

**URS Corporation Limited**  
**Annual report and financial statements**  
**for the year ended 31 October 2004**

**Registered Number 118271**



# **URS Corporation Limited**

## **Annual report and financial statements for the year ended 31 October 2004**

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# **URS Corporation Limited**

## **Directors and advisers for the year ended 31 October 2004**

### **Directors**

K Ainsworth

A Elliott-Frey

I C Loveday (resigned 15 January 2005)

D J Bennison (appointed 15 January 2005)

J Miller (resigned 30 June 2004)

M C Richards (appointed 30 June 2004)

### **Secretary**

A Elliott-Frey

### **Independent auditors**

PricewaterhouseCoopers LLP

Kintyre House

209 West George Street

Glasgow

G2 2LW

### **Registered Office**

Kinneil House

243 West George Street

Glasgow

G2 4QE

# **URS Corporation Limited**

## **Directors' report for the year ended 31 October 2004**

The directors present their report and audited financial statements of the company for the year ended 31 October 2004.

### **Principal activities**

The principal activity of the company is structural, civil engineering and environmental consulting.

### **Review of business and future developments**

The company's loss for the year is £1,895,223 (2003: £710,625). The directors do not recommend the payment of a dividend. The company maintained its gross margin in 2004, whilst turnover increased by 2.5% from 2003. However, administrative expenses grew by 9.5% in the same period.

The company will continue to develop its principal activities in the same markets for 2004/05. URS Corporation Limited Azerbaijan, a sales organisation operating in Azerbaijan, continues to operate at a satisfactory level and in August 2004 the company established a presence in Doha, Qatar.

In February 2005 the company installed a new Enterprise Resource Planning system (EnterpriseOne).

During 2005, the company changed its accounting reference date to 31 December in line with the ultimate parent company.

### **Directors and their interests**

The directors of the company who served during the year are listed on page 3. No director held any shares in the company at 31 October 2004.

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 55 days (2003: 47 days).

### **Employees**

Applications for employment for disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of the person who does not suffer from a disability.

# URS Corporation Limited

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interest and that all employees are aware of the financial and economic performance of their business units and of the company as a whole. Communication with employees continues 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 2004 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 LLP, 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

14 November 2005

# **URS Corporation Limited**

## **Independent auditors' report to the members of URS Corporation Limited**

We have audited the financial statements on pages 8 to 24 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes which have been prepared under the historical cost convention and in line with the accounting policies set out in the statement of accounting policies.

### **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. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

# URS Corporation Limited

## Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 October 2004 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers us*

**PricewaterhouseCoopers LLP**  
Chartered Accountants and Registered Auditors  
Glasgow  
14 November 2005

# URS Corporation Limited

## Profit and loss account for the year ended 31 October 2004

	Notes	2004 £	2003 £
Turnover	1	50,071,009	48,854,995
Cost of sales		(26,868,381)	(26,493,585)
<b>Gross profit</b>		<b>23,202,628</b>	<b>22,361,410</b>
Administrative expenses		(26,088,866)	(23,822,572)
Other operating income	2	1,595,750	1,324,128
<b>Operating loss</b>	3	<b>(1,290,488)</b>	<b>(137,034)</b>
Interest receivable		27,685	18,412
Interest payable	6	(536,817)	(492,003)
Other financial loss	19	(150,000)	(100,000)
<b>Loss on ordinary activities before taxation</b>		<b>(1,949,620)</b>	<b>(710,625)</b>
Taxation	7	54,397	-
<b>Loss for the financial year</b>	15	<b>(1,895,223)</b>	<b>(710,625)</b>

The above results relate to continuing operations.

There is no difference between the loss on ordinary activities before taxation and the loss for the financial year, and their historical cost equivalents.

