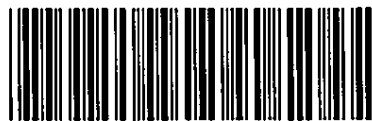


**AECOM DESIGN BUILD LIMITED**

**Report and Financial Statements**

**30 September 2009**

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**Ernst & Young LLP**  
**Leeds**

# **AECOM DESIGN BUILD LIMITED**

## **2009 REPORT AND FINANCIAL STATEMENTS**

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# **AECOM DESIGN BUILD LIMITED**

## **2009 REPORT AND FINANCIAL STATEMENTS**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

AJ White  
DL Withers  
JP Kirkwood

#### **SECRETARY**

DL Withers

#### **REGISTERED OFFICE**

Wentworth Business Park  
Tankersley  
Barnsley  
South Yorkshire  
S75 3DL

#### **BANKERS**

Barclays Bank Plc  
PO Box 729  
Eagle Point  
1 Capability Green  
Luton  
LU1 3US

#### **AUDITORS**

Ernst & Young LLP  
1 Bridgewater Place  
Water Lane  
Leeds  
LS11 5QR

# **AECOM DESIGN BUILD LIMITED**

**REGISTRATION NUMBER: 2699219**

## **DIRECTORS' REPORT**

The directors present their annual report on the affairs of the company, together with the financial statements for the year ended 30 September 2009

### **PRINCIPAL ACTIVITY**

The principal activity of the company is that of engineering design and the provision of project management services within the water and waste management industries

### **BUSINESS REVIEW**

The profit and loss account for the year is set out on page 7. The company made a profit for the financial year of £441,000 (2008 £3,497,000 loss). The loss reported in 2008 was principally caused by an impairment charge of £3,541,000 against the value of the investment held in the two Brey companies to reduce their carrying value to the proposed sales price agreed for AECOM Design Build Limited's share of these two companies.

The disposal of the two Brey companies was governed by a sales and purchase agreement covering the proposed sale of the company's two large PFI investments, Brey and Dalriada, to Kelda plc. Under this agreement, the company has also sold its share of Dalriada Water Holdings Limited and Dalriada Water Services Limited to Kelda plc and this Dalriada transaction created a book gain that is greater than the loss on sale of the Brey companies. As a result of the overall sales agreement for Brey and Dalriada, the company has greater net assets and a stronger balance sheet than before the sales. The Dalriada sale was completed on May 13<sup>th</sup> 2009, which was within the year ended 30 September 2009, whereas the sale of Brey was not completed until 21<sup>st</sup> October 2009 but the company recognised the future loss on the sale of Brey as a provision for impairment against the carrying value of the investment in the accounts as soon as that impairment could be determined. Therefore, the loss of £3,541,000 on the sale of Brey has already been recognised in the year ended 30 September 2008, whereas the profit of £5,161,000 on the sale of Dalriada is now recognised in the year ended 30 September 2009.

Removing the effect of the Dalriada and Brey disposal transactions, the company made a loss of £4,720,000 in the year to 30 September 2009 and a profit of £44,000 in the year to 30 September 2008. The directors believe that the loss in 2009, although large, is a satisfactory result as this loss is caused by the combination of the usual downturn in activity towards the end of the UK water companies' 5 years frameworks and by the high bidding costs involved in the rebidding of the water companies' AMP5 frameworks and the continuation of its Municipal Waste PFI pursuits. It is the company and the Group's strategy to undertake these major bids despite knowing that the company has a limited revenue stream at the moment from its normal UK water activities. The company has already been successful in the bidding process in its AMP5 water bids, securing a number of large programmes of work, and has been shortlisted for a number of additional programmes where bidding activity continues. In addition, during the year, the company has continued to be successful in its pursuit of the Municipal Waste PFI opportunities where it has been shortlisted in each of its 3 main targets.

The company analyses its financial performance in the year by looking at its ability to make an accounting profit in the financial year, to generate a sustainable operating cashflow in the year and to control its contract receivables. To this end, it sets itself three main KPIs (i) an Operating Profit target (ii) a Free Cash Flow target and (iii) a Debtor Days target. The company was on plan for its Operating Profit target as the high bid costs and low contract activity were anticipated at the beginning of the financial year. A free cash flow target of no less than operating profit and debtor days target of no less than 40 days was set for the period. In all of these areas, the company has achieved a satisfactory performance in the year.

