



Årsregnskap for regnskapsåret 2013

Organisasjonsnr: 971 415 762
Navn/foretaksnavn: WS ATKINS INTERNATIONAL LTD
Forretningsadresse: Lilleakerveien 6D
0283 OSLO

Brønnøysundregistrene
05.09.2020

Brønnøysundregistrene

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E-post: firmapost@brreg.no Internett: www.brreg.no

Organisasjonsnummer: 974 760 673



Brønnøysundregistrene - Regnskapsregisteret

VEDLEGG TIL ÅRSREGNSKAP

2013



WS ATKINS INTERNATIONAL LTD Biskop Gunnerus' gate 2 0154 OSLO	Organisasjonsnr. 971 415 762	NUF
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Registrerte opplysninger per 24.09.2013	Eventuelle endringer dette regnskapsåret
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Startdato 01.04.2012	Avslutningsdato 31.03.2013	Startdato	Avslutningsdato
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Konsernforhold Foreninger som følger regler for frivillig virksomhet, kan ikke være morselskap	Morselskap NEI	Endret konsernforhold ☐ Morselskap ☐ Ikke morselskap
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Kun for aksjeselskap som har meldt fravalg av revisjon	
Selskapet har besluttet at årsregnskapet ikke skal revideres	☐ Ja
Årsregnskapet er utarbeidet av ekstern autorisert regnskapsfører	☐ Ja
Ekstern autorisert regnskapsfører har i løpet av regnskapsåret bistått ved den løpende regnskapsføringen eller utført andre tjenester for selskapet enn å utarbeide årsregnskapet	☐ Ja

Årsregnskapet er satt opp etter reglene for frivillig virksomhet	☐ Avkrysning er kun aktuelt for foreninger (FLI) som er registrert i Frivillighetsregisteret
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Hvis enheten ikke følger norsk regnskapslov eller frivillighetsregisterloven, kryss av	☐ IFRS selskap	☐ IFRS konsern
Hvis enheten velger å avvike fra regnskapsloven § 6-1, kryss av	☐ Funksjon selskap	☐ Funksjon konsern

Følges regnskapsreglene for små foretak?	☒ Ja	☐ Nei
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Jeg bekrefter at vedlagte årsregnskap er fastsatt av kompetent organ den	Dato
Sted/dato, Underskrift av representant for enheten	

Bare til bruk for Regnskapsregisteret

G ☒ NYVE ☐ Admr ☐ Kregn Ja ☒ Nei ☐ Aktiv. regn ☐

M ☐ Rets ☐ Ant.s 175

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BR-1001-11



Brønnøysundregistrene – Regnskapsregisteret

VEDLEGG TIL ÅRSREGNSKAP

2013

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WS ATKINS INTERNATIONAL LTD Biskop Gunnerus' gate 2 0154 OSLO	Organisasjonsnr.	NUF
	971 415 762	

Registrerte opplysninger per 20.09.2013		Eventuelle endringer dette regnskapsåret	
Startdato	Avslutningsdato	Startdato	Avslutningsdato
01.04.2012	31.03.2013		
Konsernforhold Foreninger som følger regler for frivillig virksomhet, kan ikke være morselskap	Morselskap NEI	Endret konsernforhold ☐ Morselskap ☐ Ikke morselskap	

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Årsregnskapet er satt opp etter reglene for frivillig virksomhet ☐ Avkrysning er kun aktuelt for foreninger (FLI) som er registrert i Frivillighetsregisteret

Hvis enheten ikke følger norsk regnskapslov eller frivillighetsregisterloven, kryss av ☐ IFRS selskap ☐ IFRS konsern

Hvis enheten velger å avvike fra regnskapsloven § 6-1, kryss av ☐ Funksjon selskap ☐ Funksjon konsern

Følges regnskapsreglene for små foretak? ☒ Ja ☐ Nei

Jeg bekrefter at vedlagte årsregnskap er fastsatt av kompetent organ den 4/9-2013 Dato

Sted/dato, Underskrift av representant for enheten
Oslo 23/9-2013

Bare til bruk for Regnskapsregisteret

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BR-1001-11



ATKINS

Atkins Norge
Biskop Gunnerus gt 2
0154 Oslo

www.atkinsglobal.no

Brønnøysundregistrene
Enhetsregisteret
Postboks 900
8910 Brønnøysund

Deres ref:
Vår ref:

23.09.2013

WS Atkins International Ltd NUF, innsending av årsregnskap

Vedlagt er årsregnskap for WS Atkins International Ltd NUF for regnskapsåret 2013, samt kopi av konsernet Atkins Group i samme periode.

Med vennlig hilsen
For Atkins Norge



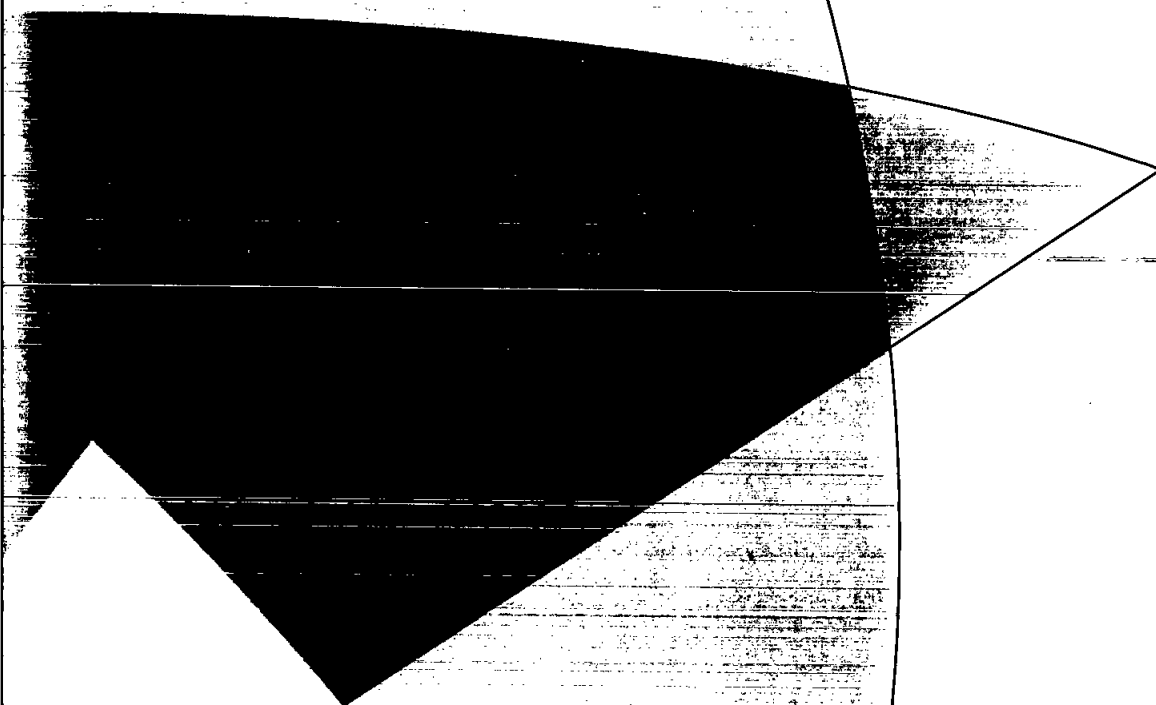
Håkon Dragsund
Adm. Direktør
+47 48214047

WS Atkins International Ltd, Norsk avdeling av utenlandsk foretak, en virksomhet i WS Atkins plc konsernet. Org.nr: 971415762 MVA
C. J. Hambros Plass 2c, 0164 OSLO

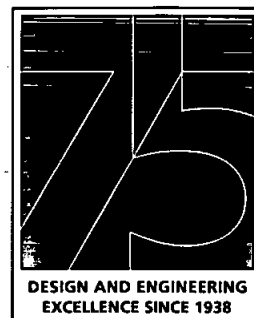


WS Atkins plc
Annual Report 2013

ATKINS

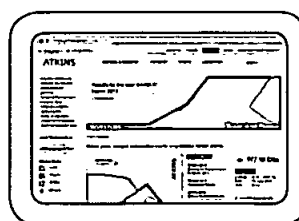


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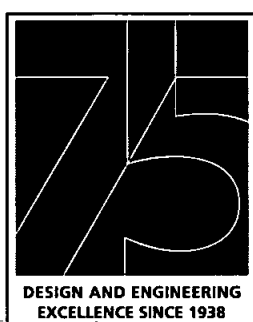




Good results, despite
challenges in some markets.



You can help us to reduce our environmental
impact by opting to receive shareholder
communications online at
www.atkinglobal.com/investors



Celebrating 75 years of excellence

Over 75 years, from post-war regeneration and the advent of nuclear engineering to high speed rail and the integrated sustainable cities of the future, our people's drive to ask why has delivered design, engineering and project management excellence on some of the world's most complex challenges.

