

**ATKINS CONSULTANTS LIMITED**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008**

**COMPANY REGISTRATION NUMBER 755613**

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**ATKINS CONSULTANTS LIMITED**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008**

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## ATKINS CONSULTANTS LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2008

The directors present their annual report on the affairs of the Company, together with the audited financial statements and the independent auditors' report, for the year ended 31 March 2008. This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

#### Principal activities, business review and future developments

Atkins Consultants Limited provides professional, technology-based consultancy and support services. The principal activity of the Company is engineering consultancy. The Company operates a branch in Poland.

Atkins Consultants Limited is part of the WS Atkins plc Group. The directors expect the future results of the Company to reduce reflecting the closure of the Polish branch to new business.

#### Results, cash flow and dividends

##### Revenue

Total revenue for the year ended 31 March 2008 was £501.4k (2007: £637.1k), a decrease of 21.3%.

##### Operating profit/(loss)

Operating loss for the year ended 31 March 2008 was £62.8k, a reduction of £141.5k.

##### Profit/(loss) after tax

The loss after tax for the year ended 31 March 2008 of £64.3k (2007: profit of £77.4k) is shown in the income statement on page 7.

##### Cash flow

Net cash outflow from operating activities for the year ended 31 March 2008 was £69.9k (2007: inflow of £17.9k).

##### Dividends

The directors do not recommend a dividend for the year (2007: £nil).

#### Key performance indicators

Management uses a range of performance measures to monitor and manage the business. Certain of these are particularly important in the generation of shareholder value and are considered key performance indicators (KPIs). Our KPIs measure past performance and also provide information to allow us to manage the business into the future. Revenue, operating profit and operating cash flow indicate the volume of work we have done, its profitability and the efficiency with which we have turned operating profits into cash. KPIs for 2008 are shown in the table below, along with prior year comparatives.

Financial metrics	2008 £'000	2007 £'000	% change In year
Revenue	501.4	637.1	- 21.3%
Operating profit/(loss)	(62.8)	78.7	- 179.8%
Operating margin	(12.5%)	12.4%	- 24.9% pts
Operating cash inflow/(outflow)	(69.9)	17.9	n/a

#### Critical accounting policies

The Company's principal accounting policies are described in note 1 to the financial statements. The financial statements for the year ended 31 March 2008 have been prepared in accordance with EU endorsed IFRS and include the comparatives for the year ended 31 March 2007.

# ATKINS CONSULTANTS LIMITED

## DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2008

### Critical accounting policies (continued)

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Material estimates applied across the Company are reviewed to a common standard and adjusted where appropriate to ensure that consistent treatment of similar and related issues that require judgement is achieved. Any revisions to estimates are recognised prospectively.

The accounting policy that requires the most significant estimates and judgements to be used in the preparation of the financial statements is in relation to contract accounting.

### Contract accounting

Profit is recognised on contracts on a percentage completion basis, provided the outcome of the project can be reasonably foreseen. Full provision is made for estimated losses. Where contracts span more than two accounting periods profit is not generally recognised until the project is 50% complete.

The projected outcome of any given contract is based on estimates of revenues and costs to completion. Whilst the assumptions made are based on professional judgements, subsequent events may mean that estimates calculated prove inaccurate, with a consequent effect on the reporting of results.

### Corporate responsibility

The Company is committed to acting responsibly towards all our stakeholders. The Atkins Group is committed to taking a leadership position within our sector. We publish our corporate responsibility strategy and performance on our website at [www.atkinsglobal.com/cr](http://www.atkinsglobal.com/cr). A summary of the major issues and developments for the Atkins Group during the year is included in the WS Atkins plc annual report, which is publicly available on the Atkins Group website at [www.atkinsglobal.com/investors](http://www.atkinsglobal.com/investors).

### Directors

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

Name	Resigned
I D Catto	30/09/2008
K E F Clarke	-
R W Deacon	01/05/2007
A H Griffiths	-
R W Hall	-
R J MacLeod	-
I R Purser	-
N J C Thomas	-

### Directors' indemnities

Directors and officers of the Company have the benefit of a directors' and officers' liability insurance policy which provides appropriate cover in respect of legal actions brought against its directors. The Company's practice has always been to indemnify its directors in accordance with the Company's Articles of Association and to the maximum extent permitted by law. Neither insurance nor the indemnities provide cover where the director has acted fraudulently or dishonestly.

### Directors' remuneration

Directors' remuneration has been disclosed in note 5 to the financial statements.

