,749
Transfer of pension between subsidiaries	(433)	(10,614)
Impact of rate change	2,798	864
Prior year deferred tax reclass to corporation tax for losses surrendered via group relief	-	(3,682)
Adjustment in respect of prior years	(76)	77
Transfer of balances between subsidiaries	(26,654)	-
Recognised in the Balance Sheet	<u>-</u>	<u>25,518</u>
	<u>As at 02</u> <u>October</u> <u>2020</u> £	<u>As at 31</u> <u>December</u> <u>2019</u> £
<b>Deferred Tax at the year end relates to the following:</b>		
<b>Deferred Tax Asset</b>		
Accelerated capital allowances	2,729	2,430
Other Timing Differences	2,830	2,530
Tax losses	21,095	19,835
Defined benefit pension	433	723
Transfer of balances between subsidiaries	(27,087)	-
Disclosed on the Balance sheet	<u>-</u>	<u>25,518</u>

**12 TANGIBLE FIXED ASSETS**

	Improvements to short leasehold properties £000	Furniture and equipment £000	Total £000
<b>Cost</b>			
At 1 January 2020	1,345	11,187	12,532
Additions	-	-	-
Disposals	-	(2)	(2)
Transferred to Jacobs UK Limited	(1,345)	(11,173)	(12,518)
At 02 October 2020	<u>-</u>	<u>12</u>	<u>12</u>
<b>Depreciation</b>			
At 1 January 2020	1,343	10,040	11,383
Charge for the year	-	487	487
Disposals	-	(2)	(2)
Transferred to Jacobs UK Limited	(1,343)	(10,517)	(11,860)
At 02 October 2020	<u>-</u>	<u>8</u>	<u>8</u>
<b>Net Book Value</b>			
At 02 October 2020	<u>-</u>	<u>4</u>	<u>4</u>
At 31 December 2019	<u>2</u>	<u>1,147</u>	<u>1,149</u>

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

**13 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS**

	£'000
<b>Cost</b>	
At 1 January 2020	12,621
Disposals	<u>(50)</u>
At 02 October 2020	<u>12,571</u>
<b>Provisions</b>	
At 1 January 2020	(4,988)
Impairments	<u>(7,583)</u>
At 02 October 2020	<u>(12,571)</u>
<b>Net book value</b>	
At 02 October 2020	<u>-</u>
At 31 December 2019	<u>7,633</u>

During the year the Company assessed the carrying value of its investments and an impairment charge of £7,633k (2019: £nil) has been recognised.

Prior to the trade and transfer of assets to Jacobs UK Limited, Halcrow Group Limited sold its 50,000 ordinary shares of £1 each in the capital of Halcrow International Partnership Limited, comprising the entire issued share capital of Halcrow International Partnership Limited to CH2M Hill Holdings Limited for a consideration of £53,000k being an amount equal to the market value of the shares. The consideration due from CH2M Hill Holdings is to remain as an intercompany loan note receivable and which was transferred to Jacobs UK Limited as part of the trade and transfer of assets agreement. The provision of £50k against the carrying value of the investment in Halcrow International Partnership Limited was released as a result of the gain on the sale and resulted in a gain on sale of £52,950k.

None of the investments included in the above amounts is listed on a recognised investment exchange.

The Company has taken advantage of the exemption from preparing Consolidated Financial Statements allowed by Section 401 of the Companies Act 2006 because it is a wholly owned subsidiary of its ultimate parent undertaking, Jacobs Engineering Group Inc, a company incorporated in the USA, which prepares Consolidated Financial Statements which are publicly available and may be obtained from the website [www.jacobs.com](http://www.jacobs.com). The accounts show information relating to the Company as an individual undertaking and not as a group.

Subsidiary undertakings are listed in note 23 of the Financial Statements.

**14 INVESTMENT IN ASSOCIATE**

During the period the company sold its investment in its associate undertaking, Broadland Environmental Services Limited for a consideration of £200k. The investment carrying value at 01 January 2020 was £nil and thus the sale of investment resulted in a £200k gain on sale.