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02 Introduction

Group at a Glance

Over 75 years, from post-war regeneration and the advent of nuclear engineering to high speed rail and the integrated sustainable cities of the future, our people's drive to ask why has delivered design, engineering and project management excellence on some of the world's most complex challenges.

>

Our business segments

The Group is managed according to a regional model and this management structure is reflected in our segmentation.

United Kingdom

We deliver engineering and technically integrated design, together with project and cost management services, to a wide range of clients in the public, regulated and private sectors. Our areas of operation include, aerospace, defence, education, environment, infrastructure design, transportation and water.

North America

We provide infrastructure planning, engineering, construction management, environmental consulting, urban planning, and programme management services to state and local government clients, federal agencies and private businesses.

Relative size of segment by revenue



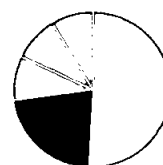
Revenue

£900.3m

Employees

9,374

Relative size of segment by revenue



Revenue

£389.7m

Employees

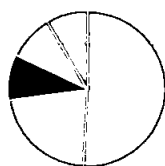
3,039



Middle East

In the Middle East we provide a full range of design, engineering and project management services for buildings, transportation and other infrastructure programmes from our eight centres across the region.

Relative size of segment by revenue



Revenue

£162.2m

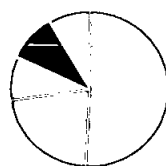
Employees

1,979

Asia Pacific and Europe

In Asia Pacific we provide engineering, planning, urban design, architecture and rail design services. In mainland China our focus is on urban planning, alongside architecture and landscape architecture design. In Hong Kong we deliver services in urban rail development and highways/bridges design. Our European business comprises operations in Denmark, Ireland, Norway, Poland, Portugal and Sweden.

Relative size of segment by revenue



Revenue

£164.8m

Employees

2,055

Energy

Our Energy business operates across multiple geographies with our main centres in the UK, North America, Australia and the Middle East. We provide engineering and project management services and we are actively increasing our presence and capabilities in the energy market, including addressing allied issues such as climate change, sustainability and energy security.

Relative size of segment by revenue



Revenue

£151.9m

Employees

1,376

Employee notes

1. Full time equivalent staff at 31 March 2013 including agency staff.
2. There are an additional 76 staff undertaking Group functions.



04 Introduction

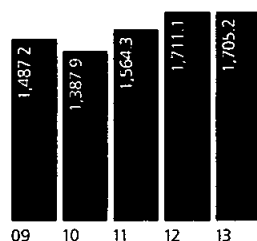
Results

Dividend increased by 4.9%, reflecting the Board's confidence in the Group's prospects.

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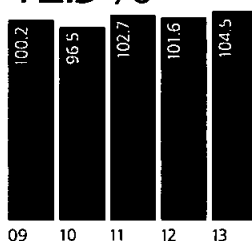
Revenue £m

-0.3%



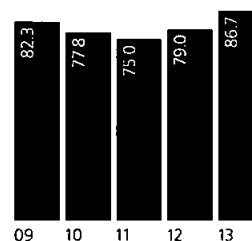
Underlying profit before tax £m

+2.9%



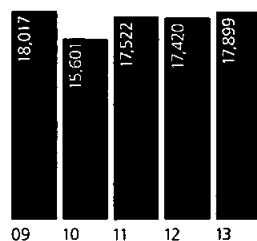
Underlying diluted EPS Pence

+9.7%



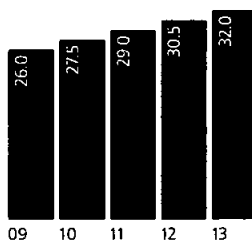
Headcount

+2.7%



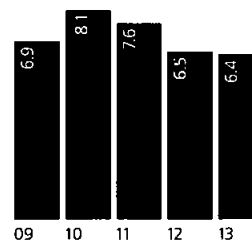
Dividend Pence

+4.9%



Underlying operating margin %

-0.1pp



Notes

1. Revenue excludes the Group's share of revenue from joint ventures.
2. Underlying operating margin is before exceptional items, amortisation and impairment of intangible assets recognised on acquisition and material transaction costs associated with acquisitions, and relates to continuing operations.
3. Underlying profit before tax additionally excludes any profits or losses and costs of disposals.
4. Underlying diluted earnings per share (EPS) is based on underlying profit after tax and allows for the dilutive effect of share options.
5. Headcount is shown on a full time equivalent basis at the year end, including agency staff.
6. Dividend relating to the year comprises the interim dividend paid in the year and the proposed final dividend.



Further detail is given in our overview of the business and segmental performance

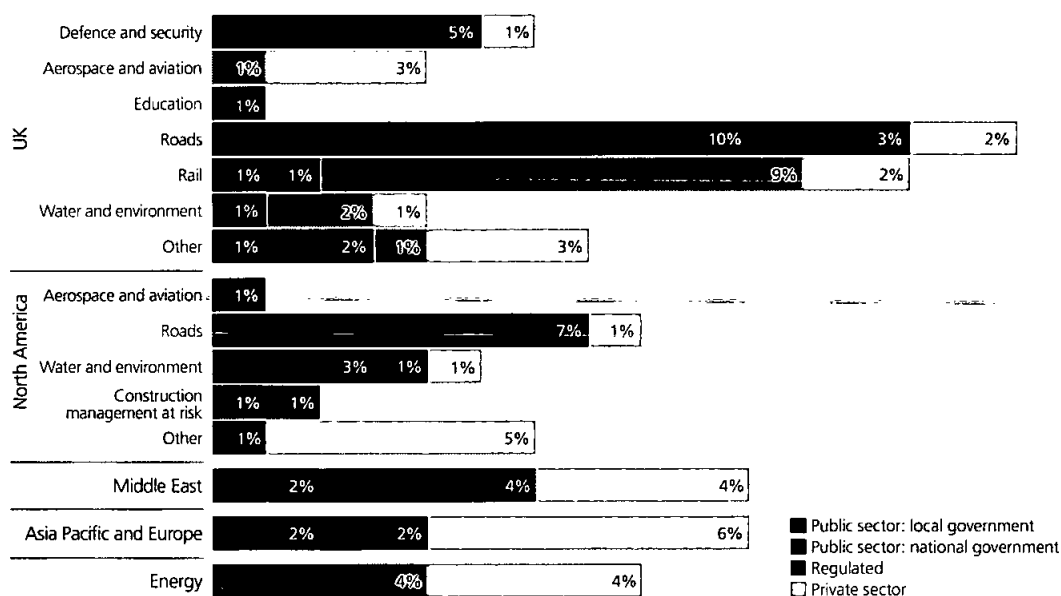


Business review. Pages 14-35

The Group's presence in a variety of end markets provides resilience.

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Approximate percentages of total Group revenue



Introduction



06 Introduction

Chairman's Statement

In 2013, Atkins celebrates 75 years of design, engineering and project management consultancy. We have learned from the past to create the present and to inspire the future.

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WS Atkins plc Annual Report 2013



Full biographies of our Board of Directors can be found on pages 58-59



www.atkinsglobal.com/investor-relations

Performance

I am pleased to report that the Group delivered another year of good results in worldwide markets which continue to be challenging. The increasing diversity, breadth and depth of our geographic and sector reach continue to provide the Group with resilience and we are beginning to see growth opportunities return in the UK and internationally. It is our combination of technical excellence and outstanding regional and segmental capabilities that enable us to continue to deliver these results.

We have also made good progress towards achieving our strategic priorities. We have continued the work to optimise our portfolio and during the year we reached agreement to sell our UK highways services business which will enable us to focus on higher growth, higher margin activities.

People

Over the past 75 years our success has been due to the expertise, quality, hard work and dedication of our people. We have a technical heritage dating back to 1938 with deep rooted values that drive every aspect of our business: outstanding people; placing our clients at the centre of everything we do; working together; being innovative and delivering winning performance.

As we celebrate our anniversary year, I would like to thank our people, past and present, for making Atkins what it is today. In particular, I would like to look back at last summer's hugely successful London 2012 Olympic and Paralympic Games. The Games were the culmination of seven years' work from Atkins colleagues. I commend them for playing their part in delivering a Games to be proud of and for inspiring the next generation of engineers as the world looked on in appreciation of the design and engineering work that was necessary to stage this event. I look forward to the next chapter in our history as we continue to influence, design, engineer and manage projects that are creating the future.

Board of directors

As chairman of the Board, I am responsible for ensuring its effective management and processes. I have set out my commitment to excellence in governance in the Corporate Governance Report (pages 64 to 75). An important aspect of this governance is an annual review of the effectiveness of the Board. During the year we carried out an external, independent review that, while recognising the progress we have made, also identified a number of opportunities for the Board to increase its effectiveness. We have created a detailed action plan which will be implemented throughout the coming year.