**ATKINS CONSULTANTS LIMITED****DIRECTORS' REPORT (continued)  
FOR THE YEAR ENDED 31 MARCH 2008****Charitable and political donations**

During the year the Company made no charitable donations (2007: £nil). It is the Company's policy not to make political donations. In accordance with Atkins Group policy, the Company has no intention of making political donations or incurring such expenditure in the future.

**Share capital**

Full details of the Company's authorised and issued share capital can be found in notes 12 and 13 to the financial statements.

**Statement of directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State that the financial statements comply with IFRSs as adopted by the European Union; and
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with applicable company law. 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.

**Disclosure of audit information**

The directors confirm that, as at the date this report was approved, so far as each director is aware, there is no relevant audit information of which the auditors are unaware and they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Going concern**

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and therefore continue to adopt the going concern basis in preparing the accounts.

**ATKINS CONSULTANTS LIMITED**

**DIRECTORS' REPORT (continued)  
FOR THE YEAR ENDED 31 MARCH 2008**

**Independent auditors**

The Company had, immediately prior to 1 October 2007, elective resolutions in force to dispense with the requirement to hold Annual General Meetings, lay accounts before a general meeting and the annual re-appointment of auditors. As a result, under the transitional arrangements and saving provisions relating to the implementation of the Companies Act 2006 ("the CA2006"):

- the Company is not to be treated as one whose articles expressly require it to hold an AGM;
- the Company is no longer required to lay its accounts before a general meeting; and
- the auditors are deemed re-appointed under the CA2006.

By order of the Board



Helen Baker  
Company Secretary  
21 January 2009

**ATKINS CONSULTANTS LIMITED****INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
ATKINS CONSULTANTS LIMITED FOR THE YEAR ENDED 31 MARCH 2008**

We have audited the financial statements of Atkins Consultants Limited for the year ended 31 March 2008 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Recognised Income and Expense and the related notes. These financial statements have been prepared under the accounting policies set out therein.

**Respective responsibilities of directors and auditors**

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

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

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

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

**Basis of audit opinion**


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

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

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Company's affairs as at 31 March 2008 and of its loss and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London

21 January 2009

**ATKINS CONSULTANTS LIMITED****INCOME STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2008**

	Notes	2008 £'000	2007 £'000
Revenue		501.4	637.1
Cost of sales		(504.9)	(592.0)
Gross (loss)/profit		(3.5)	45.1
Administrative expenses		(59.3)	33.6
Operating (loss)/profit	3	(62.8)	78.7
Finance income	6	0.7	-
Net finance income	6	0.7	-
(Loss)/profit before taxation		(62.1)	78.7
Income tax expense	7	(2.2)	(1.3)
(Loss)/profit for the year attributable to equity shareholders	13	(64.3)	77.4

**STATEMENT OF RECOGNISED INCOME AND EXPENSE  
FOR THE YEAR ENDED 31 MARCH 2008**

	Notes	2008 £'000	2007 £'000
(Loss)/profit for the year	13	(64.3)	77.4
Effects of foreign currency retranslations	13	(2.9)	0.5
Total recognised (expense)/income for the year attributable to equity shareholders		(67.2)	78.0



**ATKINS CONSULTANTS LIMITED**
**BALANCE SHEET  
AS AT 31 MARCH 2008**

	Notes	2008 £'000	2007 £'000
<b>Assets</b>			
<b>Current assets</b>			
Trade and other receivables	9	549.9	427.6
Cash and cash equivalents	10	15.2	85.1
		<b>565.1</b>	<b>512.7</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11	(355.6)	(235.9)
Current income tax liabilities		-	(0.1)
		<b>(355.6)</b>	<b>(236.0)</b>
<b>Net current assets</b>		<b>209.5</b>	<b>276.7</b>
<b>Net assets</b>			
		<b>209.5</b>	<b>276.7</b>
<b>Capital and reserves</b>			
Ordinary shares	12	285.0	285.0
Retained loss	13	(75.5)	(8.3)
<b>Total equity</b>	13	<b>209.5</b>	<b>276.7</b>

The financial statements on pages 7 to 21 were approved by the Board of Directors on 21 January 2009 and were signed on its behalf by:



**R J MacLeod**  
Director

**ATKINS CONSULTANTS LIMITED****CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2008**

	Notes	2008 £'000	2007 £'000
<b>Cash flows from operating activities</b>			
Cash (used in)/generated from operations	14	(68.4)	19.3
Interest received	6	0.7	-
Income tax paid	7	(2.2)	(1.4)
<b>Net cash generated from operating activities</b>		<b>(69.9)</b>	<b>17.9</b>
<b>Cash flows from investing activities</b>			
Net cash used in investing activities		-	-
<b>Cash flows from financing activities</b>			
Net cash generated from financing activities		-	-
<b>Net (decrease)/increase in cash, cash equivalents and bank overdrafts</b>	15	<b>(69.9)</b>	<b>17.9</b>
Cash, cash equivalents and bank overdrafts at beginning of year	10	85.1	67.2
<b>Cash, cash equivalents and bank overdrafts at end of year</b>	10	<b>15.2</b>	<b>85.1</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008****1 Accounting policies**

Atkins Consultants Limited is a limited company registered and domiciled in the UK. Its registered office is Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, England.

**Basis of preparation**

The financial statements of Atkins Consultants Limited have been prepared in accordance with EU-adopted International Financial Reporting Standards (IFRSs), IFRIC interpretations and the Companies Acts 1985 and 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Material estimates applied across the business are reviewed to a common standard and adjusted where appropriate to ensure that consistent treatment of similar and related issues that require judgement is achieved upon consolidation. Any revisions to estimates are recognised prospectively.

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

**Foreign currency transactions and translation***(a) Functional and presentation currency*

Items included in the financial statements of Atkins Consultants Limited are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Pounds Sterling ('£'), which is the Company's functional and presentation currency.

*(b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

**Revenue**

Revenue from long-term contracts comprises the value of work performed during the period calculated in accordance with the Company's policy for contract accounting set out below. Revenue from other contract activities represents fee income receivable in respect of services provided during the period.

All revenue for the periods ended 31 March 2008 and 31 March 2007 was originated and supplied in Poland, and pertained to one class of business.

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

**Revenue recognition and contract accounting**

The value of contract work in progress comprises the costs incurred on contracts plus an appropriate proportion of overheads and attributable profit. Fees invoiced on account are deducted from the value of work in progress and the balance is separately disclosed in trade and other receivables as amounts recoverable on contracts, unless such fees exceed the value of the work in progress on any contract when the excess is separately disclosed in trade and other payables as fees invoiced in advance.

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 MARCH 2008****1 Accounting policies (continued)****Revenue recognition and contract accounting (continued)**

Profit is recognised on a percentage completion basis when the outcome of a contract or project can be reasonably foreseen. Provision is made in full for estimated losses. Where the outcome of a contract cannot be reasonably foreseen, profit is taken on completion. Where contracts span two or more accounting periods profit is not generally recognised until the contract is 50% complete.

Revenue recognition on outsourcing contracts is determined by reference to the proportion of the annual service delivered to date. Where the costs of obligations in relation to the non-renewal or termination of a contract are higher in the final period of the contract a proportion of revenue is deferred each period to meet these anticipated costs. Full provision is made for losses on outsourcing contracts if the forecast costs of fulfilling the contract throughout the contract period exceed the forecast income receivable. In assessing the amount of the loss to provide on an outsourcing contract, account is taken of the Company's share of the forecast results from any Joint Ventures which the contract is servicing.

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

Dividend income is recognised when the right to receive payment is established.

**Income tax**

Current and deferred income tax are recognised in the income statement for the period except where the taxation arises as a result of a transaction or event that is recognised directly in equity. Income tax arising on transactions or events recognised directly in equity is charged or credited directly to equity.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for, if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

**Trade receivables**

Trade receivables are recognised at original invoice amount. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

**Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 MARCH 2008****1 Accounting policies (continued)****Cash and cash equivalents**

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

**Trade payables**

Trade payables are recognised at original invoice amount.

**New IFRS standards and interpretations not applied***(a) Standards, amendments and interpretations effective in current financial year but not relevant*

The following standards, amendments and interpretations are effective in the current year but are not relevant to the Company's activities:

- IFRS 4, Insurance contracts;
- IFRIC 7, Applying the restatement approach under IAS 29, Financial reporting in hyper-inflationary economies;
- IFRIC 8, Scope of IFRS 2; and
- IFRIC 9, Re-assessment of embedded derivatives.