## Statement of total recognised gains and losses for the year ended 31 October 2004

	Notes	2004 £	2003 £
Loss for the financial year		(1,895,223)	(710,625)
Actuarial loss on defined benefit pension scheme	19	(398,000)	(801,000)
<b>Total recognised gains and losses relating to the year</b>		<b>(2,293,223)</b>	<b>(1,511,625)</b>
Prior year adjustment	17	-	(805,211)
<b>Total gains and losses recognised since last annual report</b>		<b>(2,293,223)</b>	<b>(2,316,836)</b>



# URS Corporation Limited

## Balance sheet as at 31 October 2004

	Notes	2004 £	2003 £
<b>Fixed assets</b>			
Tangible assets	8	4,144,761	4,273,235
Investments	9	1	1
		<b>4,144,762</b>	<b>4,273,236</b>
<b>Current assets</b>			
Stock	10	31,040	40,859
Debtors	11	19,220,258	17,633,177
Cash at bank and in hand		1,750,561	885,310
<b>Total current assets</b>		<b>21,001,859</b>	<b>18,559,346</b>
<b>Creditors: amounts falling due within one year</b>	12	<b>(20,857,503)</b>	<b>(16,892,297)</b>
<b>Net current assets</b>		<b>144,356</b>	<b>1,667,049</b>
<b>Total assets less current liabilities</b>		<b>4,289,118</b>	<b>5,940,285</b>
<b>Creditors: amounts falling due after more than one year</b>	13	<b>-</b>	<b>(16,944)</b>
<b>Defined benefit pension scheme liabilities</b>	19	<b>(2,957,000)</b>	<b>(2,298,000)</b>
<b>Net assets</b>		<b>1,332,118</b>	<b>3,625,341</b>
<b>Capital and reserves</b>			
Called up share capital	14	1,635,000	1,635,000
Share premium account	15	4,875,000	4,875,000
Profit and loss account	15	(5,177,882)	(2,884,659)
<b>Total equity shareholders' funds</b>	16	<b>1,332,118</b>	<b>3,625,341</b>

The financial statements on pages 8 to 24 were approved by the board of directors on 14 November 2005 and were signed on its behalf by:

  
A Elliott-Frey  
Director

# URS Corporation 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 URS Europe Limited, a company registered in England.

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

### Turnover

Turnover represents the amounts chargeable to customers for services provided during the year including expenses and disbursements on customer assignments but excluding value added tax.

### 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

Trading transactions denominated in foreign currencies are translated into sterling at the exchange rates ruling when the transactions are entered into. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rate ruling at the balance sheet date. Exchange gains and losses are included in operating profit.

Exchange differences arising from the retranslation of the net assets of overseas branches which have currencies of operation other than sterling are taken to reserves together with differences arising on the retranslation of the profit and losses of such branches calculated at the average rate for the year as compared with the rate ruling at the balance sheet date. Other exchange differences are taken to the profit and loss account.

# URS Corporation Limited

## **Taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are the differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

## **Pension costs**

The group provides pension benefits through both defined benefit and defined contribution arrangements.

An actuarial valuation of the company's defined benefit schemes was carried out as at 31 October 2004 by qualified independent actuaries. Scheme assets are included at market value and scheme liabilities are measured on an actuarial basis using the projected unit method; these liabilities are discounted at the current rate of return on a high quality corporate bond of equivalent currency and term. The post-retirement benefit surplus or deficit is included on the company's balance sheet, net of the related amount of deferred tax. Surpluses are only included to the extent that they are recoverable through reduced contributions in the future or through refunds from the schemes. The current service cost and any past service costs are included in the profit and loss account within administrative expenses and the expected return on the schemes' assets, net of the impact of the unwinding of the discount on scheme liabilities, is included within other finance income/(loss). Actuarial gains and losses, including differences between the expected and actual return on scheme assets are recognised, net of the related deferred tax, in the statement of total recognised gains and losses.

The costs of the company's defined contribution pension scheme are charged to the profit and loss account in the period in which they fall due.

## **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.

## **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 cash flows 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

## **Cash flow statement and related parties disclosure**

The company is exempt under Financial Reporting Standard No. 1 (FRS1) 'Cash Flow Statements' from the requirements to prepare a separate cash flow statement, as it is a wholly owned subsidiary of URS Europe Limited.

Separate disclosures relating to transactions and balances with companies in the URS Corporation 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.

# URS Corporation Limited

## Notes to the financial statements for the year ended 31 October 2004

### 1. Turnover

Turnover represents the amounts chargeable to customers for services provided during the year including expenses and disbursements on customer assignments but excluding value added tax, all of which is undertaken in the UK.

### 2. Other operating income

	2004	2003
	£	£
Recharges to other European URS subsidiaries for pooled technical services	1,595,750	1,324,128

### 3. Operating loss

	2004	2003
	£	£
<b>Operating loss is stated after charging:</b>		
Operating lease charges		
- Hire of plant and machinery	401,958	236,399
- Other	1,528,579	1,852,241
Depreciation		
- Assets held under hire purchase contracts	110,373	117,888
- Owned assets	715,070	701,588
Auditors' remuneration	95,833	-
Licence fee and administration cost recharges from URS Corporation	805,289	1,135,632
Exchange loss/(gain) on foreign currency settlements	81,794	(12,594)

The remuneration of the auditors is not included as a cost within these accounts in 2003. Although the amounts were paid by URS Corporation Limited in 2003, the amounts were recharged to the ultimate parent undertaking.

# URS Corporation Limited

## 4. Directors' emoluments

	2004 £	2003 £
Aggregate emoluments	307,563	379,061
Company contributions to defined contribution scheme	12,488	11,440

The emoluments of the highest paid director were £158,687 (2003: £154,083). Pension contributions for the year amounted to £9,684 (2003: £11,440). Accrued defined benefit pension at the end of the year amounted to £21,859.

One director (2003: one) has retirement benefits accruing under a defined contribution scheme.  
One director (2003: two) has retirement benefits accruing under a defined benefit scheme.

Three (2003: two) of the directors are paid by the ultimate parent undertaking. No recharge is made in respect of their services to URS Corporation Limited.

## 5. Employee information

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

	2004 Number	2003 Number
Administration	65	67
Technical	750	750
	815	817

The aggregate payroll costs of these staff were as follows:

	2004 £	2003 £
Wages and salaries	24,084,080	23,283,796
Social security costs	2,568,006	2,361,693
Other pension costs (note 19)	1,407,660	1,295,623
	28,059,746	26,941,112

# URS Corporation Limited

## 6. Interest payable

	2004	2003
	£	£
Bank overdraft interest	156,164	125,254
Hire purchase contracts	40,194	31,529
Interest on amounts due to parent undertaking	340,459	335,220
	536,817	492,003

## 7. Taxation

### (a) Analysis of charge in the year

	2004	2003
	£	£
<b>Current tax</b>		
UK Corporation tax on profits of the period	-	-
Adjustments in respect of previous periods	(54,397)	-
<b>Total current tax (note 7(b))</b>	<b>(54,397)</b>	<b>-</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences (ACA and other)	-	-
<b>Total deferred tax</b>	<b>-</b>	<b>-</b>
<b>Tax on profit on ordinary activities</b>	<b>(54,397)</b>	<b>-</b>

# URS Corporation Limited

## 7. Taxation (continued)

The differences between the total current tax shown in note 7(a) and the amount calculated by applying the standard rate of tax to the loss before tax are as follows:

### (b) Factors affecting tax charge for the year

	2004 £	2003 £
Loss on ordinary activities before tax	(1,949,620)	(730,796)
Loss on ordinary activities multiplied by standard rate in the UK 30% (2003: 30%)	(584,886)	(219,239)
Effects of:		
Expenses not deductible for tax purposes	66,132	48,213
Capital allowances in excess of depreciation	(54,658)	(9,894)
Unrelieved tax losses	252,385	10,344
Foreign tax suffered for which no UK tax relief obtained	8,574	-
Other deferred tax movements	324,701	170,576
Adjustment in respect of previous periods	(66,645)	-
<b>Current tax charge for the year</b>	<b>(54,397)</b>	<b>-</b>

Factors that may affect future tax charges:

A deferred tax asset, principally relating to unutilised tax losses and royalty payments, for which a tax deduction is only given on a paid basis, of £1,218,638 (2003: £871,002) has not been recognised as realisation of this asset is dependent on suitable taxable profits in future periods.



# URS Corporation Limited

## 8. Tangible assets

	Leasehold improvements	Fixtures & fittings	Plant, machinery & computer equipment	Total
	£	£	£	£
<b>Cost</b>				
At 1 November 2003	2,517,588	711,012	3,684,228	6,912,828
Additions	248,876	39,250	408,843	696,969
Disposals	-	-	(17,606)	(17,606)
<b>At 31 October 2004</b>	<b>2,766,464</b>	<b>750,262</b>	<b>4,075,465</b>	<b>7,592,191</b>
<b>Depreciation</b>				
At 1 November 2003	509,117	155,038	1,975,438	2,639,593
Charge for year	172,108	70,407	582,928	825,443
Disposals	-	-	(17,606)	(17,606)
<b>At 31 October 2004</b>	<b>681,225</b>	<b>225,445</b>	<b>2,540,760</b>	<b>3,447,430</b>
<b>Net book value</b>				
<b>At 31 October 2004</b>	<b>2,085,239</b>	<b>524,817</b>	<b>1,534,705</b>	<b>4,144,761</b>
At 31 October 2003	2,008,471	555,974	1,708,790	4,273,235

The net book value at 31 October 2004 includes £23,348 (2003: £133,721) in respect of assets held under hire purchase contracts. The depreciation charge for the year on these assets amounted to £110,373 (2003: £117,888).

## 9. Fixed asset investments

	Shares in subsidiary undertakings
At cost	£
At 1 November 2003 and 31 October 2004	1

# URS Corporation Limited

## 9. Fixed asset investments (continued)

Details of the principal subsidiary undertaking and joint arrangement are as follows:

Subsidiary undertaking	Country of registration and incorporation	Description of holding	Proportion held
URS Verification Limited	England	Ordinary £1	100%

The principal business activities and country of operation of the above company is the provision of services relating to ISO 14001 certification, greenhouse gas services and report verification.

Joint arrangement	Proportion held
Carillion-URS	30%

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

## 10. Stocks

	2004 £	2003 £
Raw materials and consumables	31,040	40,859

## 11. Debtors

	2004 £	2003 £
Amounts falling due within one year:		
Trade debtors	9,626,263	9,830,822
Amounts recoverable on contracts	8,182,633	7,336,276
Prepayments	951,215	396,224
Corporation tax	379,314	-
Other debtors and accrued income	80,833	69,855
	19,220,258	17,633,177

# URS Corporation Limited

## 12. Creditors: amounts falling due within one year

	2004	2003
	£	£
Bank overdraft (secured)	3,722,856	2,560,609
Short term notes payable	-	975,770
Trade creditors	4,099,499	3,173,323
Amounts due to group undertakings	8,382,040	6,583,299
Other taxation and social security	1,081,156	1,322,359
Accruals and deferred income	2,510,814	1,470,635
Payments received on account	1,037,790	689,525
Obligations under hire purchase contracts	23,348	116,777
	<b>20,857,503</b>	<b>16,892,297</b>

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

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

	2004	2003
	£	£
Obligations under hire purchase contracts – due between two and five years	-	16,944

## 14. Called up share capital

	2004	2003
	£	£
<b>Authorised, allotted and fully paid</b>		
1,635,000 ordinary shares of £1 each	<b>1,635,000</b>	<b>1,635,000</b>

# URS Corporation Limited

## 15. Reserves

	Share premium account £	Profit and loss account £
As at 1 November 2003	4,875,000	(2,884,659)
Loss for the financial year	-	(1,895,223)
Actuarial loss on defined benefit pension scheme	-	(398,000)
<b>As at 31 October 2004</b>	<b>4,875,000</b>	<b>(5,177,882)</b>
Pension liability	-	2,957,000
<b>Profit and loss reserve excluding pension liability</b>	<b>4,875,000</b>	<b>(2,220,882)</b>

## 16. Reconciliation of movement in shareholders' funds

	2004 £	2003 £
Opening shareholders' funds	3,625,341	5,136,966
Loss for the financial year	(1,895,223)	(710,625)
Actuarial loss on defined benefit pension scheme	(398,000)	(801,000)
<b>Closing shareholders' funds</b>	<b>1,332,118</b>	<b>3,625,341</b>

## 17. Prior year adjustment

The prior year adjustment in the year ended 31 October 2003 arose due to the extraction of the results of Dames & Moore Limited (formerly Food and Agriculture International Limited), a fellow subsidiary undertaking, which were previously included within the financial results of the company.

# URS Corporation Limited

## 18. Financial commitments

At 31 October 2004 the company had an annual commitment under non-cancellable operating leases expiring as follows:

	2004		2003	
	Land & buildings	Other	Land & buildings	Other
	£	£	£	£
Expiring within one year	71,698	11,229	40,465	48,995
Expiring between two and five years	-	162,309	-	113,397
Expiring after five years	1,783,257	-	1,603,875	-
	<b>1,854,955</b>	<b>173,538</b>	<b>1,644,340</b>	<b>162,392</b>

## 19. Pensions

### Defined contribution scheme

The company participates in a group operated defined contribution scheme. Contributions to the scheme are charged to the profit and loss account when they become due. No amounts were outstanding at the year end (2003: nil). The pension charge for the year was £940,660 (2003: £889,623).