Last year, Dr Raj Rajagopal took over as chairman of the Remuneration Committee when Sir Peter Williams retired from the Board. I would like to thank him for his first full year in his new role.

Dividend

The Board is recommending a final dividend of 22.0p per ordinary share in respect of the year ended 31 March 2013, making the total dividend for the year 32.0p (2012: 30.5p), an increase of 4.9%. If approved at the Company's annual general meeting, the dividend will be paid on 23 August 2013 to ordinary shareholders on the register on 19 July 2013. Further details regarding dividend payments can be found in Investor Information (page 164).

Outlook

The Group has maintained its resilience to challenging markets worldwide through the breadth and depth of its geographic and sector reach. This is reflected in the results we have reported for the year ended 31 March 2013. While we will continue to face challenges in some of our markets and sectors due to ongoing uncertain economic conditions and increased competition, we have made good progress towards our strategic priorities and expect this positive momentum to continue in the year ahead.

Allan Cook CBE

Chairman
12 June 2013



Corporate Governance Report. Pages 64-75



Board of Directors. Pages 58-59



08 Introduction

Chief Executive Officer's Statement

Our strategy is clear and we are making good progress to deliver profitable growth and shareholder value.

>

WS Atkins plc Annual Report 2013



We are confident we will achieve further underlying growth in the year ahead



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Business position

I am pleased to report that the year to 31 March 2013 was another good year. While future market conditions remain uncertain, we are building positive momentum and are starting to see growth opportunities return.

Our underlying profit before tax was £104.5m, an increase of 2.9% over last year's profit of £101.6m, on turnover that was broadly unchanged at £1.7bn. We believe underlying profit is a more representative measure of performance, removing the items that may give a distorted view of performance. In the current year we have removed profits on disposals and costs associated with disposals of £4.5m (2012: £7.2m), amortisation of acquired intangible assets of £10.0m (2012: £4.2m), including the write down of intangible assets in our Peter Brown business in North America, together with one-off pension gains of £4.3m (2012: £30.9m) arising as we continue to actively manage our pension liabilities. The unadjusted reported profit before tax was £103.3m (2012: £135.5m).

The Group's profit after tax for the year of £88.4m (2012: £106.8m) is shown in the Consolidated Income Statement (page 100).

Headcount grew steadily over the year closing at 17,899, a 2.7% increase on last year's closing position.

The UK region had a good year, achieving our strategy to sell the UK highways services business, the completion of which is expected in the summer, allowing us to focus on higher margin businesses. We have achieved positive momentum across all our UK businesses, resulting in headcount growth in continuing operations. Workload in the rail business has strengthened and utilisation is much improved and our water business is performing well through the Asset Management Plan (AMP) cycle.

L Joe Boyer became CEO, North America in April to lead this business to growth. While this region's consultancy business continues to experience soft market conditions, the highways and transportation business is operating well. Our Peter Brown construction management at risk business, which

reported a loss in the year of £6.5m, has been focusing on closing out legacy contracts and building a pipeline of new business.

In the Middle East, protracted negotiations on contract variations and delays in contract awards had an impact on our financial performance and have suppressed headcount growth. Notwithstanding this, we see significant project opportunities in Qatar, the United Arab Emirates and the Kingdom of Saudi Arabia in the year ahead.

Our Asia Pacific and Europe businesses have continued to trade well, increasing the diversity of their client and skills base. In particular, the industrial client base of Faithful+Gould is providing balance and good growth opportunities. Asia Pacific remains a key area for investment for us and we aim to deliver focused growth in this region. In Europe, our largest operations are in Scandinavia which is a stable, well funded market in which we have performed well.

We delivered good organic growth in our Energy business where we are well positioned in the growth markets of oil and gas and nuclear. We have strengthened our service offering by continuing to team up and partner with companies offering complementary skills. We will continue to invest in this business to grow organically and through targeted acquisitions.

Priorities

Our commitment to safety in our workplace and on all of our project sites remains a priority. Over the past year we have maintained a positive safety culture through our worldwide Safe by Choice programme and our senior leadership teams received behavioural safety coaching to help us maintain a 'natural' state of safety consciousness within the Group. We have achieved a 17% increase in near miss reporting which demonstrates a more proactive approach to safety management. We were recognised by the Royal Society for the Prevention of Accidents (RoSPA) with the achievement of a Gold Award for Occupational Safety and a Diamond Jubilee Award in conjunction with the Olympic Delivery Authority for outstanding health and safety on the London 2012 Games project.

As a consultancy, we rely on our team of dedicated people throughout the world, who carry out their work quietly and brilliantly, whether they are client facing or in a functional support team. We trust our people to go beyond what is required and our clients trust them to excel. We are committed to ensuring that we are developing our people so that they can deliver the best solutions for clients as well as achieving fulfilling careers.

Our strategy remains clear: to drive shareholder value by focusing on growth, selectively increasing our geographic footprint through targeted international expansion while continuing to deliver improved financial performance in all our markets and geographies.

In the medium term, our goal remains to generate a margin above 8% across all of our businesses and regions.

We will grow organically and through bolt-on acquisitions that add new skills or a regional presence.

Conclusion

These results could not have been achieved without the dedication of our people and the continued support of our clients. We are proud of our teamwork among colleagues and with our clients and stakeholders. I would like to thank all our stakeholders for their continued commitment to Atkins.

We have delivered another year of good results and made notable progress towards the implementation of our strategy over the past 12 months. We have continued to optimise our portfolio with the agreed sale of our UK highways services business and sustained positive momentum in our UK, Asia Pacific and Europe and Energy businesses. We remain focused on driving operational excellence throughout the Group to improve margins, optimise our portfolio and meet the evolving needs of our clients. Our strategy is clear and unchanged. I am confident we will achieve further underlying growth in the year ahead.

Prof Dr Uwe Krueger
Chief Executive Officer
12 June 2013



10 Introduction

Our Strategy

Profitable growth, shareholder value.

>

Our vision

We aim to be the world's best infrastructure consultancy.

We define infrastructure as the systems that are vital for any nation or community's productivity and development, including transportation, utilities, water, energy, large-scale built environments and information communications and defence and security systems.

What we do

Plan

We plan every aspect of our clients' projects, from cost and risk planning, feasibility studies and logistics to impact assessments and stakeholder engagement activity.

Design

Atkins designs intellectual capital such as management systems and business processes. We also design physical structures such as office towers, educational and medical facilities, transportation infrastructure and advanced technology systems such as biometric scanners and superfast broadband networks.

Enable

Our clients trust us with the management of projects, people and issues, relying on us to see that deadlines are met, costs are controlled and success is achieved.



Our strategy

Our overall objective for shareholder value is simple: to generate a margin above 8% across all of our businesses and regions over the medium term.

Our strategy is to focus on growth and, selectively, to increase our geographic footprint through targeted international expansion, while continuing to deliver improved financial performance in all our markets and geographies.

To deliver this we will continue to pursue vigorously operational excellence, portfolio optimisation and targeted sector, as well as regional, expansion.

Our priorities

1. Operational excellence

We are driving operational performance across the Group. Our operational excellence programme is focused on improving operating margins and cash flow through, for example, increased staff utilisation and more efficient and effective billing and cash collection processes.

2. Portfolio optimisation

We continue to focus the Group on higher growth, higher margin activities. Following the sale of our UK asset management business in 2011 we have signed an agreement to sell our UK highways services business and have completed the disposal of our non-controlling interest in RMPA Holdings Limited.

3. Sector and regional focus

A number of our existing sectors and regions have attractive growth prospects. Those on which we place a particular focus evolve over time, but currently Energy remains a key area for investment, along with aerospace and defence and security. We have added regional focus to our strategy as we seek to expand our market facing offering in geographic areas where we already have a presence, for example in Asia Pacific. We will redirect and leverage resources and technical capabilities to address these areas. Acquisitions will be considered to supplement organic growth as we look to balance our client and sector mix.



Our Strategy

continued

Sector and regional focus

Energy

Our Energy business is an international provider of high end design and engineering for the oil and gas, nuclear and power sectors.

At Atkins we have been involved in the energy sector for four decades. We deliver unique engineering solutions to our clients which draws on this experience, blended with state of the art analysis and design techniques.

Aerospace

Aerospace is a technically dynamic, international sector. Environmental sustainability, ageing fleets, air traffic growth and safety are all challenges driving the sector to push the boundaries of aerospace engineering.

Atkins has been delivering high quality aerospace engineering solutions for over 15 years. We offer broad capability, extensive experience and technical excellence to clients that shape the aerospace industry.

Defence and Security

Atkins is a major supplier of services to the defence and security sector. We have a strong track record of delivering complex transformation programmes of national significance to defence and security clients.

Our consultancy services incorporate all aspects from masterplanning and concept design to defence and security strategies, full design capability and implementation support and assurance.

