



SNC-LAVALIN TRANSPORT ADVISORY LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

COMPANY NUMBER 07577610

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SNC-LAVALIN TRANSPORT ADVISORY LIMITED
COMPANY NUMBER 07577610
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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SNC-LAVALIN TRANSPORT ADVISORY LIMITED

COMPANY NUMBER 07577610

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

Business review and future developments

Nature of the business and future developments

SNC-Lavalin Transport Advisory Limited (the Company) operates primarily within engineering related, scientific and technical consulting activities.

During the year, the Company was a member of the group of companies headed by SNC-Lavalin Group Inc. (the Group). The directors are satisfied with the Company's state of affairs and consider that future results will be of a similar nature.

Further details of the objectives and future developments for the Group are disclosed in the SNC-Lavalin Group Inc. financial statements for the year ended 31 December 2019 (note 10).

Principal risks and uncertainties

We continue to manage a number of potential risks and uncertainties which could have a material impact on our strategic and operational objectives. Many of these risks are common to other companies and we assess them regularly to establish the principal risks and uncertainties for the Group. SNC-Lavalin Group Inc. has measures in place to identify, monitor and, to a certain extent, mitigate such risks and uncertainties across the Group (further details are disclosed in the SNC-Lavalin Group Inc. financial statements for the year ended 31 December 2019) (note 10).

Brexit

The United Kingdom left the European Union (EU) on 31 January 2020 and the transition period (during which the UK seeks to negotiate its future relationship with the EU) is due to finish on 31 December 2020. In July 2020, the UK Government launched a new campaign to help businesses and individuals prepare for the end of the transition period and this will run in parallel to the UK's continued negotiations with the EU. The Company is continuing to monitor the advice of the UK and EU Governments to ensure it is sufficiently prepared for the future following the conclusion of the transition period. At this stage, the Company continues to conclude that the impact of the UK's departure from the EU presents a minimal risk to its operations.

COVID-19

The COVID-19 Pandemic which has had and continues to have a global impact has affected many industries, sectors, and business types throughout 2020 (and potentially beyond). COVID-19 did not impact the Company during the financial year ended 31 December 2019, however it is expected to have some impact during the financial year ending 31 December 2020. The purpose of this statement is to provide an overview of the current known impact of COVID-19 as at the date of these financial statements.

The Company has been resilient through COVID-19 to date due to strong long-term stakeholder relationships, a diverse portfolio of projects and clients and decisive and early actions by management to align costs. The Company has been able to position itself and align its priorities in order to deliver key essential services, thereby ensuring that critical national infrastructure (including existing infrastructure as well as infrastructure systems required in relation to the United Kingdom's COVID-19 response) can continue to operate successfully.

The Company's directors and management took early and decisive action to align the Company's costs with the expected financial performance of the Company, whilst prioritising the health and wellbeing of individuals delivering services on behalf of the Company. Such measures included scrutinising the Company's general expenditure and implementing efficiencies where possible. Further, and in line with UK Government guidance, the Company was able to utilise its information technology assets and systems to ensure nearly all individuals delivering services on behalf of the Company could continue to deliver services effectively whilst working from home. The Company has now implemented a phased, highly controlled plan to manage the safe return to working from its UK offices, in line with UK Government and Health and Safety Executive guidance. Each of the above measures were taken in order to allow the Company to withstand the immediate impact of COVID-19 whilst ensuring it is well-positioned in the immediate recovery period and beyond.

SNC-LAVALIN TRANSPORT ADVISORY LIMITED
COMPANY NUMBER 07577610
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

COVID-19 (continued)

COVID-19 is significantly impacting the world as we know it bringing significant long-term challenges in some of the Company's core markets, as well as a need to continue adapting in the shorter-term in relation to the way in which projects are delivered and investment decisions are made. The Company and its directors and management recognise and appreciate the continued commitment and support of its wider stakeholders during a period of such uncertainty. This commitment and support have allowed the Company to continue delivering services to further support the global recovery as the world continues to deal with COVID-19 and its ongoing and future impact. The Company's recognises that its industry has an important and much-needed role to play in helping regional economies bounce back and evolve from the current crisis and this will form the basis of its future strategic decisions.

Results and dividends

During the period, the Company transitioned from FRS 102 to FRS 101 - *Reduced Disclosure Framework* and has taken advantage of the additional disclosure exemptions allowed under this standard. There were no material recognition or measurement differences arising on the adoption of FRS 101.

Revenue and operating profit

During the year ended 31 December 2019, the Company's revenue was £5,106k (31 December 2018: £5,708.9k), a 10.6% decrease year on year. An operating loss £828.4k (31 December 2018: profit of £808.6k) was due to decreased revenue and increased cost of sales as a result of project mix.

Dividends

The directors do not recommend a dividend in respect of the year ended 31 December 2019 (31 December 2018: £nil).

Key performance indicators

The Group uses a range of performance measures to monitor and manage the business. Those that are particularly important in monitoring our progress in generating shareholder value are considered key performance indicators (KPIs). Revenue, operating profit and margin provide indications as to the volume and quality of work we have undertaken. They measure both profitability and the efficiency with which we have turned operating profits into cash. Work in hand measures our secured workload as a percentage of the budgeted revenue for the next year.

	Year ended 31 December 2019	Year ended 31 December 2018	% change
Financial metrics			
Revenue	£5,106.0k	£5,708.9k	(10.6%)
Operating (loss)/profit	£(828.4)k	£748.0k	(210.7%)
Operating margin	-16.2%	13.1%	-29.3%

Revenue decreased by 10.6% to £5,106k (31 December 2018: £5,708.9k) and operating (loss)/profit decreased by 210.7% due to project mix.

Corporate sustainability

The Company is committed to acting responsibly towards all its stakeholders, and the Group is committed to taking a leadership position within its sector with regards to corporate sustainability. The Group's corporate sustainability strategy and performance is published on its website at www.sncclavalin.com/en/sustainability.

Approved by the board of directors and signed on its behalf by:



Louise McAllister
 Company Secretary
 13 October 2020

SNC-LAVALIN TRANSPORT ADVISORY LIMITED
COMPANY NUMBER 07577610
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report together with the financial statements and the Independent Auditor's Report, of SNC-Lavalin Transport Advisory Limited (the Company), for the year ended 31 December 2019.

As permitted by legislation, the following information and disclosures that are required under company law are included in the Strategic report and are incorporated into this report by reference:

- review of the performance and future development of the Company;
- principal risks and uncertainties; and
- the amount (if any) that the directors recommend by way of a dividend.

The Company is domiciled in England and Wales and is a private limited company.

Financial risk management

Foreign exchange risk could arise from commercial transactions undertaken in currencies other than the local functional currency however this is not material to the Company. All material intercompany funding balances are denominated in Sterling. Interest rate risk arises from interest bearing intercompany loan balances, the majority of which are at floating rates of interest; changes in the interest rate results in changes in interest-related cash flows. No interest hedging is currently undertaken by the Company.

Credit risk arises from credit exposures to customers. Exposure and payment performance are monitored closely both at individual project and client level, with a series of escalating debt recovery actions taken where necessary. There is no recent history of default. There are no other financial risks that are material for the Company.

Treasury policies and objectives

Throughout the year, SNC-Lavalin Group Inc.'s (the Group) treasury function managed and monitored the funding requirements and financial risks in support of the Group's corporate objectives (further details are disclosed in the SNC-Lavalin Group Inc. consolidated financial statements for the year ended 31 December 2019) (note 10).

Critical accounting policies

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The area requiring a higher degree of judgement or complexity is revenue recognition and there are no areas where assumptions and estimates are significant to the financial statements. The relevant accounting policy and note to the financial statements are denoted by a ♦.

Directors

The directors who served during the year and up to the date of signing these financial statements unless otherwise stated are included in the table below.

Name	Appointed	Resigned
S G Cole	01 August 2019	
M J Grace		
J J Sharp	01 August 2019	
R T G George		31 July 2019

Indemnification of and insurance cover for directors and officers

Directors and officers of the Company benefit from directors' and officers' liability insurance cover in respect of legal actions brought against them. In addition, directors of the Company are indemnified in accordance with article 79 of the Company's articles of association to the maximum extent permitted by law, such indemnities being qualifying third party indemnities. Neither the insurance nor the indemnities provide cover where the relevant director or officer has acted fraudulently or dishonestly.

SNC-LAVALIN TRANSPORT ADVISORY LIMITED
COMPANY NUMBER 07577610
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

Political donations

The Company made no political donations and incurred no political expenditure during the year ended 31 December 2019 (31 December 2018: £nil).

Directors' statement of responsibility

The directors are responsible for preparing the Directors' and Strategic reports and the financial statements in accordance with applicable law and regulations. Detailed below are statements made by the directors in relation to their responsibilities, disclosure of information to the Company's independent auditor and going concern.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the Company's financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 *Reduced Disclosure Framework*, 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 year.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, have been followed, subject to any material departures disclosed and explained in the financial statements; 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 Directors' and Strategic Reports and financial statements comply with the Companies Act 2006.

The directors 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.

SNC-LAVALIN TRANSPORT ADVISORY LIMITED .
COMPANY NUMBER 07577610
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

Disclosure of audit information

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

Going concern

The Company's most recent forecasts, taking account of reasonably possible changes in trading performance and the impact of COVID-19 as discussed in the Strategic Report, show that the Company will be able to operate within the level of its current facilities. As part of this review, the forecast impact of COVID-19 on the year ending 31 December 2021 was modelled and downside scenarios included a repeat of the expected outcome of the COVID-19 impacted year ending 31 December 2020, which did not have a significant adverse impact on the liquidity of the Company. The directors have considered the arrangement with Atkins Limited, collecting trade receivables on behalf of the Company in exchange for an intercompany balance, and concluded that there is minimal risk of default on these balances due from Atkins Limited because they are all wholly owned subsidiaries within the same Group and have common directors. In addition, Atkins Limited is in a good financial position and has the ability to repay its creditors.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and for at least a period of 12 months from the date of signing the financial statements, and therefore continue to adopt the going concern basis in preparing the financial statements.

Independent auditor

The Company auditor, Deloitte LLP, has indicated its willingness to continue in office for a further year.

Approved by the board of directors and signed on its behalf by:



Louise McAllister
 Company Secretary
 13 October 2020

SNC-LAVALIN TRANSPORT ADVISORY LIMITED
COMPANY NUMBER 07577610
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
SNC-LAVALIN TRANSPORT ADVISORY LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of SNC-Lavalin Transport Advisory Limited (the 'Company')

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement and statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- notes 1 to 10 to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

SNC-LAVALIN TRANSPORT ADVISORY LIMITED
COMPANY NUMBER 07577610
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
SNC-LAVALIN TRANSPORT ADVISORY LIMITED (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' statement of responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

SNC-LAVALIN TRANSPORT ADVISORY LIMITED
COMPANY NUMBER 07577610
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
SNC-LAVALIN TRANSPORT ADVISORY LIMITED (CONTINUED)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

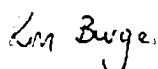
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's member, 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.



Kim Burge FCA (Statutory auditor)
 for and on behalf of Deloitte LLP
 Statutory Auditor
 London, United Kingdom
 15 October 2020

SNC-LAVALIN TRANSPORT ADVISORY LIMITED
COMPANY NUMBER 07577610
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

		Year ended 31 December 2019	Year ended 31 December 2018
	Note	£000	£000
Revenue	2	5,106.0	5,708.9
Cost of sales		(4,710.8)	(3,365.9)
Gross profit		395.2	2,343.0
Administrative expenses		(1,223.6)	(1,595.0)
Operating (loss)/profit	3	(828.4)	748.0
Finance income	5	48.8	17.6
Finance cost	5	-	(0.1)
Net finance income		48.8	17.5
(Loss)/Profit before tax		(779.6)	765.5
Income tax credit	6	-	43.1
(Loss)/profit for the year		(779.6)	808.6

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Year ended 31 December 2019	Year ended 31 December 2018
	£000	£000
(Loss)/profit for the year	(779.6)	808.6
Total comprehensive (loss)/income for the year	(779.6)	808.6

All results are from continuing operations.

The notes on pages 12 to 18 are an integral part of these financial statements.

SNC-LAVALIN TRANSPORT ADVISORY LIMITED
COMPANY NUMBER 07577610
BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	Year ended 31 December 2019 £000	Year ended 31 December 2018 £000
Assets			
Current assets			
Trade and other receivables	5	5,491.0	3,372.4
Cash and cash equivalents		0.3	129.4
		5,491.3	3,501.8
Liabilities			
Current liabilities			
Trade and other payables	6	(4,655.8)	(1,886.7)
		(4,655.8)	(1,886.7)
Net current assets		835.5	1,615.1
Net assets		835.5	1,615.1
Capital and reserves			
Ordinary shares	7	1.0	1.0
Retained earnings		834.5	1,614.1
Total equity		835.5	1,615.1

The financial statements on pages 9 to 18 were approved and authorised for issue by the board of directors on 13 October 2020 and signed on its behalf by:

S G Cole
 Director



The notes on pages 12 to 18 are an integral part of these financial statements.

SNC-LAVALIN TRANSPORT ADVISORY LIMITED
COMPANY NUMBER 07577610
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Ordinary shares £000	Share premium £000	Retained profit £000	Total equity £000
Balance at 1 January 2018	1.0	-	805.5	806.5
Profit for the year	-	-	808.6	808.6
Balance at 31 December 2018 and at 1 January 2019	1.0	-	1,614.1	1,615.1
Loss for the year	-	-	(779.6)	(779.6)
Balance at 31 December 2019	1.0	-	834.5	835.5

The notes on pages 12 to 18 are an integral part of these financial statements.

SNC-LAVALIN TRANSPORT ADVISORY LIMITED
COMPANY NUMBER 07577610
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

The Company is a private company limited by shares, incorporated in the United Kingdom under the Companies Act 2006, and is domiciled in England and Wales. Its registered office is Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, England. The nature of the company's operations and its principal activities are set out in the Strategic Report on page 1.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, including the application of new standards and interpretations, unless otherwise stated.

Basis of preparation

The Company meets the definition of a qualifying entity under FRS 100 - Application of Financial Reporting Requirements issued by the Financial Reporting Council and during the year ended 31 December 2019, the Company has undergone a transition from reporting under FRS 102 to FRS 101 'Reduced Disclosure Framework'. This is considered a change in accounting policy under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Error' and has been applied in order to be consistent with other UK subsidiaries within the group of companies headed by SNC-Lavalin Group Inc and therefore provide reliable and more relevant information.

This transition is not considered to have had any material effect on the financial statements and there have been no changes in prior periods' results and limited changes in required disclosures. First-time adopters of FRS 101 are not permitted to apply transitional relief from restatement of comparative information available under IFRS 9 however there has been no change in the measurement of financial assets and financial liabilities, and the application of the expected credit loss model has not resulted in any impairment of the financial assets and therefore no restatement is required.

The financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The area requiring a higher degree of judgement or complexity is revenue recognition and there are no areas where assumptions and estimates are significant to the financial statements. The relevant accounting policy and note to the Financial Statements are denoted by a ♦.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under the standard. Where required, equivalent disclosures are given in the group financial statements of SNC-Lavalin Group Inc.; which are available to the public and can be obtained as set out in note 10.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

– IFRS 7, *Financial instruments: Disclosures*

– Paragraphs 91 to 99 of IFRS 13, *Fair value measurement* (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)

– The following paragraphs of IAS 1, *Presentation of financial statements* :

10(d) (statement of cash flows); 16 (statement of compliance with all IFRS); 38A (requirement for minimum of two primary statements, including cash flow statements); 38B-D (additional comparative information); 111 (cash flow statement information); 134-46 (capital management disclosures)

– IAS 7, *Statement of cash flows*

– The requirements in IAS 24, *Related party disclosures*, to disclose related party transactions entered into between two or more members of a group.

New standards, amendments and IFRIC interpretations

IFRS 16 is the new accounting standard that is effective for the year ended 31 December 2019. The standard did not have any impact on the Company as the Company had no leases.

Basis of consolidation

The Company is an indirect wholly-owned subsidiary of SNC-Lavalin Group Inc., and is included in its consolidated financial statements, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under section 401 of the Companies Act 2006 and IAS 27, *Consolidated and Separate Financial Statements*.

SNC-LAVALIN TRANSPORT ADVISORY LIMITED
COMPANY NUMBER 07577610
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

1 Accounting policies (continued)

Going concern

The Company's most recent forecasts, taking account of reasonably possible changes in trading performance and the impact of COVID-19 as discussed in the Strategic Report, show that the Company will be able to operate within the level of its current facilities. As part of this review, the forecast impact of COVID-19 on the year ending 31 December 2021 was modelled and downside scenarios included a repeat of the expected outcome of the COVID-19 impacted year ending 31 December 2020, which did not have a significant adverse impact on the liquidity of the Company. The directors have considered the arrangement with Atkins Limited, collecting trade receivables on behalf of the Company in exchange for an intercompany balance, and concluded that there is minimal risk of default on these balances due from Atkins Limited because they are all wholly owned subsidiaries within the same Group and have common directors. In addition, Atkins Limited is in a good financial position and has the ability to repay its creditors.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and for at least a period of 12 months from the date of signing the financial statements, and therefore continue to adopt the going concern basis in preparing the financial statements.

Foreign currency transactions and translation

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in pounds sterling (£), which is also the Company's functional currency.

Revenue

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

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

♦ **Revenue recognition and contract accounting**

The Company enters into a number of different forms of contracts with clients, the most common being fixed price lump sum contracts and time and materials contracts based on hourly rates. Some of the fixed price lump sum contracts may be linked to the capital cost of works or a profit/(loss) sharing mechanism.

Revenue is recognised on the majority of the Company's contracts on a percentage completion basis when the outcome of a contract or project can be reasonably foreseen. Under the percentage completion method, the percentage of the total forecast revenue reported at any point in time is calculated based upon the proportion of total costs incurred to date as a percentage of total forecast costs or, in some cases, based upon the estimated physical per cent complete of the total work to be performed under the contract. The directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS 15. In some cases, a margin provision is then made, depending on how far progressed each project is and the risk profile of the project. In addition, provision is made in full for estimated losses and, where the outcome of a contract cannot be reasonably foreseen, profit is taken on completion. The Company's contract accounting policy is central to how the Company values the work it has carried out in each financial period.

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

This policy requires forecasts to be made on the projected outcomes of projects. These forecasts require assessments and judgements to be made on changes in, for example, work scope, changes in costs and costs to completion. While the assumptions made are based on professional judgements, subsequent events may mean that estimates calculated prove to be inaccurate, with a consequent effect on the reported results.

All revenue earned arises from services to clients in the UK.

SNC-LAVALIN TRANSPORT ADVISORY LIMITED
COMPANY NUMBER 07577610
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

1 Accounting policies (continued)

Income tax

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

Financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification and measurement

The Company has debt instruments that meet the following conditions and are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. For financial assets other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Impairment of financial assets

The Company always recognises lifetime expected credit losses (ECLs) for debt instruments, trade debtors and contract assets. The ECLs for trade debtors and contract assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for any specific factors, where applicable. The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account and does not reduce the carrying amount of the financial asset in the balance sheet.

Trade and other receivables

Trade receivables and amounts recoverable on contracts are amounts due from customers for services performed in the ordinary course of business. Amounts due from subsidiary undertakings and prepayments and accrued income are non-derivative financial assets.

These are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

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FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

1 Accounting policies (continued)

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. The Company has debt instruments that are measured subsequently at amortised cost using the effective interest rate method since they are not held for trading and have not been designated at FVTPL.

Trade and other payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Fees invoiced in advance are advances from customers for services performed in the ordinary course of business. Amounts due to subsidiary undertakings, accruals and deferred income, social security and other taxes and other payables are non-derivative financial liabilities. These are initially recognised at fair value, and subsequently measured at amortised cost in line with IFRS 9. Trade and other payables are classified as current liabilities if payment is due within 12 months or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Share capital

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

1 Operating (loss)/profit

	Year ended 31 December 2019 £000	Year ended 31 December 2018 £000
Operating (loss)/profit is arrived at after crediting:		
Administrative expenses	(1,223.6)	(1,595.0)

The audit of the financial statements has been borne by another Group undertaking, Atkins Limited. The fee of £15,347 (31 December 2018: £7,895) related to audit services only and there were no other non-audit services provided by the auditor. There was no specific recharge in respect of this charge.

2 Directors' remuneration

Key management comprises only the directors.

S G Cole, M J Grace, and J J Sharpe are and R T G George were directors of a number of other companies. The services provided by these directors to this Company and to a number of other companies of the Group are of a non-executive nature and therefore it is not possible to make an accurate apportionment of their emoluments in respect of each of the companies or their portion of normal staff cost.

None of the directors received any emoluments in respect of their qualifying services to the Company during the year (31 December 2018: none). The emoluments of all the directors and key management compensation are borne by other Group companies. No recharges were made to the Company during the year in respect of this. The Company did not employ any staff during the financial year (31 December 2018: none).

3 Net finance income

	Year ended 31 December 2019 £000	Year ended 31 December 2018 £000
Interest payable on intercompany balances	-	0.1
Finance costs	-	0.1
Interest income on intercompany balances	(48.8)	(17.6)
Finance income	(48.8)	(17.6)
	(48.8)	(17.5)

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4 Income tax

a) Analysis of (credit)/charge in the year

	Year ended 31 December 2019 £000	Year ended 2018 £000
Current income tax		
- current period		
- adjustment in respect of prior years	-	43.1
Income tax credited to Income Statement	-	43.1
Profit/(loss) before tax per Income Statement	(779.6)	765.5
Effective income tax rate	0.0%	5.6%

b) Factors affecting income tax rates

The income tax rate for the year is lower (31 December 2018: lower) than the rate of corporation tax in the UK of 19% (31 December 2018: 19%). The differences are explained below:

	Year ended 31 December 2019 %	Year ended 31 December 2018 %	Year ended 31 December 2019 £000	Year ended 31 December 2018 £000
Tax on profit at standard UK tax rate of 19% (December 2018: 19%)	19.0%	19.0%	(148.1)	145.5
Increase/(decrease) resulting from:				
Expenses not deductible	-0.1%	0.0%	0.8	0.7
Amounts not recognised for deferred tax	0.1%	-0.4%	(0.8)	(3.6)
Group relief surrendered for nil payment	-19.0%	-18.6%	148.1	(142.6)
Adjustment in respect of prior years	-	-5.6%	0.0	(43.1)
Total tax			-	(43.1)
Effective income tax rate	0.0%	-5.6%		

The Finance Act 2016 included a provision to reduce the rate of corporation tax from 19% to 17% to take effect from 1 April 2020. However following the budget on 11 March 2020 the chancellor confirmed the rate would remain at 19%. This increase was not substantially enacted at the balance sheet date and therefore not included in these financial statements.

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FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

5 Trade and other receivables

	31 December 2019	31 December 2018
	£000	£000
Trade receivables	-	839.7
Amounts recoverables on contracts	689.8	870.8
Prepayments and accrued income	-	4.7
Amounts due from fellow Group undertakings	4,801.2	1,657.2
	5,491.0	3,372.4

The Company has an arrangement with Atkins Limited to collect all of the Company's trade receivables. The Company bears the risk of non-payment of trade receivables by the external party. The cost of uncollectible trade receivables and the provisions for impairment are charged to the Company. The directors consider that the carrying value of the Company's trade and other receivables approximates their fair value as there is no material financing element.

Included in amounts due from fellow Group undertakings are trade receivables of £629k (31 December 2018: £nil) and a provision for impairment of trade receivables of £33.6k (31 December 2018: £nil).

At 31 December 2019, £162k of trade receivables were within normal payment terms and considered to be fully performing.

At 31 December 2019, £433.4k of trade receivables were past due date and aged up to six months from invoice date. £33.6k was past due and aged more than six months from invoice date and this was impaired in full.

6 Trade and other payables

	31 December 2019	31 December 2018
	£000	£000
Trade payables	-	36.8
Fees invoiced in advance	18.5	13.0
Accruals and deferred income	3.8	65.8
Other payables	-	14.1
Amounts due to fellow Group undertakings	4,633.5	1,757.0
	4,655.8	1,886.7

The directors consider that the carrying value of the Company's trade and other payables approximates their fair value as there is no material financing element.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

7 Ordinary shares

	31 December 2019		31 December 2018	
	Number of shares	£000	Number of shares	£000
Issued and fully paid ordinary shares of £1 each				
At 31 December	1,000	1.0	1,000	1.0

8 Events occurring after the reporting period

The COVID-19 Pandemic did not impact the Company during the financial year ended 31 December 2019 and is a non-adjusting subsequent event however it is expected to have some impact during the financial year ending 31 December 2020. Further details are disclosed in the Strategic Report included as a part of these financial statements.

9 Ultimate parent undertaking and controlling party

SNC-Lavalin Group Inc. was the Company's ultimate parent undertaking and controlling party at 31 December 2019. The Company's immediate parent undertaking is Interfleet Holdings Limited. SNC-Lavalin Group Inc. heads the largest and smallest group of undertakings for which Group financial statements are drawn up and of which the Company is a member.

SNC-Lavalin Group Inc. is incorporated in Canada, and has its registered office at:

455 Boulevard René-Lévesque West
 Montréal
 Québec
 H2Z 1Z3
 KT18 5BW

Copies of the annual report and financial statements for SNC-Lavalin Group Inc. are available at www.snclavalin.com/en/investors.

Interfleet Holdings Limited is incorporated in England and Wales, and has its registered office at:

Woodcote Grove
 Ashley Road
 Epsom
 Surrey
 KT18 5BW
 England

Copies of the annual report and financial statements for Interfleet Holdings Limited are available from the company secretary at the address above.