Company Registration No. 01535477

MWH TREATMENT LIMITED

Report and Financial Statements

For the 53 week period ended 3 January 2014

REPORT AND FINANCIAL STATEMENTS 3 JANUARY 2013

CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J P Abraham
B M Lavoie
J Kuiken (appointed 30 August 2013)

SECRETARY

S A Moist
V Hall-Sturt
G Maloney

REGISTERED OFFICE

Terriers House
201 Amersham Road
High Wycombe
Buckinghamshire
HP13 5AJ

BANKERS

Bank of America NA
2 King Edward Street
London
EC1A 1HQ

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
St Albans
United Kingdom

STRATEGIC REPORT

The directors, in preparing this strategic report, have complied with S414C of the Companies Act 2006.

MWH Treatment Limited is a wholly owned subsidiary of MWH Limited and operates in the United Kingdom.

The principal activities of the company consist of the design and installation of water and sewage treatment plants for the UK water sector.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

MWH Treatment Limited is part of the MWH Constructors Limited group which is considered a leading entity in the water industry offering design and construction services for water companies across the UK. The group is part of numerous Asset Management Plan ("AMP") 5 frameworks covering the United Kingdom, and is well positioned as it moves towards AMP 6 which commences in April 2015, already securing frameworks in United Utilities, Anglian Water, Thames Water and Severn Trent Water.

During the 53 week period the company continued to build on its reputation both within existing framework arrangements and in competitively tendered work. The results for the company show turnover for the 53 week period of £148,325,000 (year ended 2012: £151,311,000), gross profit of £12,501,000 (year ended 2012: £10,452,000) and a pre-tax profit of £1,577,000 (year ended 2012: £1,803,000). The decrease in turnover is in part due the cyclical nature of the water industry AMP programmes that account for the majority of the company's revenue and profit. The increase in gross profit is driven by increased margins derived from the strategy to develop opportunities in new sectors such as Waste and Energy to support business growth. The increase in operating profit against 2012 is influenced by the impact of the improved gross profit, offset partially by increased costs associated with AMP6 bidding work as well as the investment made in the development of strategic opportunities in new sectors such as Waste.

The cash balance for the period ending 3 January 2014 was £20,517,000 (year ended 2012: £25,418,000). The company is part of a close company cash pooling arrangement which precludes the need for settlement of all intra company balances. The decrease is partly attributable to increases in amounts recoverable on contracts, offset by increased payments on account. In addition to this the company also settled intercompany balances to the extent that allowed its subsidiary company MWH Farrer Limited to settle its bank overdraft position.

The directors monitor the business performance using a number of financial performance indicators including monitoring results against a detailed annual budget for the profit and loss account and balance sheet which is then reviewed on a quarterly basis. The company also prepares monthly management accounts with variance reporting and sets weekly, monthly and quarterly targets for cash collection. There are a number of non-financial performance indicators that the company use such as staff headcount and utilisation, health and safety performance and compliance reviews of company procedures.

PRINCIPAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The directors have evaluated the company's approach to risk and established processes and procedures accordingly. The principal risks and uncertainties facing the company are broadly grouped as competitive, legislative and credit, liquidity and cash flow risks.

Competitive risks

The company benefits from being a member of some significant AMP5 frameworks with water companies such as Severn Trent Water, Anglian Water and Thames Water where work is allocated without the need for repeat competitive bidding. As this accounts for a significant proportion of the company's revenue in 2013 and forecasts for 2014, the company is well placed to face the risk posed elsewhere in the business where repeat competitive bidding is necessary.

Market conditions in the period ending 3 January 2014 saw many of the company's competitors bidding for work at significantly reduced margins in an effort to secure revenue. The company continues to avoid this strategy and instead attempts to offer tailor made solutions to secure new work rather than placing a simple reliance on lowest cost. This strategy has resulted in the successful awards of AMP6 frameworks for Severn Trent Water, Anglian Water and Thames Water, securing work for 2015 and beyond.

The company acknowledges that the water sector clients have become very price driven and the company has continued to face severe challenges when bidding for new projects. The company has consequently devised a strategy to develop new markets such as waste, and energy, and has made significant investment in this area in the period ending 31 January 2014. This has resulted in the year with the successful award of the Tyseley Waste to Energy project by OGEN, the first of a number of opportunities in this sector.