Asia Pacific

We provide engineering, planning, urban design, architectural services and rail design in the Asia Pacific region.

Atkins' experience in Hong Kong dates back to 1973. Today we have offices located across Hong Kong, China, Singapore, Malaysia, India and Australia.



We aim to deliver on our strategic objectives by focusing on operational excellence, portfolio optimisation and targeted sector and regional expansion

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Segment position

A combination of our technical excellence and outstanding regional and segmental capabilities enables us to continue to deliver good results despite the challenging economic environment in a number of our markets.

UK

As the market leader in the UK we expect to continue to make progress. The market remains relatively subdued but our capabilities in a number of areas and the pre-emptive positioning of our businesses to address ongoing market challenges should allow modest growth in the coming years.

North America

In North America, there appear to be limited near term catalysts for market improvement. Our new leadership in the region should allow us to approach the current market issues with renewed vigour as we lay the foundations for longer term growth.

Middle East

The Middle East offers significant project opportunities with our primary focus on areas of high essential infrastructure spend, mainly in the United Arab Emirates, Qatar and the Kingdom of Saudi Arabia.

Asia Pacific and Europe

The Asia Pacific region has been identified for further investment and will gain additional focus as we move forward. In Europe we continue to have a good position in Scandinavia.

Energy

In our Energy business, the markets remain buoyant and we will continue to invest for growth – both organically and by selected acquisitions.

Future performance

We have a well managed organisation and the right leadership to deliver our growth strategy.

We will capitalise on growing organically and through targeted acquisitions to drive our Group's future performance.

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Business Review

Overview of the business and performance in the year

We plan, design and enable our clients' capital programmes.

>

Our business

Our core business is helping our clients to plan, design and enable capital programmes that resolve complex challenges in the built and natural environment. We are able to plan all aspects of our clients' projects, conducting feasibility studies and impact analyses covering technical, logistical, legal, environmental and financial considerations. We design systems, infrastructures, processes, buildings and civil structures. We also enable our clients' complex programmes by optimising procurement methods and managing supply chains on their behalf to reduce timescales, cost and risk.

Atkins' structure of five business segments reflects how we manage the business in different geographies and markets. Details of activities and results by business segment are shown in the segmental performance section which follows.

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).

Our 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 volume, profitability, efficiency, secured workload and capacity.

Revenue, operating profit and margin, earnings per share (EPS) and operating cash flow provide indications as to the volume and quality of work we have done. 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 numbers and staff turnover are measures of capacity and show us how effective we have been in recruiting and retaining our key resource.

Safety in the workplace and on our project sites is paramount and forms part of our commitment to quality and reliability and, as such, we track the accident incident rates and near misses across the Group. This is explained more fully on page 51.

KPIs for the year ended 31 March 2013 are shown on page 15, along with prior year comparatives.

Review of the year

As outlined in the Chief Executive Officer's Statement and in more detail in the Financial Performance section of the Business Review (pages 36-39), this has been another good year in terms of Atkins' financial performance.

Turnover was flat at £1.7bn (2012: £1.7bn). Reported profit before tax was £103.3m (2012: £135.5m), with 2012 distorted by a large pension curtailment gain of £30.9m. A more representative measure is underlying profit before tax, which was £104.5m (2012: £101.6m). Underlying profit adds back amortisation and impairment of acquired intangible assets of £10.0m (2012: £4.2m), profits on disposals of £4.5m (2012: £7.2m), along with a pension curtailment gain in 2013 of £4.3m (2012: £30.9m).

Reported operating profit was £104.1m (2012: £137.2m), at a margin of 6.1% (2012: 8.0%). The year on year decrease in margin was primarily due to the impact of the one-off pension gains. This year there was a £4.3m pension curtailment gain, whereas in 2012 there was a gain of £30.9m, as a result of steps taken to actively manage our pension liabilities. There was also amortisation and impairment of acquired intangible assets this year of £10.0m (2012: £4.2m). Adjusting for the effect of these provides a better view of the Group's performance, showing underlying operating profit of £109.8m (2012: £110.5m) and an underlying margin of 6.4% (2012: 6.5%).

The aforementioned profit on disposal of £4.5m is explained in more detail on page 130 and comprises the profit on sale of a number of businesses (£7.8m), including RMPA Holdings Limited and

UK Specialist Hospitals Limited, with a further £0.5m deferred consideration received during the year in relation to the sale of the UK asset management business, which took place in the prior year, together with transaction and restructuring costs of £3.8m associated with the disposal of our UK highways services business, which is due to complete in the summer.

At 31 March 2013 the net book value in respect of acquired intangible assets of the Peter Brown business in Atkins North America was fully written down, resulting in a total amortisation and impairment of intangible assets on acquisition of £10.0m (2012: £4.2m).

Headcount was 17,899 at the end of March 2013 (2012: 17,420), 479 ahead of the same time last year as a result of underlying organic growth.

Underlying diluted EPS increased by 7.7p per share to 86.7p (2012: 79.0p), an increase of 9.7%.

The Group pension schemes have a net liability of £285.2m, an increase year on year of £34.1m. The fair value of plan assets has increased to £1,209.2m (2012: £1,078.7m) and the liabilities have increased to £1,494.4m (2012: £1,329.8m).

Operating cash flow in the year was £82.9m (2012: £68.6m), representing 75.5% (2012: 62.1%) of underlying operating profit. The Group's liquidity remains strong with closing net funds of £143.0m (2012: £122.6m).

As at 31 March 2013, the Group had secured 55% (2012: 56%) of budgeted revenue for the coming financial year, this excludes in both periods the future workload of the UK highways services business, the disposal of which is expected in the summer.

Segmental analyses of revenue, operating profit, work in hand and staff numbers follow. Staff turnover is discussed further in the Human Resources Review (page 46).

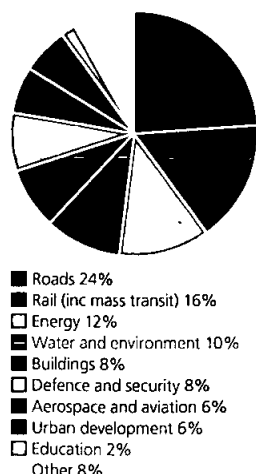


Key performance indicators	Note	2013	2012	Change
Financial metrics				
Revenue	1	£1,705.2m	£1,711.1m	-0.3%
Operating profit		£104.1m	£137.2m	-24.1%
Underlying operating profit	2	£109.8m	£110.5m	-0.6%
Operating margin		6.1%	8.0%	-1.9pp
Underlying operating margin	2	6.4%	6.5%	-0.1pp
Underlying profit before tax	3	£104.5m	£101.6m	+2.9%
Operating cash flow		£82.9m	£68.6m	+20.8%
Underlying diluted EPS	4	86.7p	79.0p	+9.7%
Work in hand	5	55%	56%	-1.0pp
People				
Staff numbers 31 March	6	17,899	17,420	+2.7%
Average staff numbers for the year		17,648	17,489	+0.9%
Staff turnover	7	10.6%	10.6%	nm
Accident incident rate	8	115	281	-59%

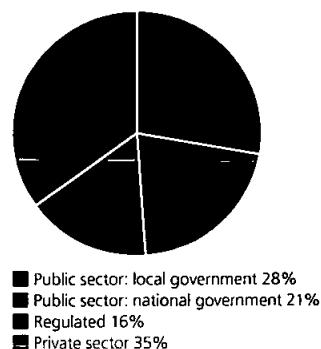
Notes

- Revenue excludes the Group's share of revenue from joint ventures.
- Underlying operating profit excludes amortisation and impairment of intangibles recognised on the acquisition of PBSJ of £10.0m (2012: £4.2m) and a pension curtailment gain of £4.3m (2012: £30.9m).
- Underlying profit before tax additionally excludes profit on disposal of businesses and non-controlling interests of £8.3m (2012: £7.2m) and costs associated with the sale of our UK highways services business of £3.8m (2012: nil).
- Underlying diluted EPS is based on underlying profit after tax and allows for the dilutive effect of share options.
- Work in hand is the value of contracted and committed work as at 31 March that is scheduled for the following financial year, expressed as a percentage of budgeted revenue for the year. In both years it excludes the UK highways services business, the disposal of which is expected in the summer.
- Staff numbers are shown on a full time equivalent basis, including agency staff.
- Staff turnover is the number of voluntary staff resignations in the year, expressed as a percentage of average staff numbers.
- The Accident Incident Rate is the number of major and reportable accidents, normalised by a ratio per 100,000 staff across engineering activities.

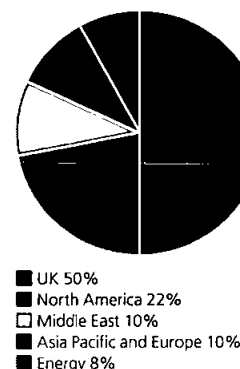
Revenue by sector



Revenue by client type



Revenue by segment





16 Reviews

Business Review

Segmental performance

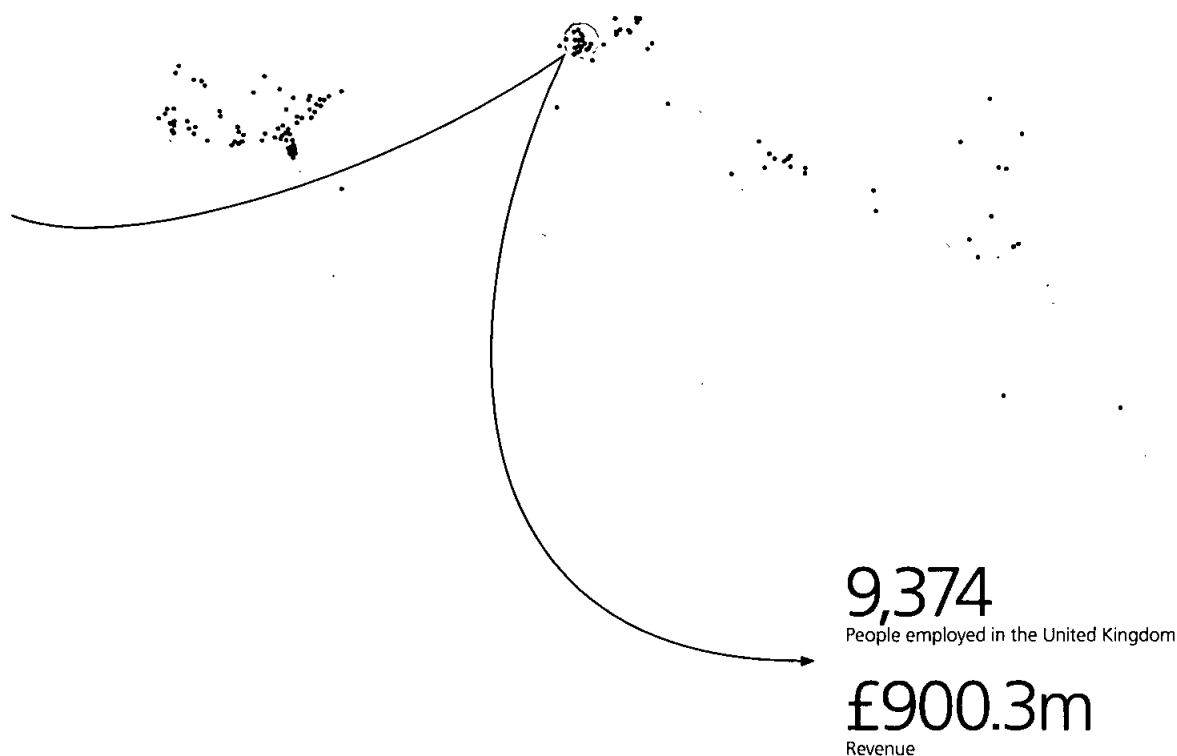
Good results with notable progress.

>

United Kingdom

Key performance indicators	2013	2012	Change
Financial metrics			
Revenue	£900.3m	£859.9m	+4.7%
Operating profit	£56.6m	£51.6m	+9.7%
Operating margin	6.3%	6.0%	+0.3pp
Work in hand*	52.3%	55.8%	-3.5pp
People			
Staff numbers at 31 March	9,374	8,924	+5.0%
Average staff numbers for the year	9,129	9,260	-1.4%

* Work in hand excludes the UK highways services business in both years.



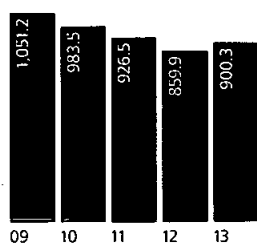
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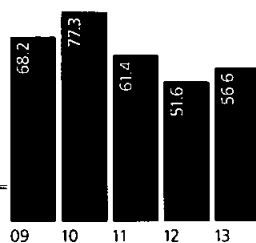
Revenue £m

+5%



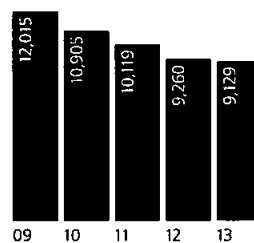
Operating profit £m

+10%



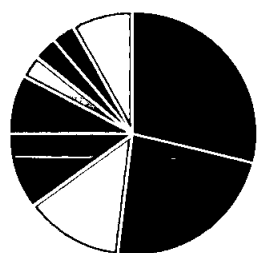
Average staff numbers

-1%



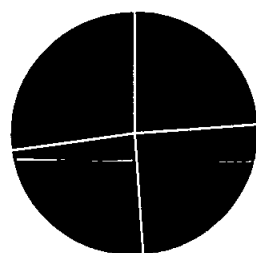
Reviews

Revenue by sector



- Roads 29%
- Rail (inc mass transit) 23%
- Defence and security 13%
- Water and environment 10%
- Aerospace and aviation 8%
- Education 3%
- Buildings 3%
- Urban development 3%
- Other 8%

Revenue by client type



- Public sector: local government 24%
- Public sector: national government 25%
- Regulated 24%
- Private sector 27%

18 Reviews

Business Review

Segmental performance

continued

United Kingdom

Performance

Our UK regional performance has been strong across our businesses in the financial year to March 2013, delivering an improved margin of 6.3% (2012: 6.0%), which represents a second half margin of 6.6%. Both revenue and operating profit are ahead of the 2011/12 financial year with steady headcount growth, closing at 9,374 at the end of March. The fall in average headcount is due to the prior year disposal of our UK asset management business. We see multiple opportunities for our broad multidisciplinary offering, with momentum building across a number of markets providing good growth potential.

Business model

We are primarily focused on the UK market, where we plan, design and enable our clients' capital programmes in and around the built environment. We are a technical consultancy, providing advice and engineering design together with project management skills for public and private sector clients. Our multidisciplinary skills allow us to draw on expertise across the business to deliver complex projects in the UK and to support other regional businesses.

Strategy

In February 2013, in line with our strategy of portfolio optimisation, we announced the proposed sale of our UK highways services business, which employs around 1,200 staff, to Skanska. The disposal is expected to complete in the summer for an initial cash consideration of £16m, together with a further £2m subject to the future performance of the business. The exceptional gross profit on the disposal of this business, of around £15m, will be reported in the year to March 2014. Related transaction and restructuring costs of £3.8m have been reported in the year to March 2013.

We are seeing good opportunities in UK infrastructure markets as the UK Government seeks to stimulate the economy with its commitment to infrastructure spend and through rail and water regulatory spend. We have an ongoing focus on driving operational efficiency through cost reductions and supplementing skills with niche acquisitions where appropriate. We will invest in developing our people, focusing on quality, technical excellence and innovation.

In addition, our defence, security and aerospace markets are strong and provide good diversity to our infrastructure exposure.

Our programme of focusing on operational excellence has improved the underlying processes of the business, improving business efficiency and project delivery, ensuring increased time to focus on our clients' needs. Our continued attention to leveraging skills and capability from a variety of industry sectors and professional disciplines provides a strong and unique selling proposition to our clients.

Business drivers

The economic environment significantly affects the opportunities available to our business. Our diversified portfolio provides resilience to market fluctuations as does the fact that a number of our markets remain well funded. Added resilience is brought to our UK business by its ongoing support of projects in other regions, together with the increasing use of our Indian operations in Bangalore and Delhi to provide flexibility of delivery and access to high quality, lower cost resources. We assess risks across all our businesses and this is explained in more detail in the risk section of the Business Review on pages 40-43.

Operations

Rail

We have commenced work on the two rail signalling frameworks we were awarded in January 2012 for the Sussex/Wessex and Kent/Anglia areas. This is in addition to other awards in year, including the Wolverhampton, East Sussex and Farnham signalling schemes. We continue our work on the Cardiff Area re-signalling scheme and engineering design work on the Country South section of High Speed 2.

The UK's electrification programme is expected to present a substantial opportunity for our rail business. We have recently secured work in partnership with Parsons Brinckerhoff on the Great Western electrification and Cumbernauld section of Edinburgh to Glasgow Improvement Programme alongside Carillion.

In partnership with Network Rail, Laing O'Rourke and Volker Rail we have secured a position on Network Rail's new flagship alliance, the Stratford Area Improvement Programme with a capital cost of approximately £230m over a four year period.

Our rail business has a strong work in hand position as we enter the new financial year, reflecting these recent contract wins.

Highways and transportation

In February 2013 we announced the proposed sale of our UK highways services business of around 1,200 staff. This disposal, which is in line with our strategy of optimising our portfolio of businesses, is expected to complete in the summer.

Our design consulting business, employing around 950 staff, is retained as a core part of our UK business, together with our activities within the M25 Connect Plus consortium providing operational maintenance and design for the upgrade of significant additional sections of the M25, London's orbital motorway.



We are building positive momentum and starting to see growth opportunities return

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Our consultancy business had a notable success with the award of the Wiltshire County Council consultancy contract, which commenced in December 2012. This supplements other framework wins already underway for the South Wales Trunk Road Agent and Surrey County Council.

Water and environment

Our water and environment business has performed well during the year. The five year regulatory Asset Management Plan (AMP5) framework contracts we have with a number of the UK water companies are providing strong workload volumes as their capital investment programmes progress. We are supporting a number of water companies as they prepare for the AMP6 regulatory investment period and have recently been appointed by Thames Water to its 12 year, capital delivery water framework contract which is expected to deliver £3bn of schemes during AMP6. This early contractor involvement provides greater continuity of workload between the AMP cycles.

Our geotechnical, environmental and planning businesses continue to support large projects such as the environmental impact assessments for the Rural North section of High Speed 2.

Faithful+Gould

Faithful+Gould continues to perform well, with good growth in the energy sector, and we have been appointed by the local authority controlled Scape company as the lead professional consultant managing a national framework covering services including asset management, surveying and design services.

Design and engineering

Building on our success on the London 2012 Olympic and Paralympic Games, we are now overseeing the technical transformation of the Queen Elizabeth Olympic Park from Games venue into an exciting new visitor destination and community park.

Work in other targeted sectors sees us delivering innovative design solutions for a changing educational landscape; expanding our healthcare portfolio through specialist dementia care design; helping to develop plans for a multi runway hub airport in the South East; and continued involvement in Crossrail.

We are currently working alongside architects Pascall+Watson and Zaha Hadid Architects to undertake a feasibility study for a Thames island airport.

Defence, aerospace and communications

Our defence, aerospace and communications business has had a good year.

The aerospace sector is seeing good growth in Europe, where we were appointed as a tier 1 supplier to Airbus/EADS, and also in North America where we have recently opened an office in Seattle to focus on building a relationship with Boeing. We have a strong pipeline of aerospace work as we look into the new financial year.

We are currently evaluating our strategy in relation to the proposed Defence Acquisition Reform. Elsewhere in defence, our work at the AWE continues.

Security, cyber security and communications are an increasing focus for governments and private sector clients and we are well placed, in conjunction with our management consulting capabilities, to leverage our often unique skills and capabilities within both the UK and the Middle East.

Management consulting

Our management consulting business has performed well in the year. We have continued our security and intelligence work for central government, as well as supporting BAA's IT outsourcing contract in partnership with Capgemini, leveraging our position in aviation. We continue to provide government and industry with excellent practical capability to run the full lifecycle of IT related project changes from specification and business case, through project and change management to assured benefit realisation.

Elsewhere in the UK, as reported in May 2012, the Group completed the sale of its non-controlling interest in RMPA Holdings Limited (which delivered the Colchester Garrison PFI project) for a net consideration of £14.4m. The pre-tax profit on sale of £7.6m does not appear in the segmental operating profit in the preceding summary table. Also excluded is a pension curtailment gain arising in the Atkins section of the Railways Pension Scheme of £4.3m, more details of which can be found in note 30 on page 145.

Outlook

We expect the current momentum in our UK business to continue into the new financial year, recognising that the full year performance in terms of both headcount and revenue growth will be influenced by the sale of the UK highways services business, expected to complete in the summer. Secured work in hand of 52.3% (2012: 55.8%) of next year's budgeted revenue is lower than 2012 reflecting the completion of our Olympics work. However, work in hand remains healthy and gives us confidence for the year ahead.

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Business Review

Segmental performance

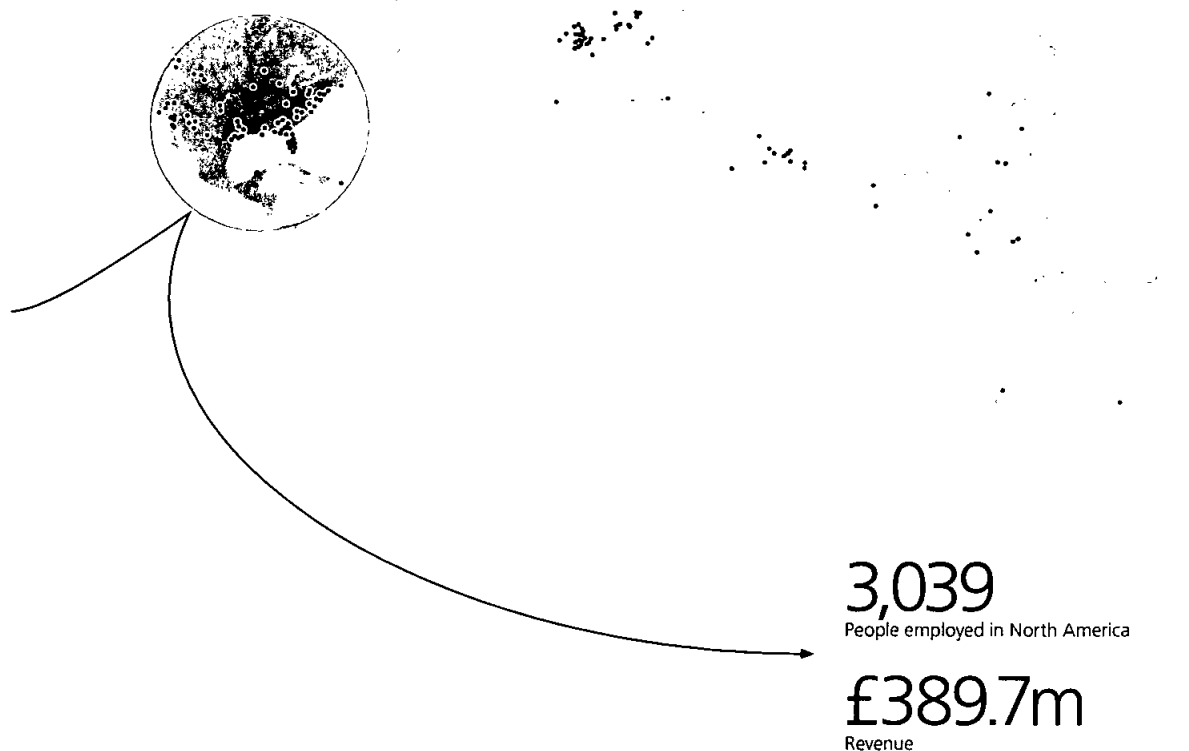
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A difficult year against a backdrop of challenging market conditions.

>

North America

Key performance indicators	2013	2012	Change
Financial metrics			
Revenue	£389.7m	£421.9m	-7.6%
Operating profit	£15.3m	£21.2m	-27.8%
Operating margin	3.9%	5.0%	-1.1pp
Work in hand	61.0%	59.5%	+1.5pp
People			
Staff numbers at 31 March	3,039	3,255	-6.6%
Average staff numbers for the year	3,091	3,314	-6.7%

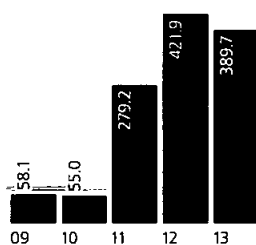




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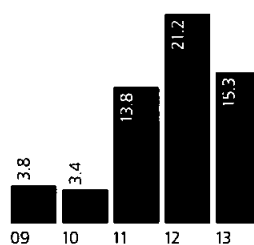
Revenue £m

-8%



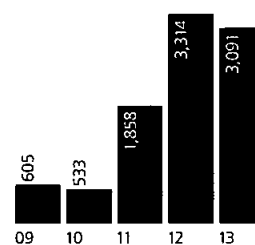
Operating profit £m

-28%



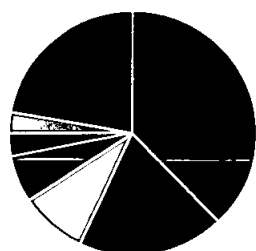
Average staff numbers

-7%



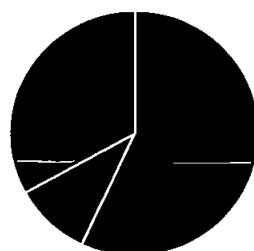
Reviews

Revenue by sector



■ Roads 38%
■ Water and environment 19%
■ Buildings 9%
■ Aerospace and aviation 6%
■ Urban development 3%
■ Defence and security 3%
■ Other 22%

Revenue by client type



■ Public sector: local government 57%
■ Public sector: national government 10%
■ Private sector 33%



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Business Review Segmental performance

continued

North America

Performance

Our North American business had a difficult year with a reduced profit of £15.3m (2012: £21.2m) as a consequence of ongoing losses on legacy contracts in our Peter Brown construction management at risk business, which reported a loss for the year of £6.5m. Aside from these losses our consultancy and Faithful+Gould businesses in North America reported a profit of £21.8m despite experiencing soft market conditions in the first half of the year and suffering a number of project delays and uncertainty as a consequence of the US presidential election. The second half of the year improved with a full year consultancy margin of 6.0% (2012: 6.6%). Overall headcount closed the year at 3,039 (2012: 3,255).

Business model

We are primarily focused on the North American market where we plan, design and enable our clients' capital programmes. We operate from over 107 locations in 29 states plus Puerto Rico, Trinidad and Canada. This allows us to draw on expertise from across the region to deliver complex projects in North America and to provide specialist skills from within North America to strengthen the Group's offering in other segments.

We currently focus on multidisciplinary design and engineering consultancy services in highways and transportation, water and environment and infrastructure related projects.

Strategy

Our strategy in the region is consistent with the Group's strategy of combining technical excellence with regional multidisciplinary capability delivered through our network of local offices. We serve a range of public and private sector clients and expect to tighten our focus on the energy, water resources, transportation, federal facilities and cities markets while expanding our presence in Texas, California and the north eastern United States. We see tremendous opportunities to offer a wider suite of services to clients through synergies between the various Atkins businesses in North America.

In addition, our growth in the North American market will be supported by increasing the use of expert technical resources from across the Group.

Business drivers

The majority of North America's projects are funded in part or in whole with federal funds, either through a state or local government agency or directly by federal agencies. Publicly funded projects provide greater stability than privately funded projects, which tend to have funding fluctuations directly correlating to financial market conditions. However, publicly funded projects tend to be awarded more slowly or are delayed due to protracted negotiations within the agencies and/or due to intense political scrutiny.

Aspects of our federal work, where we are contracted to assist with disaster response and emergency management, can be unpredictable in nature and timing, as these projects arise as a consequence of natural disasters.

Operations

Consultancy

Highways and transportation

The highways and transportation business has performed well. In the latter part of the year, we won three new contracts to oversee transport solutions for highways authorities in Florida, California and Texas, underlining our status as one of the world's leading consultants in this field. We have served as programme manager or engineering consultant for more than 30 toll or public-sector highway agencies in the US, and over the years have provided toll related services for capital improvements exceeding £16bn.

In California's San Francisco Bay area, we will serve as the Metropolitan Transportation Commission's (MTC) toll system manager for the Regional Express Lane Network electronic toll system. The five year contract requires us to provide strategic advice, develop system requirements and support the procurement of a system integrator. The first phase of the MTC Program will create 76 lane miles of new express toll lanes that are due to open to traffic in 2015.

In Texas, Atkins has been awarded the General Engineering Consultant (GEC) contract to provide the North Texas Tollway Authority with annual asset inspection services, independent review and certifications of the engineering financial programme and construction fund payments.

These appointments demonstrate Atkins' scope of expertise and in depth knowledge of emerging trends in toll technology and toll operations including all-electronic tolling, video tolling, open road tolling, customer service centre operations and express/managed lanes.



There are tremendous opportunities to offer a wider suite of services through synergies between the various Atkins businesses



Business review. Pages 14-35

In aviation, we continue projects such as the planning of the new terminal at New Orleans Louis Armstrong International Airport. We are also expanding our aviation and rail and transit capabilities in North America by leveraging Group expertise to broaden our service offering, while at the same time continuing to support Group activities in other regions.

Infrastructure and environment
Our water and environment business had a poor first half and a challenging second half in 2012/13. However, we did see improvement in the water resources, energy and coastal markets during the year. Going forward, we see opportunities for market share growth in Texas and California.

Elsewhere our infrastructure business grew work in hand significantly towards the end of the year, due to a large year end distribution of federal funds to support planning, asset management and water related infrastructure projects for the US military.

Faithful+Gould

Our Faithful+Gould business of 550 staff which provides project management and cost control services has seen growth during the year following improvement in the private sector market. This is typified by our support to GSK on its relocation to a new SMART working site in Philadelphia's Navy Yard.

Peter Brown

As previously reported, our Peter Brown construction management at risk business of 56 people is making steady progress on the close out of problem legacy contracts. However, there have been further costs in the second half of the year resulting in a full year loss of £6.5m.

We have reviewed the carrying value of intangible assets held in relation to the Peter Brown business and have concluded these should be written down to zero. More details can be found in note 16 on page 136.

Risks

There have been no developments with regard to the longstanding and previously reported Department of Justice and Securities and Exchange Commission enquiries relating to potential Foreign Corrupt Practices Act violations by The PBSJ Corporation prior to its acquisition by the Group. We assess risks across all our businesses and this is explained in more detail in the risk section of the Business Review on pages 40-43.

Outlook

While some uncertainty surrounding the timing of infrastructure funding remains, the financial outlook for the North American business indicates the opportunity for slow, but continual improvement. Work in hand at the year end stands at 61.0% of next year's budgeted revenue (2012: 59.5%).



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Business Review

Segmental performance

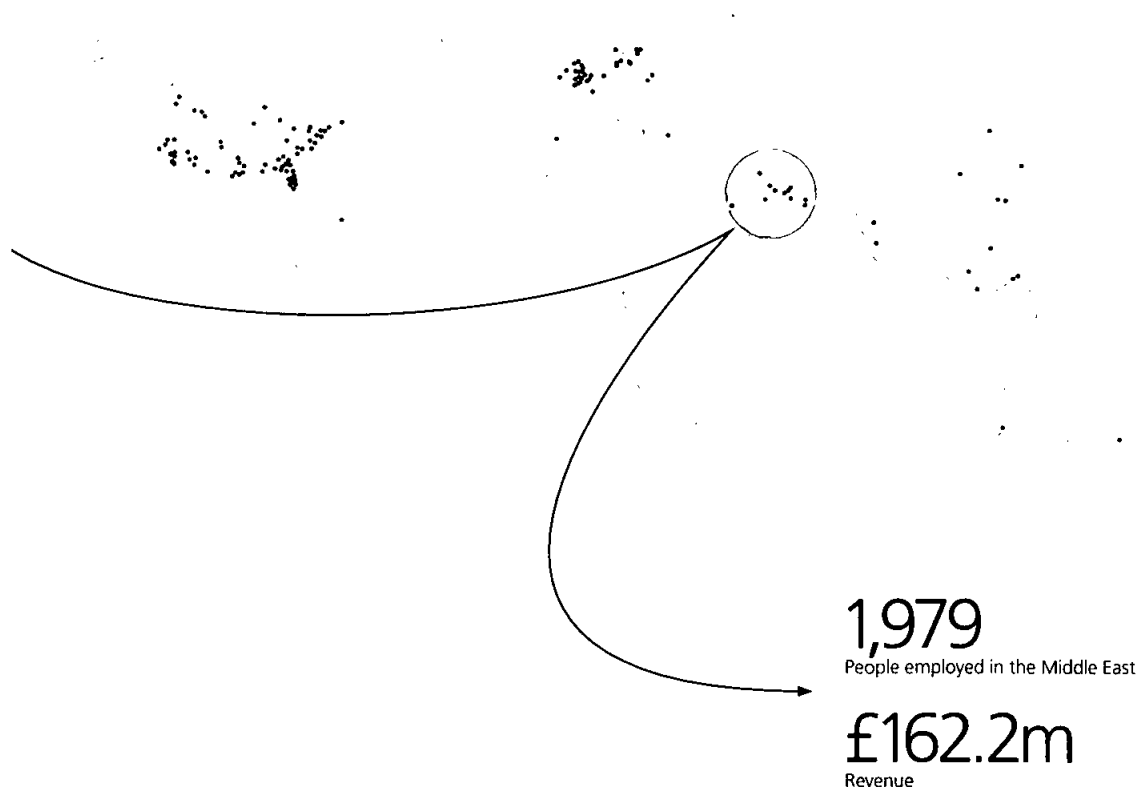
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Our Middle East business had a mixed year, adversely affected by project award delays and variation negotiations.

