

# AMEC Nuclear Projects Limited

Directors' report and accounts

31 December 2009

Registered number 5664962

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# AMEC Nuclear Projects Limited

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# AMEC Nuclear Projects Limited

**Directors**

IG Clarkson  
K Smith

**Secretary**

CL Fidler

**Registered Office**

Booths Park  
Chelford Road  
Knutsford  
Cheshire  
WA16 8QZ

**Auditors**

KPMG Audit Plc  
Chartered Accountants  
St James' Square  
Manchester  
M2 6DS

# AMEC Nuclear Projects Limited

## Directors' report

### Principal activities

The company delivers program management, performance enhancement and commercial development. Activities principally relate to nuclear power generation industries.

### Results and dividends

The profit after taxation for the year amounts to £1,670,000 (2008: £77,000). The directors do not recommend the payment of a dividend (2008: £nil).

The company's turnover increased from £12,270,000 in 2008 to £21,010,000 in 2009 due to increased activity with two major clients. Profitability increased correspondingly, profitability in 2008 had also been suppressed by legacy issues.

### Directors

The current directors are listed on page 2.

The directors who served during the year were as follows:

IG Clarkson  
K Smith

### Principal risks and uncertainties

The main operational risks of the business include health and safety and failure to meet client expectations. The management of health and safety risk includes a Health and Safety Manual, risk assessments and internal audits. The other operational risks are managed by ensuring all project managers are suitably qualified and experienced to perform their current role plus all significant contracts undergo regular reviews.

The company's commercial risks include unprofitable contracts, lower than forecast work volumes due to volatility of public and private sector spending programmes, and bad debts. All potential new business undergoes both a comprehensive tender review and profit study before being tendered for. The credit risk associated with customers is considered as part of the tender review process and is addressed initially via contract payment terms, and, where appropriate, payment security. Credit control practices are applied thereafter during the project execution phase.

### Key performance indicators

KPIs used to monitor the business include the following:

Revenue  
Gross margin by contract  
Gross margin %  
Health and safety  
Staff utilisation  
Employee headcount, turnover and absence  
Orders received  
Order book  
Level of working capital

All financial KPIs are monitored compared to budget and previous years.

# AMEC Nuclear Projects Limited

## Directors' report (*continued*)

### **Environment and sustainability**

Our aim is to cause no harm to people and to protect, and where we can, improve the environment. In striving to achieve this goal, we implement effective health, safety and environmental management systems, encourage and promote the adoption of safe working practices and engage our people and business partners in driving continuous performance improvement.

**Environmental Guiding Principle:** We strive to protect and improve the environment wherever we can, minimising harm. We choose and promote effective environmental management systems and practices whenever possible. We are committed to continuous improvement of our environmental performance.

We have a high level of commitment to safety that starts at the President of AMEC's nuclear business and is cascaded through a system of personal SHE Action Plans to all senior managers.

Our integrated Environmental and Safety Management Systems Standards are accredited to ISO 14001 2004 and BS OHSAS 18001 2007. The certificate covers all of our offices and sites.

### **Creditor payment policy**

As a subsidiary of AMEC plc, the company is responsible for agreeing terms and conditions under which transactions with its suppliers are conducted. It is group policy that payments to suppliers are generally made in accordance with these terms and conditions, provided that the supplier complies with all of its obligations in this regard.

### **Employees**

The company employed on average 114 people in 2009 (2008: 53).

AMEC gives high priority to the development of employees, to ensure that the company has the necessary skills and behaviours to deliver its strategic business objectives and to provide for management succession.

Processes are in place across the group for the regular and consistent review of employee performance, development and management succession. Common training needs are delivered through the AMEC Academy.

It is of key importance to AMEC that it engages with employees to ensure they understand the direction in which the company is going, are committed to AMEC's values, and are empowered to propose and make changes to improve how AMEC operates. AMEC employees embody its knowledge, brand and reputation and it is through their activities, day by day, that AMEC delivers on its business objectives and commitments to shareholders, customers and the wider community. An annual survey of employee opinion is conducted and AMEC is committed to sharing and acting on the outcomes. AMEC provides a wide range of mechanisms for employees to share knowledge, to be kept informed of developments within AMEC and to raise issues and discuss matters of concern, whether face to face or using electronic means.