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

- IFRS 3 (revised), 'Business combinations' (effective for annual periods beginning on or after 1 July 2009), will impact the calculation of consideration and goodwill for future acquisitions, as transaction costs will be expensed and some contingent payments will be remeasured at fair value through the income statement;

- IAS 1 (revised), 'Presentation of financial statements' (effective for annual periods beginning on or after 1 January 2009), is not expected to have any significant impact on the results of the Company;

- IAS 23, 'Borrowing costs', (effective for annual periods beginning on or after 1 January 2009). The amendment to the standard is still subject to endorsement by the European Union. It requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Company will apply IAS 23 (Amended) from 1 April 2009, subject to endorsement by the EU but is currently not applicable to the Company as there are no qualifying assets;

- IAS 27 (revised), 'Consolidated and separate financial statements' (effective for annual periods beginning on or after 1 January 2009), is not expected to have any significant impact on the results of the Company.

- Amendments to IAS 32, 'Financial instruments' and IAS 1, 'Presentation of financial statements', (effective from 1 January 2009). The amendment requires entities to classify certain types of financial instruments as equity, provided they have particular features and meet specific specified conditions. The Company will apply these amendments from 1 January 2009 but it is not expected to have a significant impact on the Company's accounts.

- IFRS 8, 'Operating segments', (effective for accounting periods beginning on or after 1 January 2009) replaces IAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard uses a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The Company will apply IFRS 8 from 1 April 2009 but it is not expected to have a significant impact on the Company's accounts;

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 MARCH 2008****1 Accounting policies (continued)****New IFRS standards and interpretations not applied (continued)***(c) Interpretations to existing standards that are not yet effective and have not been early adopted by the Company*

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

- IFRIC 14, 'IAS 19', 'The limit on a defined benefit asset, minimum funding requirements and their interaction' (effective for accounting periods beginning on or after 1 January 2008). IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. The Company will apply IFRIC 14 from 1 April 2008, but it is not expected to have any impact on the Company's accounts.

- IFRS 2, 'Share-based payments – clarification of share vesting conditions' (effective for annual periods beginning on or after 1 January 2009), is not expected to have any significant impact on the results of the Company;

*(d) Interpretations to existing standards that are not yet effective and not relevant for the Company's operations*

The following interpretations to existing standards have been published that are mandatory for later accounting periods but are not relevant for the Company's operations:

- IFRIC 13, 'Customer loyalty programmes' (effective for annual periods beginning on or after 1 July 2008). IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. IFRIC 13 is not relevant to the Company's operations because it does not operate any loyalty programmes:

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 MARCH 2008****2 Financial risk management****Risk factors**

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

As part of the Atkins Group, risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

These policies are further described within the Treasury Policies and Objectives section on page 35 of the Operating and Financial Review of the WS Atkins plc Group consolidated accounts for the year ended 31 March 2008.

Where individual sensitivities are disclosed below, all other variables are held constant.

**a) Market risk****i) Foreign exchange risk**

The Company operates in Poland and undertakes a large proportion of its commercial transactions within its local market and in its local functional currency. Foreign exchange risk arises from the proportion of commercial transactions undertaken in currencies other than the local functional currency and from financial assets and liabilities denominated in currencies other than the local functional currency.

WS Atkins Group policy is for each business to undertake commercial transactions in its own functional currency whenever possible. When this is not possible, businesses manage their foreign exchange rate risk from future commercial transactions using forward exchange contracts arranged via Group Treasury. Cover is placed on a project by project basis on award of contract for all projects in excess of £50k (or local currency equivalent) based on the estimated timing of future cash flows. Cash flows are reviewed on a monthly basis throughout the duration of the project and the future cover amended as appropriate. Group policy is to hedge 100% of the estimated cash flows described above.

Trade receivables and payables denominated in currencies other than the local functional currency arise from commercial transactions and are therefore largely hedged as part of the process described above. Remaining financial assets and liabilities denominated in currencies other than the local functional currency include bank accounts and intercompany funding balances. These are unhedged.

The Company's primary exposure to foreign exchange rate risk on unhedged financial instruments arises mainly in respect of movements between the Polish Zloty and sterling and between the Euro and sterling.

**ii) Interest rate risk**

The Company's exposure to interest rate risk arises from interest bearing cash deposits. Changes in the interest rate result in changes in interest related cash flow. No interest rate hedging is currently undertaken by the Company.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31 MARCH 2008

## 2 Financial risk management (continued)

### a) Market risk (continued)

#### iii) Price risk

The Company does not have any equity securities in its balance sheet and is not exposed to commodity price risk.

### b) Credit risk

Credit risk is the risk that the Company will suffer financial loss as a result of counterparties defaulting on their contractual obligations. The risk arises on cash and cash equivalents and trade and other receivables, with the maximum exposure to risk equivalent to 100% of the carrying value disclosed in the Company's balance sheet at 31 March. The Company does not hold any collateral as security. The majority of the Company's cash deposits are placed with its relationship banks, which carry at least an AA credit rating. For deposits and money-market investments placed with banks and financial institutions, only independently rated parties with a minimum rating of A are accepted. Investments carry a minimum credit rating of A1/P1. Cash and investments are not concentrated with any one counterparty.