### Defined benefit scheme

The company operates a defined benefit pension scheme, the Dames & Moore Pension Fund, with assets held in a separately administered fund. The scheme was closed to new members on 1 November 2001. As a consequence, the current service cost under the projected unit method will increase as the members of the scheme approach retirement. The scheme is valued by an independent actuary every 3 years with the most recent valuation being 6 April 2004. The market value of scheme assets at the actuarial date was £4,200,000 with an overall funding deficit of £515,000.

The latest formal valuation of the Plan has been updated to 31 October 2004, taking account of the assumptions required by FRS 17, by a qualified independent actuary. This valuation showed an increase in the deficit from £2,298,000 to £2,957,000. Contributions in 2005 will be 16.1% of pensionable salaries.

# URS Corporation Limited

## 19. Pensions (continued)

The major assumptions used by the actuary were:

	2004	2003	2002
	%	%	%
Rate of increase in salaries	4.2	4.3	3.9
Rate of increase in pensions in payment	3.0	3.0	3.0
Discount rate	5.4	5.5	5.6
Inflation assumption	3.0	2.8	2.4

The assets in the scheme and the expected rates of return were:

	Long-term rate of return expected 31 October 2004 %	Value at 31 October 2004 £	Long-term rate of return expected 31 October 2003 %	Value at 31 October 2003 £	Long-term rate of return expected 31 October 2002 %	Value at 31 October 2002 £
Other	5	4,657,000	5	3,905,000	5	3,337,000
Total market value of assets		4,657,000		3,905,000		3,337,000
Present value of scheme liabilities		(7,614,000)		(6,203,000)		(4,725,000)
Deficit in scheme		(2,957,000)		(2,298,000)		(1,388,000)
Related deferred tax asset		-		-		-
Net pension liability		(2,957,000)		(2,298,000)		(1,388,000)

### Analysis of the amount charged to operating loss

	2004 £	2003 £
Current service cost	467,000	406,000
<b>Total operating charge</b>	<b>467,000</b>	<b>406,000</b>

# URS Corporation Limited

## 19. Pensions (continued)

### Analysis of the amount charged to other financial loss

	2004 £	2003 £
Expected return on pension scheme assets	206,000	178,000
Interest on pension scheme liabilities	(356,000)	(278,000)
<b>Net loss</b>	<b>(150,000)</b>	<b>(100,000)</b>

### Analysis of the amount recognised in statement of total recognised gains and losses

	2004 £	2003 £
Actual return less expected return on pension scheme assets	110,000	(70,000)
Experience gains and losses arising on scheme liabilities	(36,000)	38,000
Changes in assumptions underlying the present value of the scheme liabilities	(472,000)	(769,000)
<b>Actuarial loss recognised in the STRGL</b>	<b>(398,000)</b>	<b>(801,000)</b>

### Movement in deficit during the year

	2004 £	2003 £
Opening balance at 1 November	(2,298,000)	(1,388,000)
Movement in the year:		
Current service cost	(467,000)	(406,000)
Contributions	356,000	397,000
Other finance loss	(150,000)	(100,000)
Actuarial loss	(398,000)	(801,000)
<b>Deficit at 31 October</b>	<b>(2,957,000)</b>	<b>(2,298,000)</b>

# URS Corporation Limited

## 19. Pensions (continued)

### History of experience gains and losses

	2004	2003	2002
Difference between the expected and actual return on the scheme assets:			
Amount	110,000	(70,000)	(370,000)
Percentage of scheme assets	2%	(2%)	(11%)
Experience gains and losses on scheme liabilities:			
Amount	(36,000)	38,000	(74,000)
Percentage of the present value of scheme liabilities	(1%)	1%	(2%)
Total amount recognised in the statement of total recognised gains and losses:			
Amount	(398,000)	(801,000)	167,000
Percentage of the present value of scheme liabilities	(5%)	(13%)	4%

## 20. 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 600 Montgomery Street, 25<sup>th</sup> Floor, San Francisco, CA 94111-2727, 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.