STRATEGIC REPORT

PRINCIPAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Legislative risks

The company may be exposed to changes in legislative framework in areas such as health and safety and employment law. The directors of the company have dedicated teams assigned to these disciplines and stringently monitor developments to ensure that they are aware of any changes.

Credit, liquidity and cash flow risks

During the period, the activities of the company were almost entirely conducted in the United Kingdom and the company was not exposed to any material financial risks of changes in foreign currency exchange rates. No formal risk management policy will consequently be adopted with regard to foreign exchange risk.

The company's principal financial assets are cash at bank and in hand, trade debtors, and amounts recoverable on contracts. The company's credit risk is primarily attributable to its trade debtors and amounts recoverable on contracts. The amounts presented in the balance sheet for trade debtors are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The company aims to mitigate liquidity and cash flow risks by monitoring regional cash generation and applying cash collection targets on weekly, monthly and quarterly basis. Liquidity and cashflow risks are dealt with in more detail under the Going Concern section below.

Going concern

The company participates in a cash pooling arrangement with two other group companies, MWH Farrer Limited and MWH Limited. At 3 January 2014, the net position in the cash pooling arrangement was a positive balance of £17m, excluding £4m of our share of interests in Joint Ventures.

At the balance sheet date, the company has access to intercompany funding with MWH Europe Ltd, which is able to be extended to £10m. This facility is currently not being utilised.

The companies within the cash pooling arrangement share common directors. The directors have prepared forecasts for each of these businesses for a period of at least 12 months from the date of approval of these financial statements. The directors are currently of the opinion that these forecasts and projections, after considering the current economic environment and subjecting them to reasonably robust sensitivities, show that the entities named above should be able to operate within the level of the current facilities and pay their liabilities as they fall due.

As reported above, the company has long-term contracts with many UK water companies and continues look at ways to expand its customer base in both existing and new markets. These existing contracts and growth plans allow management to prepare forecasts for a period of 12 months from the date of signing these accounts. As a consequence, the directors believe that the company is well placed to manage its business risks and working capital cash flows successfully.

In assessing the financial requirements of the company, the directors have also had regard to a letter of support obtained from MWH Constructors Inc. (a U.S. subsidiary of MWH Treatment's ultimate parent), which confirms its intention to provide financial support to the company as necessary to meet its liabilities as they fall due.

As a result of the assessments made, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Environment

The global group fully recognises the importance of its environmental responsibilities, monitors and controls its impact on the environment and implements policies aimed at reducing any damage that might be caused by the group's activities. MWH Constructors Limited operates fully in accordance with these group policies.

Employees

MWH Treatment Limited is certified in Investors in People (IIP) and this provides the core system for the continued learning and development of its staff. MWH Treatment Limited employees also have access to the company's own intranet site that provides information daily as to the latest news involving the company. Good employee communication has been given a high priority in order to involve employees in the affairs of the business. This continues to be a key area of focus.

STRATEGIC REPORT

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company and the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

By order of the Board

JP Abraham

Director

22 July 2014

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the company for the 53 week period ended 3 January 2014.

DIVIDENDS AND TRANSFERS FROM RESERVES

The profit for the 53 week period was £1,091,000 (year ended 2012: £1,057,000). The directors do not recommend the payment of any dividends (year ended 2012: £nil). No dividends were paid during the 53 week period (year ended 2012: £nil).

DIRECTORS

The directors who held office during the 53 week period and up to the date of signing the accounts are given below:

John P Abraham	
Blair Lavoie	
Ian McAulay	(resigned 30 August 2013)
Jim Kuiken	(appointed 30 August 2013)
Kevin O'Reilly	(appointed 27 August 2013, resigned 18 June 2014)

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is not aware; and
- the director has have taken all the steps that they ought to have taken as a director in order to make themself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put into place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

By order of the Board

JP Abraham

Director

22 July 2014

DIRECTORS' RESPONSIBILITIES STATEMENT

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing 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 whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MWH TREATMENT LIMITED

We have audited the financial statements of MWH Treatment Limited for the 53 week period ended 3 January 2014 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 3 January 2014 and of its profit for the 53 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the 53 week period for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MWH TREATMENT LIMITED (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Heather Bygrave

Heather Bygrave (senior statutory auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
St Albans, United Kingdom
22 July 2014

PROFIT AND LOSS ACCOUNT
53 week period ended 3 January 2014

	Note	53 week period ended 3 January 2014 £'000	Year ended 31 December 2012 £'000
TURNOVER	2	148,325	151,311
Cost of sales		(135,824)	(140,859)
GROSS PROFIT		12,501	10,452
Administrative expenses		(10,597)	(8,688)
OPERATING PROFIT	3	1,904	1,764
Interest payable	6	(564)	(1,099)
Interest receivable	6	237	1,138
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,577	1,803
Taxation on profit on ordinary activities	7	(486)	(746)
PROFIT FOR THE FINANCIAL PERIOD / YEAR	15	1,091	1,057

All activities derive from continuing operations.

The notes on pages 12 to 25 form part of these financial statements.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
53 week period ended 3 January 2014

	Note	53 week period ended 3 January 2014 £'000	Year ended 31 December 2012 £'000
Profit for the financial period / year	15	1,091	1,057
Actuarial profit / (loss) on defined benefit pension scheme	17	4,485	(5,403)
Deferred taxation attributable to the actuarial profits / losses	13	(1,395)	1,019
Total recognised profits / (losses) relating to the period / year		4,181	(3,327)

The notes on pages 12 to 25 form part of these financial statements.

BALANCE SHEET
As at 3 January 2014

	Note	3 January 2014 £'000	31 December 2012 £'000
FIXED ASSETS			
Investments	8	7,896	7,896
Tangible assets	9	3,364	3,902
		11,260	11,798
CURRENT ASSETS			
Stocks	10	126	128
Debtors: amounts falling due within one year	11	55,387	46,621
Cash at bank and in hand		20,517	25,418
		76,030	72,167
CREDITORS: amounts falling due within one year	12	(59,373)	(50,744)
NET CURRENT ASSETS		16,657	21,423
NET ASSETS EXCLUDING PENSION LIABILITY		27,917	33,221
PENSION LIABILITY	17	(8,482)	(17,967)
NET ASSETS		19,435	15,254
CAPITAL AND RESERVES			
Called up share capital	15	3,500	3,500
Profit and loss account	15	15,935	11,754
SHAREHOLDERS' FUNDS	15	19,435	15,254

The notes on pages 12 to 25 form part of these financial statements.

The financial statements for MWH Treatment Limited, registered number 01535477, were approved by the Board of Directors and authorised for issue on 22 July 2014.

Signed on behalf of the Board of Directors

JP Abraham

Director

NOTES TO THE FINANCIAL STATEMENTS
53 week period ended 3 January 2014

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the current 53 week period and preceding year.

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The company is a wholly owned subsidiary of MWH Constructors Limited and has taken advantage of the exemption available in FRS 1 "Cash Flow Statements" not to prepare a cash flow statement. In the current year, the financial statements are made up to the Friday nearest to the year end. Since this is within seven days of 31 December each year, the requirements of the Companies Act with regard to the dating of the financial statements is met. Comparative data is for the year ended 31 December 2012.

Going concern

The company participates in a cash pooling arrangement with two other group companies, MWH Farrer Limited and MWH Limited. At 3 January 2014, the net position in the cash pooling arrangement was a positive balance of £17m, excluding £4m of our share of interests in Joint Ventures.

At the balance sheet date, the company has access to intercompany funding with MWH Europe Ltd, which is able to be extended to £10m. This facility is currently not being utilised.

The companies within the cash pooling arrangement share common directors. The directors have prepared forecasts for each of these businesses for a period of at least 12 months from the date of approval of these financial statements. The directors are currently of the opinion that these forecasts and projections, after considering the current economic environment and subjecting them to reasonably robust sensitivities, show that the entities named above should be able to operate within the level of the current facilities and pay their liabilities as they fall due.

