

URS Corporation Limited
(formerly Thorburn Colquhoun Limited)
Annual report and financial statements
for the year ended 31 October 2001

Registered Number ⁵⁰118271



URS Corporation Limited (formerly Thorburn Colquhoun Limited)

Annual report and financial statements for the year ended 31 October 2001

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URS Corporation Limited (formerly Thorburn Colquhoun Limited)

Directors and Advisors

Directors

I A Wotherspoon	(resigned 31 January 2002)	D Dunster	(resigned 31 October 2001)
S P Johns	(resigned 31 October 2001)	J C Travers	(resigned 31 October 2001)
C Darling	(resigned 12 April 2002)	D Bennison	(resigned 31 October 2001)
K Ainsworth		K Holloway	(resigned 31 October 2001)
J Miller		N Butler	(resigned 31 October 2001)
P Monaghan	(resigned 1 November 2001)	J Rogers	(resigned 31 October 2001)
G Ward		J G Alexander	(appointed 16 October 2001, resigned 20 March 2002)
A V Marrett	(appointed 1 November 2001)		
A Elliott-Frey	(appointed 18 March 2002)		

Secretary

Y Hoskings-James

Auditors

PricewaterhouseCoopers
Kintyre House
209 West George Street
Glasgow
G2 2LW

Solicitors

Biggart Baillie
310 St Vincent Street
Glasgow
G2 5QR

Registered Office

Kinneil House
243 West George Street
Glasgow
G2 4QE

Bankers

Clydesdale Bank plc
30 St Vincent Place
Glasgow
G1 2HP

URS Corporation Limited (formerly Thorburn Colquhoun Limited)

Directors' report for the year ended 31 October 2001

The directors present their report and audited financial statements of the company for the year ended 31 October 2001.

Change of name

On October 31 2001, the company passed a special resolution changing its name from Thorburn Colquhoun Limited to URS Corporation Limited.

Principal activities and business review

The principal activity of the company is structural, civil engineering and environmental consulting. On 31 October 2001, URS Corporation Limited purchased the United Kingdom business of Dames & Moore, a fellow subsidiary undertaking of URS Corporation, whose principal activity is environmental consultancy, employing 217 people. The purchase consideration of £651,904 was based on net asset value and these financial statements incorporate the underlying assets and liabilities acquired.

Results and dividends

The profit on ordinary activities after taxation for the year was £2,454,203 (2000: £814,608). The directors do not recommend the payment of a dividend.

Directors and their interests

The directors of the company who served during the year are listed on page 3.

The interests of the directors in the shares of the company during the year were as follows:

Number of ordinary shares of £1 each	31 October 2001	31 October 2000
I A Wotherspoon	1	1

Other than shown above, no director had any shares in the company at 31 October 2001.

The company's ultimate parent undertaking is incorporated outside the United Kingdom. As permitted by statutory instrument, the register of directors' shareholdings maintained in accordance with Section 325 of the Companies Act 1985, does not include the interests of directors in the shares of the ultimate parent undertaking

Any interests in, or option to purchase, the share capital of fellow subsidiary undertakings are disclosed in the financial statements of the relevant companies.

Policy on payment to creditors

Operating businesses are responsible for agreeing the terms and conditions under which business transactions with their suppliers are conducted. It is company policy that every effort is made to ensure that payments to suppliers are made in accordance with these terms, provided the supplier is also complying with all relevant terms and conditions. Our average payment terms, based on the period end creditors balance, were 45 days.

URS Corporation Limited (formerly Thorburn Colquhoun Limited)

Employees

The company's policy and practice is to encourage the employment of disabled persons (or persons becoming disabled whilst employed), their recruitment, training, career development and promotion.

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 October 2001 and that applicable accounting standards have been followed.

The directors are responsible for maintaining proper accounting records which 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 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the board



A Elliott-Frey
Director
1 July 2002

URS Corporation Limited (formerly Thorburn Colquhoun Limited)

Independent auditors' report to the members of URS Corporation Limited

We have audited the financial statements on pages 7 to 18.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

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

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 October 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Glasgow
1 July 2002

URS Corporation Limited (formerly Thorburn Colquhoun Limited)

Profit and loss account for the year ended 31 October 2001

	Note	2001 £	2000 £
Turnover	1	25,037,438	24,426,925
Cost of sales		(12,788,480)	(16,609,295)
Gross profit		12,248,958	7,817,630
Other operating income	2	3,735,382	-
Administrative expenses		(13,262,513)	(6,424,996)
Operating profit	3	2,721,827	1,392,634
Interest receivable		7,481	19,656
Interest payable	6	(275,105)	(211,912)
Dividends receivable		-	389
Profit on ordinary activities before taxation		2,454,203	1,200,767
Tax on profit on ordinary activities	7	-	(386,159)
Retained profit for the financial year	16	2,454,203	814,608

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year and their historical cost equivalents.

The company has no other gains or losses other than the profit stated above and therefore no separate statement of recognised gains and losses has been presented.

URS Corporation Limited (formerly Thorburn Colquhoun Limited)

Balance sheet as at 31 October 2001

	Note	2001 £	2000 £
Fixed assets			
Tangible assets	8	3,049,730	1,184,091
Investments	9	502	502
		3,050,232	1,184,593
Current assets			
Stock	10	191,100	-
Debtors	11	17,637,433	9,261,053
Cash at bank and in hand		1,790,304	83,935
Total current assets		19,618,837	9,344,988
Creditors: amounts falling due within one year	12	(12,914,503)	(6,639,385)
Net current assets		6,704,334	2,705,603
Total assets less current liabilities		9,754,566	3,890,196
Creditors: amounts falling due after more than one year	13	(168,550)	(3,258,383)
Net assets		9,586,016	631,813
Capital and reserves			
Called up share capital	15	1,635,000	10,000
Share premium account	16	4,875,000	-
Profit and loss account	16	3,076,016	621,813
Total equity shareholders' funds	17	9,586,016	631,813

These financial statements on pages 7 to 18 were approved by the board of directors on 1 July 2002 and were signed on its behalf by:



A Elliott-Frey
Director

URS Corporation Limited (formerly Thorburn Colquhoun Limited)

Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

The company is exempt by virtue of Section 228, Companies Act 1985, from the requirement to prepare group accounts and to deliver them to the Registrar of Companies because the company is included in the consolidated accounts of a larger EU group, URS Europe Limited, a company registered in England.

The financial statements present information of the company as an individual undertaking and not of its group.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of services to customers during the year.

Long term contracts

Long term contracts, which are included in debtors as "amounts recoverable on contracts", are stated at cost, plus attributable profits, less provisions for any anticipated final losses, less payments receivable on account. The profit attributable to the stage of completion of a long term contract is recognised if the outcome of the contract can be foreseen with reasonable certainty.

When payments to account on a contract exceed the value of the relevant work in progress the excess is included in creditors as "payments received on account".

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset evenly over its expected useful life. The rates are as follows:

Leasehold improvements	- over the period of the lease
Fixtures and fittings	- over a period of 10 years.
Plant and machinery	- over a period of 7 years.
Computer Equipment	- over a period of 5 years
Motor vehicles	- over a period of 5 years

Foreign currencies

Exchange differences arising on the settlement of foreign currency transactions are reflected in the profit and loss account for the year.

Monetary assets and liabilities denominated in foreign currencies are re-translated using the rate of exchange ruling at the balance sheet date and any differences arising are included in the profit and loss account for the year.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Pension costs

Contributions to the group pension scheme in which the company participates are charged to the profit and loss account when they become payable.

URS Corporation Limited (formerly Thorburn Colquhoun Limited)

Leased assets

Where assets are acquired by arrangements which give rights approximating to ownership (finance leases or hire purchase) the amount representing the outright purchase price of such assets is included in tangible fixed assets in the appropriate category. Depreciation is provided in the same way as owned tangible fixed assets. The principal element of future rental payments is treated as a liability within creditors. Payments are allocated between principal and finance elements. The principal element of payments is applied to reduce the outstanding liability and the finance charge is charged to the profit and loss account in the period to which it relates.

Rental payments due under operating leases are charged to the profit and loss account in the period to which they relate.

Cash flow statement and related parties disclosure

As the cash flow statement included in the consolidated accounts of the intermediate parent undertaking complies with the conditions of Financial Reporting Standard No. 1 (FRS1) 'Cash Flow Statements' the company is exempt under FRS1 from the requirements to prepare a separate cash flow statement.

Separate disclosures relating to transactions and balances with companies in URS Europe Limited group in terms of Financial Reporting Standard No 8 are not made since the company has taken advantage of the exemption in paragraph 3(c) of the standard.

Joint arrangements

The company has a contractual agreement with another participant to engage in a joint activity that does not create an entity carrying on a trade or business of its own. The company includes its share of assets, liabilities and cashflows in such a joint arrangement, measured in accordance with the terms of the arrangement, which is usually pro-rata to the company's interest in the joint arrangement.

URS Corporation Limited (formerly Thorburn Colquhoun Limited)

Notes to the financial statements for the year ended 31 October 2001

1. Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of services to customers during the year, all of which is undertaken in the UK, and excludes intercompany trading.

2. Other operating income

This comprises the following adjustments in respect of a restructuring of the group funding position:

	2001	2000
	£	£
Waiving of amounts due from other group companies	(572,883)	-
Waiving of amounts due to other group companies	4,308,265	-
	3,735,382	-

3. Operating profit

	2001	2000
	£	£
Operating profit is stated after charging/(crediting):		
Operating lease charges		
- Hire of plant and machinery	165,525	844,260
- Other	1,239,745	594,642
Depreciation		
- Assets held under hire purchase contracts	151,994	148,586
- Owned assets	239,631	182,434
Exchange (gain)/loss on foreign currency settlements	(29,077)	57,325

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4. Directors' emoluments

	2001	2000
	£	£
Aggregate emoluments	758,615	704,883
Company contributions to money purchase schemes	82,158	48,016

The emoluments of the highest paid director were £143,015 including pension contributions of £13,150 (2000: £11,250).

Three directors (2000: seven) have retirement benefits accruing under money purchase schemes.

5. Employee information

The average monthly number of staff (including directors) employed by the company during the year was:

	2001	2000
	Number	Number
Administration	91	89
Technical	434	391
	525	480

The aggregate payroll costs of these staff were as follows:

	2001	2000
	£	£
Wages and salaries	11,636,613	11,458,171
Social security costs	1,069,015	1,093,676
Other pension costs (note 19)	616,358	567,389
	13,321,986	13,119,236

6. Interest payable

	2001	2000
	£	£
Bank overdraft interest	178,862	166,206
Hire purchase contracts	96,243	41,484
Other interest	-	4,222
	275,105	211,912

URS Corporation Limited (formerly Thorburn Colquhoun Limited)

7. Tax on profit on ordinary activities

	2001 £	2000 £
UK corporation tax at 30%	-	366,610
Adjustment in respect of previous years -- corporation tax	-	19,549
	-	386,159

8. Tangible assets

	Leasehold improvements £	Motor vehicles £	Fixtures & fittings £	Plant, machinery & computer equipment £	Total £
Cost					
At 1 November 2000	119,630	56,260	193,005	3,096,161	3,465,056
Additions	8,898	-	30,380	833,366	872,644
Transfers on acquisition	853,052	-	121,986	875,316	1,850,354
At 31 October 2001	981,580	56,260	345,371	4,804,843	6,188,054
Depreciation					
At 1 November 2000	40,780	56,260	86,769	2,097,156	2,280,965
Transfer on acquisition	137,882	-	46,331	281,521	465,734
Charge for year	29,830	-	13,204	348,591	391,625
At 31 October 2001	208,492	56,260	146,304	2,727,268	3,138,324
Net book value					
At 31 October 2001	773,088	-	199,067	2,077,575	3,049,730
At 31 October 2000	78,850	-	106,236	999,005	1,184,091

The net book value at 31 October 2001 includes £323,280 (2000: £475,274) in respect of assets held under hire purchase contracts. The depreciation charge for the year on these assets amounted to £151,994 (2000: £148,586).

URS Corporation Limited (formerly Thorburn Colquhoun Limited)

9. Fixed asset investments

	2001	2000
	£	£
Shares in subsidiary undertakings held at cost	502	502

Details of the principal subsidiary undertakings and joint arrangements are as follows:

Subsidiary undertaking	Country of registration and incorporation	Description of holding	Proportion held
(i) Bricolpar Limited	England	Ordinary £1	100%
(ii) Thorburn Colquhoun (Ireland) Limited	Republic of Ireland	Ordinary £1	100%

The principal business activities and country of operation of the above companies are:

- (i) The provision of management services to URS Corporation Limited, operating in the United Kingdom
- (ii) Structural and civil engineering consulting, operating in the Republic of Ireland

Joint arrangement	Proportion held
Carillion-URS	30%

The principal business activities of the above joint arrangement is the managing agent and contractor relating to the motorway and trunk road network in Highways Agency Area Number 8.

10. Stocks

	2001	2000
	£'000	£'000
Raw materials and consumables	191,100	-

URS Corporation Limited (formerly Thorburn Colquhoun Limited)

11. Debtors

	2001	2000
	£	£
Amounts falling due within one year:		
Trade debtors	8,698,501	5,577,276
Amounts recoverable on contracts	8,417,545	2,143,707
Amounts due by group undertakings	246,854	819,738
Prepayments	237,228	391,553
Other debtors and accrued income	37,305	328,779
	17,637,433	9,261,053

12. Creditors: amounts falling due within one year

	2001	2000
	£	£
Bank overdraft (secured)	3,835,574	678,939
Payments on account	-	210,887
Trade creditors	2,720,722	580,517
Amounts due to group undertakings	695,108	1,361,589
Other taxation and social security	1,392,710	1,565,137
Accruals and deferred income	4,062,041	1,840,049
Obligations under hire purchase contracts	127,240	127,345
Corporation tax	81,108	274,922
	12,914,503	6,639,385

The bank overdraft is secured by a floating charge over the assets of the company and other group undertakings.

URS Corporation Limited (formerly Thorburn Colquhoun Limited)

13. Creditors: amounts falling due after more than one year

	2001	2000
	£	£
Amounts due to group undertakings	-	2,970,257
Obligations under hire purchase contracts – due between two and five years	168,550	288,126
	168,550	3,258,383

14. Acquisitions

On 31 October 2001 the company acquired the UK business of Dames & Moore, a fellow subsidiary undertaking of URS Corporation for a total consideration of £651,904.

At that time, an assessment was made of the fair value of the net assets acquired however no adjustments were required to the book values of the net assets to obtain the fair value of the net assets on acquisition.

	Fair value
	£
Tangible fixed assets	1,384,620
Debtors	10,087,007
Cash	321,176
Creditors	(11,140,899)
Net assets acquired	651,904
Consideration	651,904
Consideration satisfied by:	
Cash paid	1,000
Loan received from URS Corporation Inc	650,904
	651,904

The book value of the assets and liabilities have been taken from the management accounts of Dames & Moore at 31 October 2001.

In its financial year to 31 October 2000 Dames and Moore made a loss after tax of £756,433. For the period since that date to the date of acquisition Dames and Moore's management accounts show:

	£
Turnover	17,550,226
Operating profit	1,113,006
Profit before tax	1,110,368

URS Corporation Limited (formerly Thorburn Colquhoun Limited)

15. Called up share capital

	2001 £	2000 £
Authorised, allotted and fully paid		
1,635,000 (2000: 10,000) ordinary shares of £1 each	1,635,000	10,000

On 31 October 2001 the company increased the authorised share capital to 1,635,000 ordinary shares.

On 31 October 2001 the company issued 1,625,000 shares for cash. The nominal value of these shares was £1,625,000 and the consideration received was £6,500,000.

16. Reserves

	Share premium account £	Profit and loss account £
As at 1 November 2000	-	621,813
Premium on shares issued during the year	4,875,000	-
Retained profit for the financial year	-	2,454,203
As at 31 October 2001	4,875,000	3,076,016

17. Reconciliation of movement in shareholders' funds

	2001 £	2000 £
Opening shareholders' funds	631,813	(182,795)
Profit for the financial year	2,454,203	814,608
Proceeds of ordinary shares issued for cash (note 15)	6,500,000	-
	9,586,016	631,813

URS Corporation Limited (formerly Thorburn Colquhoun Limited)

18. Financial commitments

At 31 October the company had an annual commitment under non-cancellable operating leases expiring as follows:

	2001		2000	
	Land and buildings	Other £	Land and buildings	Other £
Expiring within one year	240,000	6,503	48,256	49,759
Expiring between two and five years	101,128	125,939	-	287,040
Expiring after five years	399,899	-	284,000	-
	741,027	132,442	332,256	336,799

19. Pensions

The company participates in a group operated defined contribution (money purchase) scheme. Contributions to the scheme are charged to the profit and loss account when they become due.

The pension charge for the year was £616,358 (2000: £567,389)

20. Contingent liability

The company, in common with other undertakings in the URS Europe Limited group, has given cross guarantees in respect of bank advances to the group and other loans. At 31 October 2001, this contingent liability amounted to £2,094,968 (2000: £1,875,000). The group bank overdrafts are secured by floating charges and debentures over the assets of the company and other group undertakings.

21. Parent undertakings

The directors regard URS Corporation, which is incorporated in the United States of America, as the ultimate parent undertaking. The results of the company are consolidated by URS Corporation and those consolidated financial statements are available from 100 California Street, Suite 500, San Francisco, CA94111-4529, United States.

URS Europe Limited, a company registered in England, is the intermediate parent undertaking. The results of the company are consolidated by URS Europe Limited and those consolidated financial statements are available from their registered office at St Georges House, 5 St Georges Road, London, SW19 4DR.