### c) Liquidity risk

The Company funds its activities through cash generated from its operations and intercompany balances. The Company's banking facilities are part of a wider Group facility and include cash facilities and bank guarantees. Cashflow forecasts are prepared covering various periods from short to long term to ensure that sufficient funds are available to meet the Company's commitments as they fall due.

The table below analyses the maturity profile of the Company's non-derivative financial liabilities. Figures shown are undiscounted on a worst case basis.

	On demand or within 1 year	Between 1 & 2 years	Between 2 & 5 years	Over 5 years	Discount	Carrying value
<b>2008</b>						
Amounts due to fellow group undertakings	348.4	-	-	-	-	348.4

	On demand or within 1 year	Between 1 & 2 years	Between 2 & 5 years	Over 5 years	Discount	Carrying value
<b>2007</b>						
Amounts due to fellow group undertakings	101.3	-	-	-	-	101.3

### d) Concentrations of financial instruments

	Financial assets 2008 £m	Financial liabilities 2008 £m	Financial assets 2007 £m	Financial liabilities 2007 £m
Sterling	285.0	48.6	285.0	49.9
Euro	0.4	-	83.5	27.8
Polish Zloty	14.8	299.8	1.6	23.6
Total	300.2	348.4	370.1	101.3



**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2008**

**3 Operating (loss)/profit**

	2008	2007
	£'000	£'000
<b>Operating loss is arrived at after charging/(crediting)</b>		
Net foreign exchange losses / (gains)	42.2	(35.5)

**Services provided by the Company's auditors**

During the year the Company obtained the following services from the Company's auditor at costs as detailed below:

	2008	2007
	£'000	£'000
Audit services - Statutory audit of the Company's financial statements	-	-

The audit fee for the year ended 31 March 2008 has been borne by a fellow Group undertaking, Atkins Limited.

**4 Staff numbers and costs**

No salaries or wages have been paid directly by the Company to employees, including the directors, during the year (2007: £nil). The Company did not employ any staff during the year (2007: nil).

**5 Directors' remuneration**

The emoluments of all directors are borne by Atkins Limited.

K E F Clarke, A H Griffiths and R J MacLeod are directors of WS Atkins plc, the ultimate parent company, and also directors of a number of other subsidiary companies in the Group. The services provided by these 3 directors to this Company and to a number of other subsidiaries are of a non-executive nature and therefore their emoluments are deemed to be wholly attributable to their services provided to WS Atkins plc.

I D Catto, R W Deacon, R W Hall, I R Purser and D J Tonkin are directors of a number of other subsidiary companies in the Group and therefore it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries.

5 Directors in appointment at the year end exercised share options during the year to 31 March 2008.

Key management comprises only the directors.

Directors are accruing benefits under the WS Atkins plc group pension schemes, details of which are disclosed in the financial statements of WS Atkins plc. During the year, 4 (2007: 15) directors were accruing pension benefits under a defined benefit scheme and 5 (2007: 3) directors received contributions to a money purchase scheme.

**6 Finance income**

	2008	2007
	£'000	£'000
Interest receivable on short-term deposits	0.7	-

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2008**

**7 Income tax expense**

**a) Analysis of charge in the year**

	2008 £'000	2007 £'000
Current income tax		
- Current year	-	1.3
- Foreign tax	2.2	1.3
- Double tax relief	-	(1.3)
Tax on (loss)/profit on ordinary activities	2.2	1.3
(Loss)/profit before taxation per income statement	(62.1)	78.7
Effective tax rate	(3.5%)	1.7%

**b) Factors affecting income tax expense**

A reconciliation between (loss)/profit before tax multiplied by 30% and the tax charge is set out below:

	2008 £'000	2007 £'000
(Loss)/profit before tax multiplied by UK Statutory tax rate of 30% (2007: 30%)	(18.6)	23.6
Increase/(decrease) resulting from:		
Expenses not deductible for tax purposes	4.2	4.6
Losses claimed and paid at lower rate or nil consideration	14.4	(26.9)
Overseas tax	2.2	-
Current year tax expense	2.2	1.3

**8 Dividends**

There were no dividends either paid or proposed for the year (2007: £nil).