As discussed in the Strategic Report, the company has long-term contracts with many UK water companies and continues look at ways to expand its customer base in both existing and new markets. These existing contracts and growth plans allow management to prepare forecasts for a period of 12 months from the date of signing these accounts. As a consequence, the directors believe that the company is well placed to manage its business risks and working capital cash flows successfully despite the current uncertain economic outlook.

In assessing the financial requirements of the company, the directors have also had regard to a letter of support obtained from MWH Constructors Inc. (a U.S. subsidiary of MWH Treatment's ultimate parent), which confirms its intention to provide financial support to the company as necessary to meet its liabilities as they fall due.

As a result of the assessments made, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the annual report and accounts.

Turnover

Turnover represents the amounts receivable for services provided excluding VAT. Turnover, and related costs and profit on short term contracts, being those completed in the same financial year as they commence, is recognised when the contracts are completed. Turnover on long term contracts is the value of work carried out and is recognised as contract activity progresses. Turnover includes the company's share of turnover of joint arrangements.

Investments

Investments are carried on a historical cost basis subject to adjustments for impairment.

NOTES TO THE FINANCIAL STATEMENTS (continued)
53 week period ended 3 January 2014

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Long leasehold property is depreciated on a straight-line basis over 20 years.

Plant and machinery are depreciated on a straight-line basis over their estimated economic lives from 3 to 12 years to their residual values.

Fixtures and fittings are depreciated on a straight-line basis over their estimated useful economic lives from 3 to 10 years to their residual values.

Residual value is calculated on prices prevailing at the date of acquisition or revaluation.

Pension costs

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the period.

For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the company, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

Stocks and long term contracts

Stocks of raw materials and consumables are valued at the lower of cost and net realisable value.

Amounts recoverable on contracts, which are included in debtors, are stated at cost plus attributable profit. Excess progress payments are included in creditors as payments on account. Long-term contract profit is recognised as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year-end. Turnover and related costs are recorded as contract activity progresses. Full provision is made for losses on all contracts in the year in which such losses are first foreseen. Turnover, related costs and profit on short term contracts are recognised when the contracts are completed.

Foreign currency

Monetary assets and liabilities, in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Costs and revenues payable or receivable in foreign currencies and included in forecasts of contract outcome are translated using current exchange rates. Other exchange differences arising in the ordinary course of business are included in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS (continued)
53 week period ended 3 January 2014

1. ACCOUNTING POLICIES (continued)

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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 differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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 substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Leases

Rentals under operating leases are charged to the profit and loss account, as incurred, over the terms of the leases.

Joint arrangements

The company has certain contractual arrangements with other participants to engage in joint activities that do not create an entity carrying on a trade or business of its own. The company accounts for its own assets, liabilities, turnover and expenses in such joint arrangements, and its share of any joint assets, liabilities, turnover and expenses in such arrangements measured in accordance with the terms of each arrangement.

Pre-award costs

Costs in respect of prospective contracts are not capitalised but are written off to profit and loss account in the year in which they are incurred unless a separate pre award contract is in place dictating a different accounting treatment.

2. TURNOVER

	53 week period ended 3 January 2014 £'000	Year ended 31 December 2012 £'000
Turnover by destination		
United Kingdom	148,313	151,202
United States of America	8	104
Asia	-	5
Other European	4	-
	148,325	151,311

NOTES TO THE FINANCIAL STATEMENTS (continued)
53 week period ended 3 January 2014

3. OPERATING PROFIT

	53 week period ended 3 January 2014 £'000	Year ended 31 December 2012 £'000
Operating profit is stated after charging / (crediting):		
Staff costs (note 4)	26,625	23,199
Exchange loss / (gain)	17	(2)
Depreciation of tangible assets (note 8)		
- owned assets	815	768
Gain on sale of tangible assets	(17)	-
Hire of plant and equipment	222	412
Operating lease rentals		
- plant and equipment	72	73
- other	1,267	976
Fees payable to the company's auditor for the audit of the company's annual accounts	109	110
Fees payable to the company's auditor for tax services	23	34

4. STAFF COSTS

	53 week period ended 3 January 2014 £'000	Year ended 31 December 2012 £'000
Wages and salaries	23,024	20,023
Social security costs	2,587	2,257
Other pension costs	1,014	919
	26,625	23,199

'Other pension costs' includes only those items included within operating costs. Items reported elsewhere have been excluded.

The average number of employees during the 53 week period was as follows:

	53 week period ended 3 January 2014 £'000 No	Year ended 31 December 2012 £'000 No
Administrative	120	104
Management	12	9
Operations	424	391
	556	504

NOTES TO THE FINANCIAL STATEMENTS (continued)
53 week period ended 3 January 2014

5. DIRECTORS' EMOLUMENTS

	53 week period ended 3 January 2014 £'000	Year ended 31 December 2012 £'000
For services as executives	283	267
Contributions to defined contribution pension scheme	6	11
	289	278

Only two directors are remunerated through the company (year ended 2012: 1). The other directors are remunerated through other group companies and no recharge is made as it is not practical to do so (year ended 2012: same).

Retirement benefits accrued during the year for the following number of directors:

	53 week period ended 3 January 2014 £'000 No	Year ended 31 December 2012 £'000 No
Defined benefit scheme	2	1

The emoluments of the highest paid director amounted to £238,756 (year ended 2012: £277,666) which included £4,343 in respect of contributions to defined contribution pension schemes (year ended 2012: £11,288). This accrued pension at 31 December 2013 amounted to £21,946 (31 December 2012: £20,700).

6. NET INTEREST (PAYABLE) / RECEIVABLE

	53 week period ended 3 January 2014 £'000	Year ended 31 December 2012 £'000
Interest payable		
Net pension scheme finance cost (note 17)	(562)	(1,074)
Other	-	(4)
Group undertakings	(2)	(21)
Total interest payable	(564)	(1,099)
Interest receivable		
Group undertakings	215	1,133
Bank interest	21	5
Other	1	-
Total interest receivable	237	1,138

NOTES TO THE FINANCIAL STATEMENTS (continued)
53 week period ended 3 January 2014

7. TAXATION

	53 week period ended 3 January 2014 £'000	Year ended 31 December 2012 £'000
Current taxation		
UK corporation tax based on result for the period / year	(860)	(811)
Adjustments in respect of prior periods	(1)	(132)
Total current tax credit	(861)	(943)
Deferred tax – current period / year	(667)	170
Adjustments in respect of prior periods (excluding pension)	(16)	123
Deferred tax on FRS17 pension liability recognised in profit and losses	1,649	1,094
Change in tax rate – pension scheme	203	230
Change in tax rate – non pension	178	72
Total deferred tax charge	1,347	1,689
Total tax credit on profit on ordinary activities	486	746

The tax assessed for the period is lower than (2012: lower) the standard rate of corporation tax in the UK of 23.25% (2012 24.5%).

	53 week period ended 3 January 2014 £'000	Year ended 31 December 2012 £'000
Profit on ordinary activities before tax	1,577	1,803
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012: 24.5%)	367	442
Effects of:		
Expenses not deductible for tax purposes	19	94
Adjustments in respect of prior periods	(1)	(132)
Depreciation in excess of / (lower than) capital allowances	149	(55)
Other short term timing differences	(1,395)	(1,292)
Current tax credit for the period / year	(861)	(943)

Finance Act 2013, which was substantively enacted in July 2013, included provisions to reduce the rate of corporation tax to 21% with effect from 1 April 2014 and 20% from 1 April 2015. Deferred tax balances have been revalued to the lower rate of 20% in these accounts. To the extent that the deferred tax reverses before 1 April 2015 then the impact on the net deferred tax asset will be reduced.

NOTES TO THE FINANCIAL STATEMENTS (continued)
53 week period ended 3 January 2014

8. INVESTMENTS

	3 January 2014 £'000	31 December 2012 £'000
At 1 January 2013	7,896	-
Acquisition of MWH Farrer Limited	-	7,896
At 3 January 2014	7,896	7,896

Subsidiary undertaking	Main trading activity	Interest in Company	Country of registration
MWH Farrer Limited	Engineering consultancy and leakage detection	100%	England and Wales

On 18 December 2012 the company acquired 100% interest in the ordinary share capital of MWH Farrer Limited from its parent company, MWH Limited.