**HALCROW GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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(continued)

**15 DEBTORS**

	<u>As at 02</u> <u>October</u> <u>2020</u>	<u>As at 31</u> <u>December</u> <u>2019</u>
<b><u>Amounts falling due within one year</u></b>		
Trade debtors	£000	£000
Amounts recoverable on contracts	554	9,182
Amounts due from joint operations	1,065	13,384
Amounts owed by group undertakings	-	4,108
Other debtors and prepayments	28,116	63,645
	321	3,324
	<u>30,056</u>	<u>93,643</u>
	<u>As at 02</u> <u>October</u> <u>2020</u>	<u>As at 31</u> <u>December</u> <u>2019</u>
<b><u>Amounts falling due after more than one year</u></b>		
Deferred taxation	-	25,518
<b>Total Debtors</b>	<u>30,056</u>	<u>119,161</u>

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

	<u>As at 02</u> <u>October</u> <u>2020</u>	<u>As at 31</u> <u>December</u> <u>2019</u>
Payments on account	£000	£000
Trade creditors	84	6,698
United Kingdom corporation tax	882	3,172
Amounts owed to group undertakings	16	9
Other taxation and social security	-	109,310
Other creditors and accruals	-	5,576
	1,726	5,587
	<u>2,708</u>	<u>130,352</u>

**CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<u>As at 02</u> <u>October</u> <u>2020</u>	<u>As at 31</u> <u>December</u> <u>2019</u>
	£000	£000
Amounts owed to group undertakings	-	145,973
	<u>-</u>	<u>145,973</u>

**17 PROVISIONS**

	Property dilapidations	Onerous leases	Professional indemnity claims	Total
	£000	£000	£000	£000
Balance at 1 January 2020	5,211	28,474	13,250	46,935
Provisions utilised during the period	(170)	(3,168)	-	(3,338)
Provisions reversed during the period	-	-	-	-
Transferred to Jacobs UK Limited	(5,041)	(25,306)	(13,250)	(43,597)
<b>Balance at 02 October 2020</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Details of provisions are as follows:

**Property dilapidations**

Provision is made for the expected amount of payments to be made to landlords of properties leased by the group at their termination. The relevant leases expire between 2019 and 2025.

**Onerous leases**

Provision is made in respect of vacant properties, or onerous property terms associated with the group's leased portfolio. The provisions are utilised over the remaining periods of the relevant leases.

**Professional indemnity claims**

When claims have been made against the group, provision is made to the extent that it is considered probable that an obligation will arise. The provision will be utilised on settlement. There is no certainty of timing as to when this will arise.

Following the trade and transfer of asset agreement with Jacobs UK Limited all provisions were transferred to Jacobs UK Limited at 02 October 2020.

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

**18 PENSIONS AND SIMILAR OBLIGATIONS**

The company no longer sponsors any defined benefit pension arrangements in the UK.

The Principal Employer to HPS2 and RPS changed on 31 December 2019 from Halcrow Group Limited (HGL) to Jacobs UK Limited (JUKL). These changes were completed through Flexible Apportionment Arrangements (FAA) on 20 December 2019 and 1 December 2019 respectively. HGL ceased to be liable for both HPS2 and RPS. The transfer of pension liabilities and assets to JUKL has been reflected as a settlement at 20 December 2019 for HPS2 and at 1 December 2019 for RPS, based on market conditions at the respective dates. As a result both the closing assets and the Defined Benefit Obligation have been set to nil at 31 December

All UK defined benefit pension schemes (other than LGPS) have been closed to new entrants for a number of years. The schemes were closed to future accrual with effect from 31 December 2007, with the exception of LGPS, RPS and those members covered by the TUPE provisions. Since this date, such members have had the right to earn current service benefits in the Halcrow Money Purchase Plan (HMPP).

Over the year to 2 October 2020, contributions by the group totalling £0.2m were made to the pension schemes.

For the UK schemes, the accounting calculations are based on the latest formal actuarial valuations which have been updated to the accounting date by a qualified actuary in accordance with IAS19.

The following table sets out the key IAS19 assumptions as at 2 October 2020 used for the East Sussex LGPS scheme.

Assumptions	2020
Pension increase (CPI)	2.1% p.a.
Discount rate	1.6% p.a.
Salary Growth	2.1% p.a.

The following table sets out the key IAS19 assumptions as at 2 October 2020 used for the MEDA scheme.

Assumptions	2020
Price inflation (RPI)	3.0% p.a.
Price inflation (CPI)	2.0% p.a.
Discount rate	1.7% p.a.
Pension increases (RPI3:5)	3.7% p.a.