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2008**

**9 Trade and other receivables**

	2008	2007
	£'000	£'000
Amounts recoverable on contracts	177.0	-
Other receivables	87.9	142.6
Amounts due from fellow subsidiary undertakings (note 17)	285.0	285.0
	<b>549.9</b>	<b>427.6</b>

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

Amounts due from fellow subsidiary undertakings are interest-free, unsecured and repayable on demand.

**10 Cash and cash equivalents**

	2008	2007
	£'000	£'000
Cash at bank and in hand	15.2	85.1

**11 Trade and other payables**

	2008	2007
	£'000	£'000
Fees invoiced in advance	-	100.4
Amounts due to fellow subsidiary undertakings (note 17)	348.4	101.3
Accruals and deferred income	7.2	34.2
	<b>355.6</b>	<b>235.9</b>

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

Amounts due to fellow subsidiary undertakings are interest-free, unsecured and repayable on demand.

**12 Ordinary shares**

	No. shares	2008 £'000	No. shares	2007 £'000
<b>Authorised</b>				
Ordinary shares of £1 each	285,000	285.0	285,000	285.0
<b>Issued and fully paid ordinary shares of £1 each</b>				
At 1 April and 31 March	285,000	285.0	285,000	285.0

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2008**

**13 Statement of changes in equity**

	Ordinary shares £'000	Retained loss £'000	Total equity £'000
Balance at 1 April 2006	285.0	(86.2)	198.8
Profit for the year		77.4	77.4
Effects of foreign currency retranslations		0.5	0.5
Balance at 31 March 2007	285.0	(8.3)	276.7
Loss for the year		(64.3)	(64.3)
Effects of foreign currency retranslations		(2.9)	(2.9)
Balance at 31 March 2008	285.0	(75.5)	209.5

**Share capital**

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

**Retained loss**

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

**14 Cash (used in)/generated from operations**

	2008 £'000	2007 £'000
(Loss)/profit for the year	(64.3)	77.4
Adjustments for:		
Taxation (note 7)	2.2	1.3
Finance income (note 6)	(0.7)	-
Movement in trade and other receivables (note 9)	(122.4)	(62.0)
Movement in trade and other payables (note 11)	119.7	2.0
Exchange rate effect on current assets (note 13)	(2.9)	0.6
Cash generated from operations	(68.4)	19.3

**15 Analysis of net funds**

	At 31 March 2007 £'000	Cash flow £'000	At 31 March 2008 £'000
Cash and cash equivalents	85.1	(69.9)	15.2
Net funds	85.1	(69.9)	15.2

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2008**

**16 Contingent liabilities**

The Company is included in a Group Registration for VAT purposes and is, therefore, jointly and severally liable for all other group undertakings' unpaid debts in this connection. The Company has given indemnities in respect of overseas office overdrafts, performance bonds, advance payment bonds, Letters of Credit and import duty guarantees issued on its behalf. The amount outstanding at 31 March 2008 was £0.0 (2007: £0.6m). The Company has given a cross guarantee in respect of fellow subsidiaries bond facilities of £27.5m which was re-negotiated on 26 July 2006. The indemnities, which arose in the ordinary course of business, are not expected to result in any material financial loss.

On 13 August 1998 a charge was created in favour of Bank of America International Limited in its capacity as security agent under the terms of a security trust deed in connection with banking facilities provided to Transaction Systems Limited, a company in which a 5% stake is held by the Group.

**17 Related party transactions**

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Purchase of goods and services from:		
- Fellow subsidiary undertakings	<b>244.2</b>	63.6
Receivables from:		
- Fellow subsidiary undertakings	<b>285.0</b>	285.0
Payables to:		
- Fellow subsidiary undertakings	<b>(348.4)</b>	(101.3)

Provision of goods and services to and purchases of goods and services from related parties were made at the rates charged to external customers. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provision has been made for doubtful debts in respect of amounts owed by related parties (2007: £nil).

Details of directors' emoluments and payments to key management personnel are disclosed in note 5.

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 MARCH 2008**

**18 Ultimate parent company and controlling party**

The ultimate parent company and controlling party is WS Atkins plc, which is registered in England and Wales. The Company is jointly owned by Confab Limited and Parfab Limited, which are also registered in England and Wales. WS Atkins plc heads the largest and smallest group of undertakings for which group accounts are drawn up and for which the Company is a member.

Copies of the accounts for WS Atkins plc are publicly available at [www.atkinsglobal.com/investors](http://www.atkinsglobal.com/investors) or from The Secretary, WS Atkins plc, Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW.