SNC-LAVALIN TRANSPORT ADVISORY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

COMPANY NUMBER 07577610

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SNC-LAVALIN TRANSPORT ADVISORY LIMITED
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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

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. It expects to continue operating within this field for the foreseeable future.

During the year, the Company was a member of the group of companies headed by SNC-Lavalin Group Inc. (the Group).

There is continuing emphasis by the UK Government on value for money and despite scarce specialist resources in some areas, we are positioning for major programmes and making progress on our digital transformation journey and remain confident for the year ahead.

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 2021 (note 9).*

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 2021) (note 9).

Ukraine

The Group is monitoring the situation in Ukraine and have added Russia and Belarus to the list of prohibited countries. There is also a travel ban in place to Ukraine and Russia (including Belarus). The Company has assessed the impact on its operations and is comfortable that there are no jobs or clients based in Ukraine, Russia or Belarus. The impact on supply chain is not considered material. The Company recognises the increased risk of Cyber-attacks and remains on high alert. Training in the form of e-learnings is made available for employees and IT services send out simulated phishing emails to all employees monthly and track employee performance in spotting these emails to help increase the Group's resilience to phishing attacks. This is in addition to other controls, for example controls around passwords which continue to be implemented and monitored.

Inflation

Rising inflation and supply chain disruptions are being monitored closely and there is currently no material impact on the Company's results or operations. Looking ahead, there is a risk that increased costs could impact the markets in which the Company operates, and future work and the Company will continue to monitor the situation closely and manage the resource base efficiently to align costs with revenues and ensure profitability of the Company.

COVID-19

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.

Since the end of January 2022, the Company has returned to a "new normal"; office locations are all fully open and staff are encouraged to work flexibly in a hybrid way (a mix of office and home based working patterns, as appropriate). There have been no significant changes in engagement with clients and current work/pipeline opportunities as a resold of Covid. Going forward, the Company will continue to actively monitor the situation and may take further actions as necessary to ensure the health and safety of employees, and to manage the resource base to efficiently meet the needs of our clients.

SNC-LAVALIN TRANSPORT ADVISORY LIMITED
COMPANY NUMBER 07577610
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

Results and dividends

Revenue

In the year ended 31 December 2021, the Company's revenue was £499.1k (31 December 2020: £4,137.6k), a decrease of 87.9% due to the completion of a large project in year.

Operating loss

Operating loss for the year was £424.7k, (31 December 2020: profit of £380.3k), due to the completion of a large project in year.

Dividends

The directors do not recommend a dividend in respect of the year ended 31 December 2021 (31 December 2020: £nil).

Key performance indicators

The Company forms part of a sub section of the SNC-Lavalin Group Inc.'s EDPM sector. The Group's divolved management teams uses a range of performance measures to monitor and manage their relevant sectors. As such, KPIs are not generated at company level, but are generated and monitored at sector level and below. Those that are particularly important in monitoring our progress in generating shareholder value are considered KPIs.

Our sectors KPIs measure past performance and also provide information and context to anticipate future events and, in conjunction with our detailed knowledge and experience of the segments in which we operate, allow us to act early and manage the business going forward. We track safety, volume, staff turnover, staff engagement, profitability, efficiency, secured workload and capacity.

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. Staff turnover is a 'measure of capacity and show us how effective we have been in recruiting and retaining our key resource.

	Year ended 31 December 2021	Year ended 31 December 2020	% change
Financial metrics			
Revenue	**£499.1k**	£4,137.6k	(87.9%)
Operating (loss)/profit	**£(424.7)k**	£380.3k	(211.7%)
Operating margin	**(85.1%)**	9.2%	(94.3%)

Revenue decreased by 87.9% to £499.1k (31 December 2020: £4,137.6k) and operating loss decreased by 211.7% due to the completion of a large project in year.

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.snclavalin.com/en/sustainability.

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

Louise McAllister
Company Secretary
20 September 2022

SNC-LAVALIN TRANSPORT ADVISORY LIMITED
COMPANY NUMBER 07577610
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021.

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.

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 2021) (note 9).

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.

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 ♦.

Climate change reporting
The Company provides services to its clients and uses people with technical skills to deliver these services. As a result, the company does not have significant investments in property, plant and equipment and therefore limited risk of physical impacts resulting from climate change. The Company has shown its ability to work flexibly, with a mix of office/site and home based working, and as such it believes any physical impacts of climate change will not significantly impact its ability to deliver services to clients. In fact, addressing climate change has resulted in a number of opportunities for the Company as government and private clients look to invest in low carbon and climate change solutions.

The company has not identified any significant impact on financial statement assumptions and estimates due to climate change.

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		
M J Grace		29 October 2021
S M Jones	01 January 2022	
T P Meacock	01 January 2022	
J J Sharp		31 December 2021

SNC-LAVALIN TRANSPORT ADVISORY LIMITED
COMPANY NUMBER 07577610
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

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.

Directors' remuneration
Directors' remuneration has been disclosed in note 3 to the Financial Statements.

Political donations
The Company made no political donations and incurred no political expenditure during the year ended 31 December 2021 (31 December 2020: £nil).

Share capital
Full details of the Company's issued share capital, including changes during the year, can be found in note 8 of these Financial Statements.

Directors' responsibility statement
The directors are responsible for preparing the Annual report and the Financial Statements in accordance with applicable law and regulations.

Company Law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". 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 UK 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 Annual Report and 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.

SNC-LAVALIN TRANSPORT ADVISORY LIMITED
COMPANY NUMBER 07577610
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021 (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 he or she has taken all the reasonable steps that he or she ought to have taken as a director in order to make himself or herself 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 budget and work in hand, taking account of reasonably possible changes in trading performance and modelling of downside scenarios, show that the Company will be able to operate within the level of its current facilities. 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. 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
20 September 2022

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 2021 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;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 9.

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's') 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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

Other information (continued)

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 misstatement, 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 the 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and those charged with governance about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation, The General Data Protection Regulation, UK Modern Slavery Act, Bribery Act; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

- Revenue recognition due to the risk that:
  - there is improper identification of the contract under IFRS 15.
  - recording of variable consideration under IFRS 15 is not accurate or the Company is not entitled to the consideration; and
  - the estimated forecasted cost to complete is inaccurate, including contingencies and reserves

To address these risks, we performed the following procedures for a sample of revenue contracts:

- Obtained an understanding of relevant controls over project forecasts, and testing the operating effectiveness of these controls;
- Reconciled revenue to signed contracts and variation orders;
- Validated the amount of revenue recorded in the year is appropriate based on the terms and conditions specified in the underlying revenue contracts; revenue to signed contracts and variation orders;
- Challenged the assumptions made in calculating project forecasted revenue including claims, change orders, liquidated damages and penalties through inquiries with project managers and analysis of contract terms and purchase orders; and
- Challenged the assumptions made in calculating project forecasted costs, including contingencies and reserves through inquiries with project managers, calculation of average run rate and inspection of supporting documentation.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and both in-house and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports. minutes of meetings of those charged with governance and reviewing internal audit reports.

Report on other legal and regulatory requirements

Opinion 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 the 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.

SNC-LAVALIN TRANSPORT ADVISORY LIMITED

COMPANY NUMBER 07577610

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

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

Kim Burge.

Kim Burge FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
20 September 2022

SNC-LAVALIN TRANSPORT ADVISORY LIMITED
COMPANY NUMBER 07577610
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Year ended 31 December 2021 £000	Year ended 31 December 2020 £000
Revenue		**499.1**	4,137.6
Cost of sales		**(501.2)**	(3,554.3)
Gross (loss)/profit		**(2.1)**	583.3
Administrative expenses		**(422.6)**	(203.0)
Operating (loss)/profit	2	**(424.7)**	380.3
(Loss)/profit before Interest and Tax		**(424.7)**	380.3
Finance income	4	**53.1**	65.5
Net finance income		**53.1**	65.5
(Loss)/profit before tax		**(371.6)**	445.8
Income tax expense	5	**(14.3)**	-
(Loss)/profit for the year		**(385.9)**	445.8

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Year ended 31 December 2021 £000	Year ended 31 December 2020 £000
(Loss)/profit for the year	**(385.9)**	445.8
Total comprehensive (expense)/income for the year	**(385.9)**	445.8

All results are from continuing operations.

The notes on pages 13 to 19 are an integral part of these Financial Statements.

SNC-LAVALIN TRANSPORT ADVISORY LIMITED
COMPANY NUMBER 07577610
BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	31 December 2021 £000	31 December 2020 £000
Assets			
Current assets			
Trade and other receivables	6	**14,732.0**	5,720.4
Cash and cash equivalents		**-**	1.9
		14,732.0	5,722.3
Liabilities			
Current liabilities			
Trade and other payables	7	**(13,836.6)**	(4,441.0)
		(13,836.6)	(4,441.0)
Net current assets		**895.4**	1,281.3
Net assets		**895.4**	1,281.3
Capital and reserves			
Ordinary shares	8	**1.0**	1.0
Retained earnings		**894.4**	1,280.3
Total equity		**895.4**	1,281.3

The Financial Statements on pages 10 to 19 were approved and authorised for issue by the board of directors on 20 September 2022 and signed on its behalf by:

S M Jones
Director

The notes on pages 13 to 19 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 2021

	Ordinary shares	Retained profit	Total equity
	£000	£000	£000
Balance at 1 January 2020	1.0	834.5	835.5
Profit for the year	-	445.8	445.8
Balance at 31 December 2020 and at 1 January 2021	1.0	1,280.3	1,281.3
Loss for the year	-	(385.9)	(385.9)
Balance at 31 December 2021	**1.0**	**894.4**	**895.4**

The Company's other reserves are as follows:
Retained earnings: represents cumulative profits or losses, net of dividends paid and other adjustments.

The notes on pages 13 to 19 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 2021

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.*

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 9.

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 minimun 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

There are no new standards and no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2021 that have had a material impact on the Company's financial statements.

SNC-LAVALIN TRANSPORT ADVISORY LIMITED
COMPANY NUMBER 07577610
NOTES TO THE Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

1 Accounting policies (continued)

Going concern

The Company's most recent budget and work in hand, taking account of reasonably possible changes in trading performance and modelling of downside scenarios, show that the Company will be able to operate within the level of its current facilities. 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.

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FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

1 Accounting policies (continued)

Income tax

Current and deferred tax are recognised in the Income Statement for the period except where the taxation arises as a result of a transaction or event that is recognised 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.

The Company is subject to tax and judgement is required in determining the Company provision for income taxes. The Company provides for potential liabilities in respect of uncertain tax positions where additional tax may become payable in future periods and such provisions are based on management's assessment of exposures.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date.

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

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

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.

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NOTES TO THE Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

1 Accounting policies (continued)

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.

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.

Progress in and risks from the transition to alternative benchmark interest rates

The transition from interbank offered rates ("IBORs") to alternative benchmark interest rates impacts intercompany loans referencing IBOR rated for terms that extend beyond 31 December 2021. Transition activities are focused on identifying existing LIBOR based contracts and determining how to convert such contracts to alternative risk-free rates. The transition does not have a significant impact on the Company's financial statements. Further details are disclosed in the SNC-Lavalin Group Inc. financial statements for the year ended 31 December 2021 (note 9).

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.

2 Operating (loss)/profit

	Year ended 31 December 2021 £000	Year ended 31 December 2020 £000
Operating profit is arrived at after charging:		
Administrative expenses	**(422.6)**	(203.0)

The audit of the Financial Statements has been borned by another Group undertaking, Atkins Limited. The fee of £10,410 (31 December 2020: £9,121) 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.

3 Directors' remuneration

Key management comprises only the directors.

S G Cole, S M Jones and T P Meacock are directors and M J Grace, J J Sharp were directors of a number of other companies in the Group. The services provided by S G Cole, S M Jones and T P Meacock to this Company and to a number of other companies in 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. The emoluments of all the directors are borne by other Group companies.

None of the directors received any emoluments in respect of their qualifying services to the Company during the year (31 December 2020: 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 2020: none).

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NOTES TO THE Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

4 Net finance Income

	Year ended 31 December 2021 £000	Year ended 31 December 2020 £000
Interest payable on intercompany balances	-	-
Finance costs	-	-
Interest income on intercompany balances	(53.1)	(65.5)
Finance income	(53.1)	(65.5)
	(53.1)	(65.5)

5 Income tax

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

	Year ended 31 December 2021 £000	Year ended 31 December 2020 £000
Current income tax		
- current period	-	-
- adjustment in respect of prior years	14.3	-
Income tax (credited)/charged to Income Statement	14.3	-
(Loss)/profit before tax per Income Statement	(371.6)	445.8
Effective income tax rate -	(3.8%)	0.0%

b) Factors affecting income tax rates

The income tax rate for the year is lower (31 December 2020: lower) than the rate of corporation tax in the UK of 19% (31 December 2020: 19%). The differences are explained below:

	Year ended 31 December 2021 %	Year ended 31 December 2020 %	Year ended 31 December 2021 £000	Year ended 31 December 2020 £000
Tax on profit at standard UK tax rate of 19% (31 December 2020: 19%)	19.0%	19.0%	(70.6)	84.7
Increase/(decrease) resulting from:				
Expenses not deductible	0.0%	0.1%	-	0.6
Transfer pricing adjustments	1.0%	0.0%	(3.7)	-
Adjustments in respect of prior years	-3.8%	0.0%	14.3	-
Group relief surrendered/(claimed) for nil consideration	-20.0%	-19.1%	74.3	(85.3)
Total tax			14.3	-
Effective income tax rate	-3.8%	0.0%		

The rate of corporation tax in the UK as at 31 December 2021 was 19%. Further legislation to increase the standard rate of UK corporation tax from 19% to 25% from 1 April 2023 was enacted at the balance sheet date and has been included in these Financial Statements.

SNC-LAVALIN TRANSPORT ADVISORY LIMITED
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NOTES TO THE Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

6 Trade and other receivables

	31 December 2021	31 December 2020
	£000	£000
Amounts recoverables on contracts	34.8	3.9
Prepayments and accrued income	-	5.9
Amounts due from fellow Group undertakings	14,697.2	5,710.6
	14,732.0	5,720.4

Of the amounts due from fellow Group undertakings, loans of £2,549.7k bear interest based on GBP 1Y Libor + 1.45% (31 December 2020: £2,435.2k with interest based on GBP LIBOR +1.7%). The remaining balances are unsecured and have no fixed repayment date.

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 £153.2k (31 December 2020: £178.0k) and a provision for impairment of trade receivables of £25.1k (31 December 2020: £29.5k).

At 31 December 2021, £108.5k of trade receivables were within normal payment terms and considered to be fully performing.

At 31 December 2021, £19.6k of trade receivables were past due date and aged up to six months from invoice date. £25.1k was past due and aged more than six months from invoice date and this was impaired in full.

7 Trade and other payables

	31 December 2021	31 December 2020
	£000	£000
Fees invoiced in advance	-	16.8
Accruals and deferred income	-	3.9
Amounts due to fellow Group undertakings	13,836.6	4,420.3
	13,836.6	4,441.0

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.

8 Ordinary shares

	31 December 2021		31 December 2020	
	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

Consideration for shares allotted in the year was £nil (31 December 2020: £nil).

The Company has one class of ordinary shares which carry no right to fixed income.

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NOTES TO THE Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

9 Ultimate parent undertaking and controlling party

SNC-Lavalin Group Inc. was the Company's ultimate parent undertaking and controlling party at 31 December 2021. 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.