The following table sets out the key IAS19 assumptions as at 2 October 2020 used for the Platinum scheme.

Assumptions	2020
Price inflation (RPI)	2.9% p.a.
Price inflation (CPI)	1.9% p.a.
Discount rate	1.8% p.a.
Pension increases (RPI5)	2.8% p.a.

On the basis of the assumptions used for life expectancy for the East Sussex LGPS in the UK, a male pensioner in the UK currently aged 65 would be expected to live for a further 21.6 years (2019: 21.2 years). Allowance is made for future improvements in life expectancy, so a pensioner in the UK reaching the age of 65 in 2040 would be expected to live for a further 22.5 years (2019: 22.1 years).

The beginning of year discount rate is used to calculate the interest on assets figures stated below for the schemes. The actual return on scheme assets over 2020 was £1,374,000.

The table below sets out as at 2 October 2020 the fair value of assets, a breakdown of the assets into the main asset classes, the present value of the FRS102 liabilities and the deficit of assets below the FRS102 liabilities.

Components	31 December 2019		
	Fair Value (schemes in deficit)	Fair Value (schemes in surplus)	Total
	£000	£000	£000
Equities	9,323	955	10,278
Bonds	2,043	2,224	4,267
Property	1,149	268	1,417
Other	3,567	43	3,610
<b>Balance Sheet</b>			
Total fair value of assets	16,082	3,490	19,572
Present value of liabilities	(20,655)	(2,879)	(23,534)
(Deficit)/surplus in the schemes	(4,573)	611	(3,962)
Amount not recognised due to surplus restriction	-	(293)	(293)
Net pension (liabilities)/asset	(4,573)	318	(4,255)

**HALCROW GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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(continued)

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

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

	<u>As at 02</u> <u>October</u> <u>2020</u> £000	<u>As at 31</u> <u>December</u> <u>2019</u> £000
Scheme liabilities at the beginning of the year	(23,535)	(672,465)
Current service cost	(742)	(694)
Employee contributions	(57)	(159)
Interest on post-retirement liabilities	(341)	(16,654)
Actuarial gains / (losses)	1,521	(107,292)
Plan amendments	-	(103)
Transfers between subsidiaries	22,836	746,530
Benefits paid	318	27,302
Scheme liabilities at the end of the year	<u>-</u>	<u>(23,535)</u>

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

	<u>As at 02</u> <u>October</u> <u>2020</u> £000	<u>As at 31</u> <u>December</u> <u>2019</u> £000
Scheme assets at the beginning of the year	19,572	638,690
Interest on plan assets	312	15,927
Employer contributions	213	8,034
Employee contributions	57	159
Return on Scheme assets (less)/greater than discount rate	1,062	68,274
Transfers between subsidiaries	(20,898)	(684,090)
Benefits paid	(318)	(27,302)
Administration Costs from Plan Assets	-	(120)
Scheme assets at the end of the year	<u>-</u>	<u>19,572</u>

**HALCROW GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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(continued)

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

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

	<u>As at 02</u> <u>October</u> <u>2020</u> £000	<u>As at 31</u> <u>December</u> <u>2019</u> £000
Current service cost	(742)	(694)
Past service cost & curtailments	-	(103)
Other adjustment	-	(120)
Total operating (charge)/credit	<u>(742)</u>	<u>(917)</u>

The following amounts have been included as net finance (costs)/income under FRS102:

	<u>As at 02</u> <u>October</u> <u>2020</u> £000	<u>As at 31</u> <u>December</u> <u>2019</u> £000
Interest on pension scheme assets	312	15,927
Interest on post-retirement liabilities	(341)	(16,654)
Net interest cost	(29)	(727)
Adjustment due to surplus restriction	-	-
Net interest on net defined benefit liability	<u>(29)</u>	<u>(727)</u>

<b>Reconciliation of net balance sheet position</b>	<u>As at 02</u> <u>October</u> <u>2020</u> £000	<u>As at 31</u> <u>December</u> <u>2019</u> £000
Net defined benefit liability at end of prior period	(4,255)	(34,131)
Effect of employee service in the current period	(742)	(694)
Net interest on net defined benefit liability	(29)	(727)
Remeasurement effects recognised in OCI	2,534	(38,954)
Changes due to settlements/curtailments	-	(103)
Employer contributions	213	8,034
Administration costs incurred	-	(120)
Transfers between subsidiaries	2,279	62,440
Net defined benefit liability at end of current period	<u>-</u>	<u>(4,255)</u>

**HALCROW GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**19 SHARE CAPITAL**

	<u>As at 02</u> <u>October</u> <u>2020</u>	<u>As at 31</u> <u>December</u> <u>2019</u>
	£000	£000
Allotted, Called up and fully paid:		
2020: 30,033,339 (2019: 30,033,339) ordinary shares of £1 each	30,033	30,033
	<u>30,033</u>	<u>30,033</u>

**20 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</u> <u>2020</u>	<u>As at 31</u> <u>December</u> <u>2019</u>
	£000	£000
Land and buildings		
Within one year	-	1,005
In second to fifth years	-	216
	<u>-</u>	<u>1,221</u>
Other		
Within one year	-	6
	<u>-</u>	<u>6</u>

All leases were transferred to Jacobs UK Limited as at 02 October 2020. All commitments are now reported under Jacobs UK Limited.

**21 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</u> <u>2020</u>	<u>As at 31</u> <u>December</u> <u>2019</u>
	£000	£000
Performance and advance payment bonds provided by banks	<u>-</u>	<u>3,108</u>

Under a group registration, the company is jointly and severally liable for value added tax due by some other group undertakings. At 02 October 2020 this contingent liability amounted to £44,572k (2019: £24,585k).

**22 RELATED PARTY TRANSACTIONS**

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

**Directors**

There were no transactions with Directors during the year (2019: £nil).



**HALCROW GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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(continued)

**23 INVESTMENTS AND JOINT VENTURES**

Subsidiary undertakings:-	Percentage owned	Country of registration/operation	Address	Principal country/area of operation
Crouch Hogg Waterman Limited (1)	100%	Scotland	City Park 386 Alexandra Parade, Glasgow, G31 3AU	Great Britain
Halcrow Consulting India Private Limited	100%	India	R-27, 2nd Floor, Pratap Market, Jangpura -B, New Delhi, 110014, India	South Asia
Halcrow Water Services Limited (2)	100%	England	Cottons Centre, Cottons Lane, London SE1 2QG	Great Britain
Sir William Halcrow & Partners Limited	100%	England	Cottons Centre, Cottons Lane, London SE1 2QG	Latin America
Yolles Partnership Limited (2)	100%	England	Cottons Centre, Cottons Lane, London SE1 2QG	Great Britain

(1) Company dissolved on 5 January 2021

(2) Company dissolved on 16 March 2021

**24 JOINTLY CONTROLLED OPERATIONS**

Following the trade and asset transfer to Jacobs UK Limited on 02 October 2020 the following interests in the below jointly controlled operations are now owned by Jacobs UK Limited:

Aberdeen Western Peripheral Route	50%	Scotland	City Park, 386 Alexandra	Great Britain
A-One+	34%	England	Cottons Centre, Cottons Lane, London SE1 2QG	Great Britain
Halcrow Atkins Bond Street	60%	England	Cottons Centre, Cottons Lane, London SE1 2QG	Great Britain
CH2M Hill Fairhurst	50%	England	Cottons Centre, Cottons Lane, London SE1 2QG	Great Britain
Energhia Consortium	29%	France	Iter Organisation, Building B23, Route De Vinon, 13067, France	Europe
Doran Halcrow	50%	Northern Ireland	Norwood House, 96-102 Great Victoria Street, Belfast BT2 7BE	Great Britain
Halcrow Fairhurst	50%	England	Cottons Centre, Cottons Lane, London SE1 2QG	Great Britain
Halcrow Hyder	50%	England	Cottons Centre, Cottons Lane, London SE1 2QG	Great Britain
TATA-Halcrow	50%	England	Cottons Centre, Cottons Lane, London SE1 2QG	Great Britain
Consortia Halcrow Sinergia Setepla	29%	Brazil	C/O Cottons Centre, Cottons Lane, London SE1 2QG	Brazil

Halcrow Group Limited included turnover from joint operations in its results of £31,799k (2019: £63,522) and profit before taxation of £551k (2019: £1,665k).

Amounts due by joint operations at the period end was £1,154k and has been transferred to Jacobs UK Limited following the trade and asset transfer on 02 October 2020.

**25 ULTIMATE PARENT UNDERTAKING**

The immediate parent undertaking is Halcrow Consulting 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.