### **Change in ownership**

On 25th July 2008, the global Earth Tech division of Tyco International Limited was sold to AECOM Technology Corporation. However, prior to the sale of the company certain approvals were required from customers of Earth Tech Engineering Limited. As a result, on 25th July 2008 the sales agreement was amended so to delay the sale of the UK business until the relevant consents were received. Tyco International Ltd continued to legally own the company and maintained voting control. However on 25th July 2008, Tyco International Ltd entered into a Company Services Agreement whereby AECOM Technology Corporation was appointed to manage the assets and operations of the company.

Having received the outstanding consents, the company was sold to AECOM UK Limited on May 12 2009 and AECOM assumed full control of the company and its subsidiaries from that date.

# **AECOM DESIGN BUILD LIMITED**

**REGISTRATION NUMBER: 2699219**

## **DIRECTORS' REPORT (continued)**

### **Sale of investment in Dalriada**

On May 13 2009, the company sold its share of Dalriada Water Holdings Limited and Dalriada Water Services Limited to its partner in these ventures, Kelda plc

### **Change in name**

On August 10, 2009, the company changed its name from Earth Tech Engineering Limited to AECOM Design Build Limited as part of its integration into its new owner's Group

### **Post Balance Sheet Events**

On October 21, 2009, the company completed the sale of its share of Brey Utilities Limited and Brey Services Limited to its partner in these ventures, Kelda plc

## **PRINCIPAL RISK AND UNCERTAINTIES**

The directors believe that the key risks that face the company are the following

### **Political policy and regulation**

AECOM Design Build's key markets, the water and wastewater market and the waste management market, are heavily regulated and the amount of work available to be bid in any period very much depends upon the outcome of negotiations between our customers, their markets' regulators and the success of key planning applications

Work in the water and wastewater market is often awarded through long-term framework agreements generally of 5 year duration. These long-term framework agreements are awarded on a cyclical basis and are generally insulated from general economic trends, as they are driven more by the implementation of EU and UK legislation. At the outset of the agreement, we will be aware in broad terms of the services required under the contract and the likely approximate value of the services to be awarded over the agreement duration but the agreements do not guarantee a minimum value of work.

Work in the waste management industry is driven by the implementation of EU directives concerning waste handling and waste recycling. Although a growing market, the award of contracts in this sector is generally subject to lengthy planning and financing procedures.

### **Activity risk**

Given the constraints laid out above on the availability of work to be bid for, the company always faces the risk of not securing sufficient work in any particular financial year to make efficient use of its resources to allow it to return a profit in markets which are very competitive. As stated in the Business Review, the company has been successful in securing a number of high value long term contracts in the year and is actively engaged in bidding for more which would secure its order book for the medium term.

### **Project delivery risk**

Having secured sufficient workload to allow the company to maximise the efficiency of its resources, it must deliver those projects to the contractual time, cost and quality agreed with its customers to ensure their satisfaction and to return the tendered profit on each contract. Obviously, as a leading company in each of its market sectors, AECOM Design Build believe they have an enviable track record in this area but past successes are no guarantee of future performance, therefore there is a constant drive to maintain and improve the company's project delivery performance.

### **Going concern**

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in the financial statements.

# **AECOM DESIGN BUILD LIMITED**

**REGISTRATION NUMBER: 2699219**

## **DIRECTORS' REPORT (continued)**

### **DIRECTORS**

The directors who served during the year were

D Lake (resigned 30 January 2009)

JP Kirkwood

AJ White

DL Withers

### **CHARITABLE CONTRIBUTIONS**

Charitable contributions made by the company during the year amounted to £Nil (2008 £1,555)

### **EMPLOYEES**

Employee involvement is one of our company's key objectives and is actively encouraged to the benefit of our customers, the company performance and the individuals themselves. We continue to encourage the involvement of our people through effective communication and direct consultation on all aspects of our operation.

### **TREASURY**

The company's treasury operates procedures designed to reduce or eliminate financial risk. The policies are approved by the Board and the use of financial instruments is strictly controlled.

The company's principal financial instruments comprise borrowings, cash, and various items, such as trade debtors and trade creditors that arise directly from its operations. The company does use forward foreign currency contracts to manage the currency rate risks arising from the company's operations. The company does not use interest rate swaps to manage the interest rate risks arising from the company's operations.

### **SAFETY, HEALTH AND ENVIRONMENT**

The company continues to set and achieve high standards in its health and safety policies and to promote and observe quality and environmental standards throughout its business.

In 2009, the company again received a Gold Award from RoSPA for its Health and Safety performance.

### **DISCLOSURE OF RELEVANT INFORMATION TO AUDITORS**

In the case of each of the persons who are directors of the Company at the date of approval of this report

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditors are unaware, and
- each of the directors has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418(2) of the Companies Act 2006.

### **AUDITORS**

On 2 September 2009, Deloitte LLP resigned as auditors and Ernst & Young LLP were appointed in their place.

Approved by the Board of Directors and signed

DL Withers  
Company Secretary  
12 March 2010



# **AECOM DESIGN BUILD LIMITED**

**REGISTRATION NO: 2699219**

## **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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AECOM DESIGN BUILD LIMITED**

We have audited the financial statements of AECOM Design Build Limited for the year ended 30 September 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, and the related notes 1 to 19. 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 Sections 495 and 496 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 auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 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 (APB'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.

### **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 30 September 2009 and of its profit for the year 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **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.

*Ernst & Young LLP.*

P R Buckler (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Leeds

12 March 2010



**AECOM DESIGN BUILD LIMITED****REGISTRATION NO: 2699219****PROFIT AND LOSS ACCOUNT**  
**Year ended 30 SEPTEMBER 2009**

	Note	2009 £'000	2008 £'000
<b>TURNOVER</b>	2	43,920	55,246
Raw materials and consumables		(26,815)	(33,700)
Staff costs	3	(13,165)	(12,658)
Depreciation and amortisation of tangible and intangible fixed assets	7	(234)	(262)
Other operating charges (including exceptional impairment of investments £Nil (2008 £3,541,000))		(8,271)	(14,441)
<b>OPERATING LOSS</b>		(4,565)	(5,815)
Profit on sale of joint venture investment		5,161	-
Interest receivable	4	206	2,516
Other finance charges		-	148
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	5	802	(3,151)
Taxation on profit on ordinary activities	6	(361)	(346)
<b>RETAINED PROFIT FOR THE YEAR</b>	13, 14	441	(3,497)

All of the results in the profit and loss account relate to continuing activities

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**Year ended 30 September 2009**

		2009 £'000	2008 £'000
Profit for the financial year		441	(3,497)
Actuarial loss relating to the pension scheme (net of deferred tax)	16	(2,251)	(5,514)
Deferred tax rate change from 30% to 28%		-	-
<b>Total recognised gains and losses relating to the year</b>		(1,810)	(9,011)

The accompanying notes are an integral part of this profit and loss account and this statement of total recognised gains and losses

**AECOM DESIGN BUILD LIMITED****REGISTRATION NO: 2699219****BALANCE SHEET****30 September 2009**

	<b>Note</b>	<b>2009 £'000</b>	<b>2008 £'000</b>
<b>FIXED ASSETS</b>			
Tangible assets	7	1,833	1,923
Investments	8	44	17,893
		<u>1,877</u>	<u>19,816</u>
<b>CURRENT ASSETS</b>			
Joint venture investment held for sale		14,668	-
Debtors falling due within one year	9	16,612	11,015
Debtors falling due after more than one year	9	384	4,989
		<u>31,664</u>	<u>16,004</u>
Cash at bank and in hand		1,111	6,677
		<u>32,775</u>	<u>22,681</u>
<b>CREDITORS: amounts falling due within one year</b>	10	<u>(8,996)</u>	<u>(16,668)</u>
<b>NET CURRENT ASSETS</b>		<u>23,779</u>	<u>6,013</u>
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>		<u>25,656</u>	<u>25,829</u>
Pension liability	16	<u>(8,345)</u>	<u>(6,708)</u>
<b>NET ASSETS</b>		<u>17,311</u>	<u>19,121</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	14,821	14,821
Profit and loss account	13	2,490	4,300
<b>SHAREHOLDERS' FUNDS</b>	14	<u>17,311</u>	<u>19,121</u>

The financial statements were approved by the board of directors on 12 March 2010 and signed on its behalf by

Director

 - J KIRKWOOD

The accompanying notes are an integral part of this balance sheet

# **AECOM DESIGN BUILD LIMITED**

**REGISTRATION NO: 2699219**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 30 September 2009**

### **1 ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies which have been adopted consistently throughout the current year and preceding year are summarised below.

#### **Basis of preparation**

The financial statements have been prepared under the historical cost convention.

The company is exempt from preparing consolidated financial statements on the grounds that the company is itself a wholly owned subsidiary of a company incorporated in the EU. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the directors' report on page 2 to 4 which also describes the principal risks and uncertainties facing the company.

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company will be able to operate within its current funding limits, or where necessary by using loans from other companies.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future despite the current uncertain economic outlook. Accordingly, they continue to adopt the going concern bases in preparing the annual report and accounts.

#### **Tangible fixed assets**

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The expected useful economic lives are:

	<b>Years</b>
Freehold buildings	30
Computer equipment	3
Plant and machinery	5
Fixtures and fittings	3-10

Freehold land is not depreciated.

#### **Operating leases**

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term, even if the rentals are not paid on that basis.

#### **Foreign currencies**

Trading transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction. Current assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rate ruling at the balance sheet date. All foreign exchange differences are accounted for through the profit and loss account in the year in which they arise.

#### **Long-term contracts**

Turnover on long-term contracts is recognised according to the stage reached in the contract by reference to the value of work done. The profit attributable to work completed is recognised once the outcome of the contract can be assessed with reasonable certainty. The amount by which the turnover exceeds payments on account is shown within debtors as amounts recoverable on contracts.

# **AECOM DESIGN BUILD LIMITED**

**REGISTRATION NO: 2699219**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 30 September 2009**

### **1. ACCOUNTING POLICIES (continued)**

#### **Turnover**

In respect of long term contracts, turnover represents the cost of work undertaken in the period plus attributable profit. In respect of consultancy contracts, turnover represents the cost of services rendered plus attributable profit. Turnover excludes value added tax and trade discounts.

#### **Current tax**

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 substantially enacted by the balance sheet date.

#### **Deferred 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 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 when, 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 substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

#### **Investments**

Fixed asset investments are stated at cost less any provision for impairment.

#### **Pensions**

The company operates a defined contribution scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

For the defined benefit scheme the amount charged to operating profit is 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.

The defined benefit scheme is funded, with the assets of the scheme held separately from those of the group, 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. Further details of the company's pension arrangements are set out in note 16.

The company provides no other post-retirement benefits to its employees.

#### **Cash flow statements**

The company has taken advantage of the exemption permitted under FRS 1 (Revised) and not published a cash flow statement, since its cash flows are published within the consolidated financial statements of its ultimate parent company, at that date, AECOM Technology Corporation.

# AECOM DESIGN BUILD LIMITED

REGISTRATION NO: 2699219

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2009

### 1 ACCOUNTING POLICIES (continued)

#### Related party transactions

The company has taken advantage of the exemption permitted by FRS 8 from disclosing related party transactions with other wholly owned subsidiaries of AECOM Technology Corporation

#### Joint arrangements

The company holds interests in two unincorporated entities, Earth Tech-Morrison Joint Venture and Delta Scotland. In both of these entities, the company has a 50% interest with Morrison Construction Limited holding the other 50%. The directors consider these entities to be joint arrangements as defined by FRS 9 and have recorded the company's share of the joint arrangements' assets and liabilities and results as at, and for the year ended 30 September 2009 in these financial statements

#### Joint ventures

As at 30 September 2009, the company held interests in two incorporated entities, Brey Utilities Limited and Brey Services Limited. As detailed in note 20 the company disposed of its investment in these 2 companies subsequent to the balance sheet date. The company has a 50% (2008 – 50%) shareholding in each of these entities. Kelda plc also has a 50% (2008 – 50%) shareholding in these entities and together, the company and Kelda plc jointly control these entities. Therefore, these entities are treated as joint ventures of AECOM Design Build Limited

### 2. TURNOVER

The analysis of turnover by destination by geographical area is set out below

	2009 £'000	2008 £'000
United Kingdom	43,543	54,817
Rest of Europe	137	363
Rest of World	240	66
	<u>43,920</u>	<u>55,246</u>

### 3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Directors' remuneration	2009 £'000	2008 £'000
Emoluments	1,009	786
Company contributions to money purchase pension schemes	46	51
	<u>1,055</u>	<u>837</u>

Remuneration of the highest paid director	2009 £'000	2008 £'000
Emoluments	411	293
Company contributions to money purchase pension schemes	16	18
	<u>427</u>	<u>311</u>

# AECOM DESIGN BUILD LIMITED

REGISTRATION NO: 2699219

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2009

### 3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

The number of directors to whom retirement benefits are accruing under the company's defined benefit pension scheme in respect of qualifying services is nil (2008 nil)

	2009 No.	2008 No.
<b>Average number of persons employed</b>		
Technical	208	228
Administration	29	47
	<u>237</u>	<u>275</u>
<b>Staff costs during the year (including directors)</b>	<b>£'000</b>	<b>£'000</b>
Wages and salaries	11,183	10,512
Social security costs	1,124	1,239
Other pension costs	858	907
	<u>13,165</u>	<u>12,658</u>

### 4. INTEREST RECEIVABLE

	2009 £'000	2008 £'000
Interest receivable from group undertakings	206	569
Interest receivable on loan notes in joint ventures	-	1,947
	<u>206</u>	<u>2,516</u>

### 5. PROFIT ON ORDINARY ACTIVITIES

Profit on ordinary activities before taxation is stated after charging

	2009 £'000	2008 £'000
Depreciation	234	262
Investment impairment	-	3,541
Auditors' remuneration		
Audit	55	58
Other operating leases		
Plant, equipment & motor vehicles	339	378
Other	59	59
	<u></u>	<u></u>

**AECOM DESIGN BUILD LIMITED****REGISTRATION NO: 2699219****NOTES TO THE FINANCIAL STATEMENTS****Year ended 30 September 2009****6 TAX ON PROFIT ON ORDINARY ACTIVITIES****Taxation on results for the year**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
UK corporation tax charge at 28% (2008 29%)		
- Current year	-	-
- Withholding tax	2	-
	<u>2</u>	<u>-</u>
<b>Total current tax charge</b>	<b>2</b>	<b>-</b>
Deferred tax		
Origination and reversal of timing differences	359	346
	<u>359</u>	<u>346</u>
<b>Total deferred tax charge</b>	<b>359</b>	<b>346</b>
<b>Tax charge on profit on ordinary activities</b>	<b>361</b>	<b>346</b>
	<u><u>361</u></u>	<u><u>346</u></u>
<b>Reconciliation of current tax charge to result for the year</b>		
	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Profit on ordinary activities before taxation	802	(3,151)
	<u>802</u>	<u>(3,151)</u>
Profit on ordinary activities before taxation multiplied by standard rate of corporation tax in the UK of 28% (2008 29%)	225	(914)
Effects of		
Profit on sale of Dalriada investment not subject to tax	(1,445)	-
Investment impairment not deductible for tax purposes	-	1,027
Expenses not deductible for tax purposes	25	18
STTD on pension payments	(239)	-
Depreciation in excess of capital allowances	(120)	(359)
Group relief claimed	111	228
Unutilised losses carried forward	1,445	-
	<u>2</u>	<u>-</u>
	<u><u>2</u></u>	<u><u>-</u></u>

**Factors that may affect future tax charges**

The company has tax losses of £5,161,000 (2008 £nil), after surrender of current year losses as group relief, available to carry forward against future taxable profits. A deferred tax asset has not been recognised in respect of these losses due to uncertainty as to when they will be utilised.

# AECOM DESIGN BUILD LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2009

### 7. TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
<b>Cost</b>				
At 1 October 2008	2,474	2,210	872	5,556
Additions	37	107	-	144
30 September 2009	2,511	2,317	872	5,700
<b>Depreciation</b>				
At 1 October 2008	894	2,129	610	3,633
Charge for year	93	73	68	234
30 September 2009	987	2,202	678	3,867
<b>Net book value</b>				
At 30 September 2009	1,524	115	194	1,833
At 30 September 2008	1,580	81	262	1,923

### 8. INVESTMENTS

	Loan notes £'000	Joint ventures £'000	Subsidiaries £'000	Total £'000
<b>Cost and net book value:</b>				
At 1 October 2008	17,824	25	44	17,893
Sale of investment in Dalriada	(7,667)	-	-	(7,667)
Accrued interest on Brey loan notes	4,486	-	-	4,486
Transfer to current assets held for sale	(14,643)	(25)	-	(14,668)
At 30 September 2009	-	-	44	44

Shares in joint ventures comprise

	Country of registration	Interest in issued ordinary shares	Principal activity
Brey Utilities Limited	England	50%	Water and wastewater services company
Brey Services Limited	England	50%	Water and wastewater services company

AECOM Design Build Limited holds £13,697,500 (2008 £13,697,500) of 10 575% interest bearing loan notes in Brey Utilities Limited. It has £nil (2008 £7,667,500) of 10 575% interest bearing loan notes in Dalriada Water Holdings Limited as this was sold in the year to Kelda plc. The loan notes in Brey are repayable in instalments, the amounts and timing of which are dependent on the performance of a specific contract held by Brey Utilities Limited. The directors estimate that no instalments will be repaid before 1 October 2011. The company has subsidiary undertakings which were dormant in the year.



# AECOM DESIGN BUILD LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2009

### 9. DEBTORS

	2009 £'000	2008 £'000
<b>Amounts falling due within one year:</b>		
Trade debtors	3,708	1,194
Amounts recoverable on contracts	4,452	6,546
Prepayments	118	286
Deferred consideration on sale of Dalriada investment	968	-
Amounts due from group undertakings	7,366	2,989
	<u>16,612</u>	<u>11,015</u>
<b>Amounts falling due after more than one year:</b>		
Interest receivable on loan notes in joint ventures	-	4,485
Deferred tax asset (note 11)	384	504
	<u>384</u>	<u>4,989</u>
	<u>16,996</u>	<u>16,004</u>

### 10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £'000	2008 £'000
Payments on account	276	888
Trade creditors	3,917	3,582
Amounts owed to group undertakings	-	8,048
Other taxation and social security	385	385
Accruals	4,418	3,765
	<u>8,996</u>	<u>16,668</u>

### 11. DEFERRED TAXATION

The company has recognised a deferred tax asset of £271,000 (2008 £391,000) in respect of fixed asset timing differences, £nil in respect of short term timing differences (2008 £nil), £3,245,000 (2008 £2,608,000) in respect of the FRS17 pension accrual and £113,000 (2008 £113,000) in respect of unutilised losses

The Company has tax losses which arose in the UK of £5,161,000 that are available for offset against future taxable profits of the company in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as management cannot be certain as to when they will be utilised. This gives rise to an unrecognised deferred tax asset of £1,445,000

**AECOM DESIGN BUILD LIMITED****REGISTRATION NO: 2699219****NOTES TO THE FINANCIAL STATEMENTS****Year ended 30 September 2009****12. CALLED UP SHARE CAPITAL**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
<b>Authorised</b>		
10,000,000 "A" ordinary shares of £1 each	10,000	10,000
10,000,000 "B" ordinary shares of £1 each	10,000	10,000
	<u>20,000</u>	<u>20,000</u>
<b>Allotted and fully paid</b>		
7,410,500 "A" ordinary shares of £1 each	7,410	7,410
7,410,500 "B" ordinary shares of £1 each	7,411	7,411
	<u>14,821</u>	<u>14,821</u>

The ordinary "A" shares and ordinary "B" shares rank equally in all respects

**13. PROFIT AND LOSS ACCOUNT**

	<b>£'000</b>
At 1 October 2008	4,300
Retained profit for the year	441
Actuarial loss relating to the pension scheme	<u>(2,251)</u>
At 30 September 2009	<u>2,490</u>

**14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Retained profit/(loss) for the year	441	(3,497)
Actuarial loss relating to the pension scheme	<u>(2,251)</u>	<u>(5,514)</u>
Net reduction to equity shareholders' funds	<u>(1,810)</u>	<u>(9,011)</u>
Opening shareholders' funds	<u>19,121</u>	<u>28,132</u>
Closing shareholders' funds	<u>17,311</u>	<u>19,121</u>

# AECOM DESIGN BUILD LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2009

### 15. FINANCIAL COMMITMENTS

At 30 September 2009 the company had annual commitments under non-cancellable operating leases as follows

	2009		2008	
	Land and buildings £'000	Plant, equipment and motor vehicles £'000	Land and buildings £'000	Plant, equipment and motor vehicles £'000
Expiring within one year	-	37	-	104
Expiring between one and two years	-	69	-	59
Expiring between two and five years	59	152	59	67
	<u>59</u>	<u>258</u>	<u>59</u>	<u>230</u>

### 16. PENSION AND SIMILAR OBLIGATIONS

The company operates a defined benefit pension scheme. A full actuarial valuation was carried out at 31 March 2009 and updated to 30 September 2009 by a qualified actuary. The major assumptions used for the actuarial valuation and implementation of FRS17 were

	2009 %	2008 %	2007 %	2006 %
Rate of increase in salaries	4.20%	4.50%	4.30%	3.90%
Rate of increase to pensions in payment	3.20%	3.50%	3.30%	2.90%
Rate of increase to pensions in deferment	3.20%	3.50%	3.30%	2.90%
Discount rate	5.60%	6.10%	5.70%	5.00%
Inflation assumption	3.20%	3.50%	3.30%	2.90%

# AECOM DESIGN BUILD LIMITED

REGISTRATION NO: 2699219

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2009

### 16. PENSION AND SIMILAR OBLIGATIONS (continued)

#### Mortality assumptions:

Investigations have been carried out within the past three years into the mortality experience of the company's defined benefit scheme. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are

	Valuation at 30 September	
	2009	2008
Member age 65 (current life expectancy)		
Males	21.7	22.0
Females	24.0	24.9
Member age 45 (life expectancy at age 65)		
Males	22.8	23.1
Females	24.9	25.9

The fair value of the assets in the scheme and the present value of the liabilities in the scheme and the expected rate of return at each balance sheet date were

	Long term rate of return at 30 September 2009 %	Value at 30 September 2009 £'000	Long term rate of return at 30 September 2008 %	Value at 30 September 2008 £'000	Long term rate of return at 30 September 2007 %	Value at 30 September 2007 £'000
Equities	7.40	26,634	7.90	21,971	6.60	33,866
Corporate bonds	5.30	6,088	5.80	3,803	5.60	1,282
Government bonds	3.90	4,185	4.40	5,323	4.30	2,136
Cash	3.90	1,142	4.70	2,705	5.50	1,553
Total market value of assets		38,049		33,802		38,837
Actuarial value of liability		(49,639)		(43,118)		(41,344)
Total deficit in the scheme		(11,590)		(9,316)		(2,507)
Recoverable deficit in the scheme		(11,590)		(9,316)		(2,507)
Related deferred tax asset		3,245		2,608		702
Net pension liability		(8,345)		(6,708)		(1,805)

The contribution rate for 2009 was 23% of pensionable earnings plus £27,250 per month subject to a minimum contribution being made towards the pension scheme deficit in each year.

**AECOM DESIGN BUILD LIMITED****REGISTRATION NO: 2699219****NOTES TO THE FINANCIAL STATEMENTS****Year ended 30 September 2009****16. PENSION AND SIMILAR OBLIGATIONS (continued)**

<b>Analysis of amounts charged to operating profit</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Current service cost	674	611
	<u>2009</u>	<u>2008</u>
	<b>£'000</b>	<b>£'000</b>
<b>Analysis of amounts charged to net finance charges</b>		
Expected return on pension scheme assets	2,342	2,508
Interest on pension liabilities	(2,634)	(2,360)
Past service cost	-	-
	<u>(292)</u>	<u>148</u>
<b>Net return</b>		

The scheme is closed for new entrants. The scheme's active membership has an age profile that is rising and therefore under the projected unit method the current service cost would be expected to increase as the members approach retirement.

**Analysis of the actuarial loss in the statement of total recognised gains and losses**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Actual return less expected return on pension scheme assets	631	(8,380)
Changes in assumptions underlying the NPV of the scheme liabilities	(3,758)	721
Experience gains and losses arising on the scheme liabilities	-	-
	<u>(3,127)</u>	<u>(7,659)</u>
<b>Actuarial loss recognised</b>		
Movement in deferred tax	876	2,145
	<u>(2,251)</u>	<u>(5,514)</u>
<b>Actuarial loss in the statement of recognised gains and losses</b>		

Movements in the present values of defined benefit obligations were as follows

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
<b>At 1 October</b>	<b>43,118</b>	<b>41,344</b>
Current service cost	674	611
Interest cost	2,634	2,360
Plan participants' contributions	340	362
Actuarial losses/(gains)	3,758	(721)
Benefits paid	(885)	(838)
	<u>49,639</u>	<u>43,118</u>
<b>At 30 September</b>		

# AECOM DESIGN BUILD LIMITED

REGISTRATION NO: 2699219

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2009

### 16. PENSION AND SIMILAR OBLIGATIONS (continued)

Movements in the fair value of scheme assets were as follows

	2009 £'000	2008 £'000
<b>At 1 October</b>	33,802	38,837
Expected return on scheme assets	2,342	2,508
Actuarial gains/(losses)	631	(8,380)
Employer contribution	1,819	1,313
Member contribution	340	362
Benefits paid	(885)	(838)
<b>At 30 September</b>	<u>38,049</u>	<u>33,802</u>

The 5 year history of experience adjustments is as follows

	2009 £'000	2008 £'000	2007 £'000	2006 £'000	2005 £'000
Present value of defined benefit obligations	49,639	43,118	41,344	41,928	44,453
Fair value of scheme assets	38,049	33,802	38,837	35,011	30,239
Deficit in the scheme	(11,590)	(9,316)	(2,507)	(6,917)	(14,214)
Difference between the expected and actual return on scheme assets	631	(8,380)	924	1,706	3,700
Experience gains and losses on scheme liabilities	(2,543)	-	-	5,511	-
Actuarial gains/(losses) recognised in the STRGL	(876)	(5,514)	2,750	5,011	1,100
Present value of scheme liabilities	<u>1.8%</u>	<u>(12.8%)</u>	<u>6.4%</u>	<u>12.0%</u>	<u>2.6%</u>

## **AECOM DESIGN BUILD LIMITED**

**REGISTRATION NO: 2699219**

### **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 30 September 2009**

#### **17. RELATED PARTIES**

During the year, the company has provided services to its joint arrangements, Earth Tech - Morrison Joint Venture Brey Services Limited, Brey Utilities Limited, and Delta Scotland

The value of services provided to Earth Tech - Morrison Joint Venture during the year amounted to £2,308,000 (2008 £2,773,380) and as at 30 September 2009 an amount of £nil (2008 £nil) was owed to the company by Earth Tech - Morrison Joint Venture

The value of services provided to Delta Scotland during the year amounted to £257,000 (2008 £263,000) and as at 30 September 2009 an amount of £nil (2008 £nil) was owed to the company by Delta Scotland

These services comprise recharges for time spent by the company's employees on the joint arrangements' contracts with external third parties

During the year the value of services provided to Brey Utilities Limited amounted to £471,000 (2008 £515,000) and as at 30 September 2008 an amount of £nil (2008 £nil) was owed to the company by Brey Utilities Limited. In addition, the company holds a number of 12% interest bearing loan notes in Brey Utilities Limited and as at 30 September 2009 an amount of £13,698,000 (2008 £13,698,000) was owed to the company by Brey Utilities Limited

The value of services provided to Brey Services Limited during the year amounted to £6,577,000 (2008 £4,576,000) and as at 30 September 2009 an amount of £nil (2008 £nil) was owed to the company by Brey Services Limited

The directors consider that these services were provided on normal commercial terms

#### **18. ULTIMATE PARENT COMPANY**

The Directors regard AECOM Design Build (Holdings) Limited, a company registered in the United Kingdom, as the immediate parent undertaking

The ultimate parent company is AECOM Technology Corporation, registered in the USA. This is the largest and smallest group in to which the company is consolidated. Copies of AECOM Technology Corporation's consolidated financial statements can be obtained from the company secretary at 555 South Flower Street, Suite 3700, Los Angeles, California

#### **19. POST BALANCE SHEET EVENTS**

On October 21<sup>st</sup>, 2009, the company sold its share of Brey Utilities Limited and Brey Services Limited for £14,668,000 to its partner in these ventures, Kelda plc