9. TANGIBLE ASSETS

	Long leasehold property £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 January 2013	2,300	3,486	4,232	10,018
Additions	-	205	75	280
Disposals	-	(203)	(24)	(227)
Transfer	-	109	(109)	0
At 3 January 2014	2,300	3,597	4,174	10,071
Accumulated depreciation				
At 1 January 2013	397	2,658	3,061	6,116
Charge for the year	70	226	519	815
Disposals	-	(203)	(21)	(224)
Transfer	-	79	(79)	0
At 3 January 2014	467	2,760	3,480	6,707
Net book value				
At 3 January 2014	1,833	837	694	3,364
At 31 December 2012	1,903	828	1,171	3,902

NOTES TO THE FINANCIAL STATEMENTS (continued)
53 week period ended 3 January 2014

10. STOCKS

	3 January 2014 £'000	31 December 2012 £'000
Raw materials and consumables	126	128

There is no material difference between the balance sheet value of stocks and their replacement cost.

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	3 January 2014 £'000	31 December 2012 £'000
Trade debtors	7,138	6,386
Amounts owed by group undertakings	13,544	10,672
Amounts recoverable on contracts	29,061	23,178
Other debtors	2,838	2,851
Deferred tax (note 13)	1,168	663
Corporation tax	-	376
Prepayments	1,638	2,495
	55,387	46,621

Within amounts owned by group undertakings is a £6,914,000 (2012: £6,914,000) loan to MWH Constructors Limited, which attracts interest of 3% per annum (year ended 2012 7.63%). This loan is unsecured and is repayable on demand.

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	3 January 2014 £'000	31 December 2012 £'000
Payments on account	16,215	11,539
Trade creditors	13,421	15,322
Amounts owed to group undertakings	222	2,720
Contract loss provisions	708	682
Other creditors	1,251	1,706
Other taxation and social security	3,649	1,764
Accruals	23,907	17,011
	59,373	50,744

NOTES TO THE FINANCIAL STATEMENTS (continued)
53 week period ended 3 January 2014

13. DEFERRED TAX

	3 January 2014 £'000	31 December 2012 £'000
Deferred taxation recognised within debtors		
Brought forward	663	1,028
Charge to profit and loss account	505	(365)
Carried forward (note 11)	1,168	663

The amounts provided in the accounts are as follows:

	Provided 3 January 2014 £'000	Provided 31 December 2012 £'000
Accelerated capital allowances	511	425
Other timing differences	657	238
	1,168	663

Deferred taxation recognised on the pension liability

	3 January 2014 £'000	31 December 2012 £'000
Brought forward	5,367	5,672
Charged to the profit and loss account	(1,852)	(1,324)
Credited to the statement of total recognised gains and losses	(1,395)	1,019
Carried forward (note 17)	2,120	5,367

14. CALLED UP SHARE CAPITAL

	3 January 2014 £'000	31 December 2012 £'000
Allotted and fully paid		
3,500,000 ordinary shares of £1.00 each	3,500	3,500

NOTES TO THE FINANCIAL STATEMENTS (continued)
53 week period ended 3 January 2014

15. STATEMENT OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENTS ON RESERVES

	Share capital £'000	Profit and loss account £'000	Total 3 January 2014 £'000	Total 31 December 2012 £'000
Opening shareholders' funds	3,500	11,754	15,254	5,581
Profit for the period / year	-	1,091	1,091	1,057
Capital contribution	-	-	-	13,000
Actuarial loss / (gain) on defined benefit pension scheme	-	4,485	4,485	(5,403)
Deferred taxable attributable to the actuarial (loss) / gain	-	(1,395)	(1,395)	1,019
Closing shareholders' funds	3.500	15,935	19,435	15,254

On 19 December 2012, the company's parent undertaking MWH Limited made a capital contribution of £13,000,000.

16. ANNUAL COMMITMENTS UNDER OPERATING LEASES

	3 January 2014 £'000	31 December 2012 £'000
Operating leases which expire within one year:		
- land and buildings	7	15
- other	147	5
Operating leases which expire between two and five years:		
- land and buildings	61	38
- other	1,321	1,039

17. PENSION COMMITMENTS

The employees of MWH Treatment Limited and MWH Farrer Limited participate in a scheme known as the MWH UK Limited Pension and Life Assurance Plan.

The latest actuarial valuation of the MWH Treatment section of the MWH UK Limited Pension and Life Assurance Plan, performed by an independent, external actuary, was made on 1 April 2011 using the projected unit method. The principal assumption adopted in the valuation was that the returns on investment pre-retirement and post-retirement would be 5.9% p.a. and 4.9% p.a. respectively. The asset valuation assumption was market value.

On this basis, at the valuation date, the actuarial value of the assets of the MWH Treatment defined benefit section of the MWH Plan was £36.2 million, which was sufficient to cover 60 per cent of the value of benefits that had accrued to members. Contributions are being paid by the MWH Treatment defined benefit section at the rate of 24.98% of payroll, which includes an allowance for expenses and Pension Protection Fund levies.

NOTES TO THE FINANCIAL STATEMENTS (continued)
53 week period ended 3 January 2014

17. PENSION COMMITMENTS (continued)

Since 1 April 2003, MWH Treatment Limited has had Defined Contribution pension arrangements for the employees of the company. The assets of this Defined Contribution scheme are held separately from those of the company in an independently administered fund. Contributions, which vary depending on each member's age, to the Defined Contribution scheme are charged in the profit and loss account in the period in which they are made. With effect from 1 April 2003, each participating employer paid age-related contributions in respect of the defined contribution scheme. The charge for the period was £769,000 (year ended 2012: £647,000). There were no unpaid contributions to the Defined Contribution scheme at 3 January 2014 (31 December 2012: nil).

i) FRS 17 Retirement Benefits

The full actuarial valuation of 1 April 2011 has been updated at 3 January 2014 to take account of the requirements of FRS 17 in order to assess the valuation of the scheme as at 3 January 2014. Scheme assets are stated at their market values at 3 January 2014. The company accounts for its share of the FRS 17 funding deficit based on an actuarially determined allocation of the total funding deficit among the participating employers.

The amounts recognised in the balance sheet are as follows:

	3 January 2014 £'000	31 December 2012 £'000
Present value of defined benefit obligations	(66,882)	(68,787)
Fair value of scheme assets	56,280	45,453
Deficit in the scheme	(10,602)	(23,334)
Related deferred tax asset (note 13)	2,120	5,367
Net pension liability	(8,482)	(17,967)

The amounts recognised in the profit and loss are as follows:

	3 January 2014 £'000	31 December 2012 £'000
Expected return on pension scheme assets	(2,361)	(1,833)
Interest on pension scheme liabilities	2,923	2,907
Net pension scheme finance cost (note 6)	562	1,074
Current service cost	245	272
	807	1,346

Analysis of amounts recognised in statement of total recognised gains and losses:	3 January 2014 £'000	31 December 2012 £'000
Actuarial gains / (losses) on the assets and liabilities	4,485	(5,403)
Cumulative amount of losses recognised in the statement of total recognised gains and losses	(12,101)	(16,586)

NOTES TO THE FINANCIAL STATEMENTS (continued)
53 week period ended 3 January 2014

17. PENSION COMMITMENTS (continued)

Changes in the present value of the scheme liabilities are as follows:

	3 January 2014 £'000	31 December 2012 £'000
Opening scheme liabilities	68,787	60,096
Current service cost	245	272
Interest on obligation	2,923	2,907
Actuarial (gains) / losses	(3,192)	7,324
Benefits paid	(1,881)	(1,812)
Closing scheme liabilities	66,882	68,787

Changes in the fair values of the scheme assets are as follows:

	3 January 2014 £'000	31 December 2012 £'000
Opening scheme assets	45,453	37,409
Expected return on scheme assets	2,361	1,833
Contributions by employer	9,054	6,102
Actuarial gains	1,293	1,921
Benefits paid	(1,881)	(1,812)
	56,280	45,453

The company expects to contribute £3.9m to the main scheme in the forthcoming financial year.

The fair value of the assets held and the expected rates of return at the balance sheet date were:

	Expected rate of return 2013	Value at 2013 £'000	Expected rate of return 2012	Value at 2012 £'000
Equities and property	6.35%	30,240	5.50%	25,316
Corporate bonds	4.10%	24,912	3.70%	16,709
Cash	0.25%	1,128	0.25%	3,428
	5.25%	56,280	4.65%	45,453

The overall expected return assumption is calculated as the weighted average of the individual expected return assumptions for each of the major asset classes. The individual return assumptions are based on investment market conditions in the UK, specifically with regard to yields on UK Government gilts, high quality AA rated corporate bands, and interest rates set by the Bank of England.

Equity returns in well-established global markets are generally expected to outperform the return on gilts by 3% per annum or more in the long term and such anticipated outperformance has been taken into account in deriving the expected return from equity type investments.

The weightings used for the overall expected return are in line with the proportions invested in each of the major asset classes, and a deduction to allow for investment expenses has been made.

NOTES TO THE FINANCIAL STATEMENTS (continued)
53 week period ended 3 January 2014

17. PENSION COMMITMENTS (continued)

The principle actuarial assumptions at the balance sheet date were:

	3 January 2014	31 December 2012
Discount rate	4.60%	4.30%
Inflation	3.25%	2.60%
Rate of increase of salaries	5.00%	5.00%
Rate of increase for pensions in payment post April 1997	3.70%	3.50%

Mortality assumptions

The mortality assumptions adopted imply the following life expectancies at age 65.

	Valuation at	
	3 January 2014 Years	31 December 2012 Years
Retiring today:		
Males	22	22
Females	24	24
Retiring in 25 years:		
Males	23	23
Females	25	25

Amounts for the current and previous four periods for the Schemes are as follows:

	3 January 2014 £'000	31 December 2012 £'000	31 December 2011 £'000	31 December 2010 £'000
Present value of defined benefit obligations	(66,882)	(68,787)	(60,096)	(55,275)
Fair value of scheme assets	56,280	45,453	37,409	35,447
Deficit in the scheme	(10,602)	(23,334)	(22,687)	(19,828)
Experience adjustments on scheme liabilities				
Amount	138	45	2,791	(1,832)
Percentage of present value of scheme liabilities	(0.21%)	0.07%	4.64%	3.31%
Experience adjustments on scheme assets				
Amount	1,293	1,921	(1,590)	1,629
Percentage of scheme assets	2.3%	4.23%	(4.25%)	4.59%

In 2009, the disclosures required by paragraph 77(0) of FRS17 are not available on a reliable basis for the company. This is because the pension scheme was accounted for as a defined contribution scheme.

NOTES TO THE FINANCIAL STATEMENTS (continued)
53 week period ended 3 January 2014

18. JOINT ARRANGEMENTS

The company participated in eight joint arrangements during the year.

Joint Arrangement Partners	Company's share
George Leslie Limited	50%
John Graham (Dromore) Ltd	50%
Severn Trent, Costain, Mott MacDonald, and North Midland Construction Plc	25%
North Midland Construction Plc	51.47%
Vinci Construction UK Ltd	50%
Galliford Try Infrastructure Limited and Mott MacDonald Limited	45%
Skanska Construction UK Limited and Balfour Beatty Utility Solutions Limited	33%
Electrical and Pump Services Limited (EPS)	50%

19. ULTIMATE HOLDING COMPANY

The company's ultimate parent, controlling undertaking and the largest group company in which its results are consolidated is MWH Global Inc, a company incorporated in the United States of America. The consolidated financial statements of MWH Global Inc. are available to the public from Forum Administrators BV, Weena 336, 3012 NJ, Rotterdam, The Netherlands.

The company's immediate parent undertaking is MWH Limited and the smallest group company in which its results are consolidated is MWH Constructors Ltd (immediate parent of MWH Limited), both are incorporated in Great Britain. MWH Constructors Ltd produces consolidated financial statements which are available to the public, on payment of the appropriate fee, from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

20. RELATED PARTY TRANSACTIONS

Advantage has been taken of the exemption given in FRS 8 'Related Party Transactions' to wholly owned subsidiaries, not to disclose related party transactions with members of the group or associates or joint ventures of other group members as it is a wholly owned subsidiary of a company for which consolidated financial statements are publicly available.