Respect for cultural diversity and commitment to equal opportunities are included amongst AMEC's Guiding Principles which are incorporated into management policies and processes worldwide. The company's policy is to recruit from the widest labour market to determine the careers of all employees solely on merit and to make judgements about employees free from the effects of bias and prejudice.

# AMEC Nuclear Projects Limited

## Directors' report (*continued*)

### Employees (*continued*)

As part of AMEC's equal opportunities policy, procedures are in place that are designed to provide for fair consideration and selection of disabled applicants to ensure they are properly trained to perform safely and effectively, and to provide career opportunities which allow them to fulfil their potential. When an employee becomes disabled in the course of their employment, AMEC will actively seek to retain them wherever possible by making adjustments to their work content and environment or by retraining them to undertake new roles.

AMEC operates a savings related share option plan that allows employees to participate in AMEC plc's share price growth. This is open to employees in all major countries of operation who meet a minimum service qualification. Offers to participate are currently being made on an annual basis.

### Third party indemnity provisions

Certain directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

### Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### Auditors

Following a formal tender process, KPMG Audit Plc have been asked to resign as auditors of the Company. Ernst & Young LLP will be appointed as auditors for the forthcoming year.

By order of the board



CL FIDLER  
Secretary

AMEC plc  
Booths Park  
Chelford Road  
Knutsford  
Cheshire  
WA16 8QZ

# AMEC Nuclear Projects Limited

## Profit and loss account for the year ended 31 December 2009

	<i>Note</i>	<b>2009 £000</b>	<b>2008 £000</b>
<b>Turnover</b>		21,010	12,270
Cost of sales		(18,777)	(12,162)
<b>Profit on ordinary activities before taxation</b>		2,233	108
Taxation on profit on ordinary activities	6	(563)	(31)
<b>Retained profit for the financial year</b>		<u>1,670</u>	<u>77</u>

There is no difference between the retained profits for the years stated above and their historical cost equivalents

## Statement of total recognised gains and losses for the year ended 31 December 2009

There are no recognised gains or losses during the current or preceding financial years other than the retained profits for the years stated above

## Reconciliation of movement in shareholders' funds for the year ended 31 December 2009

	<b>2009 £000</b>	<b>2008 £000</b>
Profit for the year	1,670	77
Shareholders' funds/(deficit) as at 1 January	12	(65)
Shareholders' funds as at 31 December	<u>1,682</u>	<u>12</u>

# AMEC Nuclear Projects Limited

Registered number 5664962

## Balance sheet as at 31 December 2009

	Note	2009 £000	2008 £000
<b>CURRENT ASSETS</b>			
<b>Debtors</b> (including £7,690,000 (2008 £1,000) due after more than one year)	7	15,156	5,322
Cash at bank and in hand		1,240	-
		<u>16,396</u>	<u>5,322</u>
<b>Creditors:</b> amounts falling due within one year	8	(1,722)	(723)
<b>Net current assets</b>		<u>14,674</u>	<u>4,599</u>
<b>Creditors:</b> amounts falling due after more than one year	9	(12,992)	(4,587)
<b>Net assets</b>		<u>1,682</u>	<u>12</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10,11	10	10
Profit and loss account	11	<u>1,672</u>	<u>2</u>
<b>Equity shareholders' funds</b>		<u>1,682</u>	<u>12</u>

These accounts were approved by the board of directors on 16 July 2010  
and were signed on its behalf by



IG CLARKSON  
DIRECTOR

The notes on pages 8 to 13 form part of these accounts



# AMEC Nuclear Projects Limited

## Notes to the accounts

### 1 ACCOUNTING POLICIES

#### **Accounting convention**

The accounts have been prepared under the historical cost convention, modified to include the revaluation of certain land and buildings, and in accordance with applicable accounting standards and with the Companies Act 2006

#### **Basis of the preparation of the accounts**

The directors have taken advantage of the exemption in FRS 8 "Related party transactions", paragraph 3(c) and have not disclosed any related party transactions with parent and fellow subsidiary undertakings

#### **Bid costs**

Bid costs are expensed as incurred until the company is appointed as the preferred bidder. Subsequent to appointment as preferred bidder, bid costs are capitalised and held on the balance sheet provided the award of the contract is virtually certain and it is expected to generate sufficient net cash flow to allow recovery of the bid costs. Where bid costs are reimbursed at financial close, the proceeds are applied first against the balance of cost included in the balance sheet, with any additional amounts treated as deferred income and released to profit over the period of the contract.

#### **Cash flow statement**

The company is exempt from the requirement of FRS 1 "Cash flow statements" to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of AMEC plc, and its cash flows are included within the consolidated cash flow of that group.

#### **Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date. Trading results are translated at average rates for the year.

#### **Long term contracts**

As soon as the outcome of a long term contract can be estimated reliably, contract turnover and expenses are recognised in the profit and loss account in proportion to the stage of completion of the contract. The stage of completion is assessed by reference to surveys of work performed. When the outcome of a contract cannot be estimated reliably, turnover is recognised only to the extent of contract costs incurred that it is probable will be recovered, and contract costs are expensed as incurred. An expected loss on a contract is recognised immediately in the profit and loss.

Turnover in respect of variations to the contract scope and claims is recognised when it is probable that it will be received and is capable of being reliably measured. Incentive payments are recognised when a contract is sufficiently far advanced that it is probable that the required conditions will be met and the amount of the payment can be reliably measured.

# AMEC Nuclear Projects Limited

## Notes to the accounts (*continued*)

### 1 ACCOUNTING POLICIES (*continued*)

The amounts recoverable under contracts are stated at cost plus recognised profits, less provision for recognised losses and progress billings. These amounts are reported in debtors.

Payments on account in excess of the amounts recoverable under contracts are included in creditors.

#### **Research and development**

Research and development expenditure is written off as incurred.

#### **Stocks and work in progress**

Stocks and work in progress are stated at the lower of cost including attributable overheads and net realisable value.

#### **Taxation**

The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19 "Deferred tax".

#### **Turnover**

Turnover is measured at the fair value of consideration received or receivable, excluding value added tax, for goods and services supplied to external customers.

Turnover from services and construction contracts is recognised by reference to the stage of completion of the contract, as set out in the accounting policies for long term contracts.

### 2 AUDIT COSTS

The audit costs of £11,000 (2008: £11,000) have been borne by another group company.

# AMEC Nuclear Projects Limited

## Notes to the accounts (*continued*)

### 3 DIRECTORS' REMUNERATION

None of the directors received any remuneration in respect of their services to the company during the current or preceding financial year

### 4 EMPLOYEE INFORMATION

Employees do not have contracts of service with this company as they are employees of AMEC Group Limited. Details of the recharged costs and average staff numbers (including executive directors) are disclosed in these accounts to provide a true and fair view of the company's affairs

	2009 number	2008 number
<b>By activity</b>		
Operational	65	32
Administration	49	21
	<u>114</u>	<u>53</u>

### 5 STAFF COSTS

	<i>Note</i>	2009 £000	2008 £000
Wages and salaries		5,670	2,364
Social security costs		513	205
Other pension costs	12	162	180
		<u>6,345</u>	<u>2,749</u>

### 6 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2009 £000	2008 £000
<b>Current tax</b>		
UK corporation tax at 28% (2008 28.5%)		
- current year	625	31
- prior year	(62)	-
	<u>563</u>	<u>31</u>

# AMEC Nuclear Projects Limited

## Notes to the accounts (*continued*)

### 6 TAXATION ON PROFIT ON ORDINARY ACTIVITIES (*continued*)

The current tax charge for the year is lower than (2008 in line with) the standard rate of corporation tax in the UK, and is explained as follows

	2009 £000	2008 £000
Profit on ordinary activities before taxation	2,233	108
Tax charge at 28% (2008 28.5%)	625	31
Adjustments in respect of prior years	(62)	-
Current tax charge for the year	563	31

### 7 DEBTORS

	2009 £000	2008 £000
<b>Amounts falling due within one year</b>		
Trade debtors	1,979	3,491
Amounts recoverable on contracts	-	409
Prepayments and accrued income	1,371	1,421
Amounts owed by group undertakings	4,116	-
	7,466	5,321

#### Amounts falling due after more than one year

Amounts owed by group undertakings	7,689	-
Deferred tax	1	1
	7,690	1
Total debtors	15,156	5,322

The deferred tax asset is analysed as follows

	2009 £000	2008 £000
Accelerated capital allowances	1	1

	Deferred taxation £000
As at 1 January 2009	1
Profit and loss account	-
At 31 December 2009	1

# AMEC Nuclear Projects Limited

## Notes to the accounts (*continued*)

### 8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £000	2008 £000
Other tax and social security	142	-
Trade creditors	969	-
Accruals and deferred income	611	723
	<u>1,722</u>	<u>723</u>

### 9 CREDITORS: AMOUNTS FALLING DUE AFTER MORE ONE YEAR

	2009 £000	2008 £000
Amounts owed to group undertakings	<u>12,992</u>	<u>4,587</u>

### 10 SHARE CAPITAL

	2009 number	2008 number	2009 £000	2008 £000
Ordinary shares of £10,000 each				
Authorised	<u>1,000</u>	<u>1,000</u>	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid	<u>1</u>	<u>1</u>	<u>10</u>	<u>10</u>

### 11 RESERVES

	Share capital £000	Profit and loss account £000	Total £000
As at 1 January 2009	10	2	12
Retained profit for the year	-	1,670	1,670
As at 31 December 2009	<u>10</u>	<u>1,672</u>	<u>1,682</u>

### 12 PENSION COMMITMENTS

#### FRS17 "Retirement benefits"

Contributions to defined benefit pension scheme in respect of company employees are charged to the profit and loss account as incurred

Defined benefit pension schemes are operated by the group but the company is unable to separately identify its share of the assets and liabilities of those schemes or any details of the surplus or deficit in the scheme and the implication of that surplus or deficit for the company

Details of the disclosures required under FRS17 can be found in the group accounts of AMEC Group Limited, a fellow subsidiary company

# AMEC Nuclear Projects Limited

## Notes to the accounts (*continued*)

### 13 ULTIMATE PARENT COMPANY

The company regarded by the directors as the ultimate parent company is AMEC plc, which is incorporated in England and Wales. Copies of the group accounts can be obtained from AMEC plc, Booths Park, Chelford Road, Knutsford, Cheshire, WA16 8QZ.

# AMEC Nuclear Projects Limited

## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE ACCOUNTS

The directors are responsible for preparing the Directors' Report and the accounts in accordance with applicable law and regulations

Company law requires the directors to prepare accounts for each financial year. Under that law they have elected to prepare the accounts in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the accounts 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 accounts, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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 accounts, and
- prepare the accounts 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 accounts 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.

# AMEC Nuclear Projects Limited

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AMEC NUCLEAR PROJECTS LIMITED**

We have audited the accounts of AMEC Nuclear Projects Limited for the year ended 31 December 2009 set out on pages 6 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 auditors' 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.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 14, the directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the accounts**

A description of the scope of an audit of accounts is provided on the APB's web-site at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

### **Opinion on accounts**

In our opinion the accounts

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

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




# AMEC Nuclear Projects Limited

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AMEC NUCLEAR PROJECTS LIMITED (*continued*)

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

We have nothing to report in respect of the following matters where 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 accounts 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



**M Newsholme (Senior Statutory Auditor)**  
**for and on behalf of KPMG Audit Plc, Statutory Auditor**  
Chartered Accountants  
St James' Square  
Manchester  
M2 6DS

26 July 2010