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Middle East

Key performance indicators	2013	2012	Change
Financial metrics			
Revenue	£162.2m	£171.4m	-5.4%
Operating profit	£11.8m	£16.8m	-29.8%
Operating margin	7.3%	9.8%	-2.5pp
Work in hand	80.2%	73.8%	+6.4pp
People			
Staff numbers at 31 March	1,979	1,972	+0.4%
Average staff numbers for the year	2,006	1,758	+14.1%

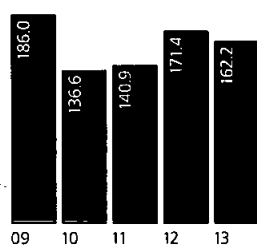


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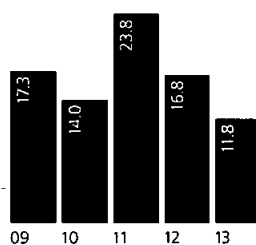
Revenue £m

-5%



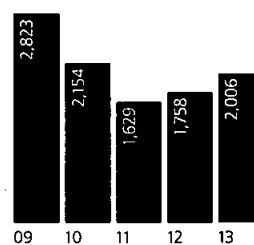
Operating profit £m

-30%



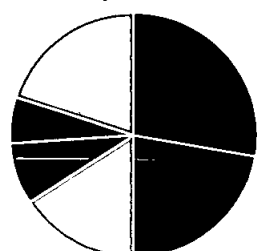
Average staff numbers

+14%



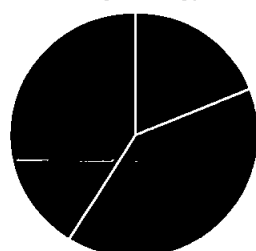
Reviews

Revenue by sector



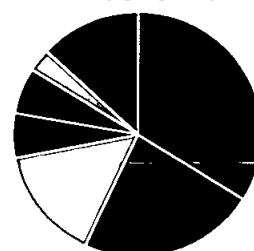
- Urban development 28%
- Buildings & property 22%
- Roads 16%
- Rail (inc mass transit) 8%
- Aviation 6%
- Other 20%

Revenue by client type



- Public sector: local government 19%
- Public sector: national government 40%
- Private sector 41%

Revenue by geography



- Qatar 34%
- Abu Dhabi 23%
- Kingdom of Saudi Arabia 15%
- Dubai 6%
- Sultanate of Oman 6%
- Bahrain 3%
- Other 13%



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Business Review Segmental performance

continued

Middle East

Performance

The Middle East region had a mixed year, with revenue down 5.4% and operating profit lower by 30%.

This suppressed performance was due to delays to the start of a number of key opportunities and protracted negotiations on variations to major contracts in the region having an impact on our financial performance in terms of both profitability and cash flow.

Headcount has remained flat year on year and is down 69 from the half year, reflecting the impact of delays in contract awards.

Business model

We have an established presence in six Gulf countries, through which we deliver our multidisciplinary design and engineering consultancy services. We continue to expand our services in the Kingdom of Saudi Arabia (KSA), where we have offices in Riyadh, Jeddah and Al Khobar. Our permanent establishment and local partnership allow us to deliver significant resources and expertise to the Kingdom to meet the demand for our services. We are also growing strongly in Qatar, adding to our well established businesses in Abu Dhabi, Dubai, Oman, Bahrain and Kuwait.

Strategy

Our strategy in the Middle East continues to be one of sector diversification and geographic expansion, primarily focused on KSA and Qatar as we develop a multidisciplinary business across the region. This strategy focuses on serving the broad infrastructure market, by securing work for key clients with major capital programmes in rail, property, urban development, defence, airports and, program cost management. In addition, local resources support our energy business in the region, which is reported within our Energy segment.

Our portfolio of successfully completed signature projects in the region, such as the Burj Al Arab, Dubai Metro and the Bahrain World Trade Center, means Atkins has a strong profile from which to develop into growth markets. This is reinforced by industry awards and recognition, such as our success in being named *Construction Week's* General Construction Consultant – Consultant of the Year 2012.

Business drivers

The economic climate in the Middle East is primarily driven by the global price of oil, which affects demand for our services since regional spending ultimately flows through to infrastructure, where there is a clear view of well funded programmes. Additionally, the longer term need to develop infrastructure for growing economies and populations will drive demand for our services. Events such as the 2022 FIFA World Cup in Qatar also create localised opportunities.

Our experience over the 40 years we have been operating in the Middle East indicates it is a region where there is an increased risk of payment delay and that certain countries within the region have greater potential for political instability, although we operate in countries which are generally more stable. We track risks across all of our businesses and the process is explained in more detail in the Principal risks and uncertainties section of the Business Review on pages 40-43.

Operations

Notwithstanding the contract negotiations referred to earlier, the business has maintained a well balanced workload across the region.

Our most significant project in the region is the design of the King Abdulaziz International Airport in Jeddah, where we are the lead designer and programme manager for this new 30 million passenger per annum terminal as well as associated buildings and infrastructure.

We are seeing encouraging demand for our defence, security and communications expertise in the Kingdom, having successfully delivered a contract to support the Ministry of Interior's modernisation programme. The transportation, property and urban planning markets in KSA are seeing a notable upsurge in activity, with significant opportunities to support religious tourism in Mecca and its key gateway, Jeddah. We are also working for the Royal Commission of Jubail to support its major industrial development activity in the Eastern Province.



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Our portfolio of successfully completed signature projects means that we have a strong profile from which to develop



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Our headcount in Qatar has grown to more than 400 locally-based staff. We continue to work with the government advising on infrastructure planning and design projects to meet its ambitious National 2030 Vision, while the 2022 FIFA World Cup has provided an immediate focus and sense of urgency for the development of essential infrastructure. Our key projects include the Central Planning Office, which is helping to coordinate Qatar's major transport programmes on time and to budget, and a significant framework contract to upgrade Doha's roads and drainage systems.

In the United Arab Emirates (UAE) we are working on the concept design of the 1,300km Etihad Rail project to link the principal industrial and residential centres in the UAE, which adds to our portfolio of successful rail design projects in the region, notably the Dubai Metro, Lusail Light Rail in Qatar, the Kuwait Metro and Mecca Metro. There remains strong appetite for rail and metro projects across the region, with opportunities to work selectively for design and build contractors.

The property design market has remained relatively quiet although we have been appointed to design the infrastructure for a new £1.3 billion, 42 km² residential community in Abu Dhabi and we are seeing developers restart suspended projects and investigating new opportunities as liquidity and confidence in the region's commercial development returns. This trend is particularly strong in Dubai, a candidate city to host Expo 2020, where there are encouraging signs that confidence is returning. This is leading to masterplanning and visioning work, with an emphasis on projects which will support the wider economy by attracting tourist and visitor spending.

The increasing maturity of our core Middle East markets is also supporting demand for project and programme management services, leading to headcount growth of 23% in our Faithful+Gould business in the region.

Outlook

We have a good order book which stands at 80.2% of next year's budgeted revenue (2012: 73.8%). There are good opportunities for steady growth in our focus areas of Qatar and Saudi Arabia and we anticipate a return to headcount growth in the next financial year. The commercial environment remains challenging, with the robust management of our projects key to successful delivery.

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Business Review

Segmental performance

continued

Good performance despite difficult trading conditions in parts of Europe.

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Asia Pacific and Europe

Key performance indicators	2013	2012	Change
Financial metrics			
Revenue	£164.8m	£163.5m	+0.8%
Operating profit	£13.8m	£11.9m	+16.0%
Operating margin	8.4%	7.3%	+1.1pp
Work in hand	44.7%	49.8%	-5.1pp
People			
Staff numbers at 31 March	2,055	2,020	+1.7%
Average staff numbers for the year	2,044	1,993	+2.6%



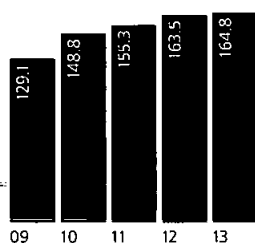
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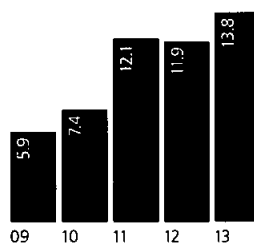
Revenue £m

+1%



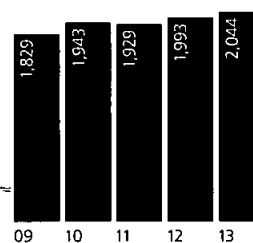
Operating profit £m

+16%



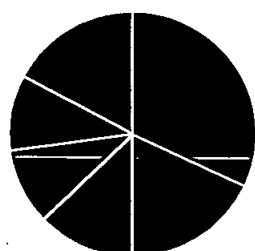
Average staff numbers

+3%



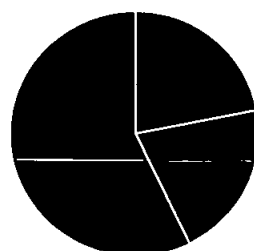
Reviews

Revenue by sector



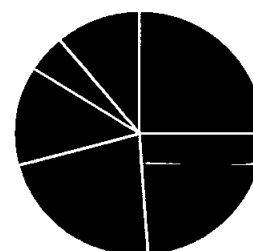
- Rail (inc mass transit) 32%
- Buildings 18%
- Urban development 13%
- Roads 10%
- Water and environment 10%
- Other 17%

Revenue by client type



- Public sector: local government 22%
- Public sector: national government 21%
- Private sector 57%

Revenue by geography



- Hong Kong 25%
- Mainland China 24%
- Denmark 22%
- Sweden 13%
- Norway 5%
- Other 11%

30 Reviews

Business Review

Segmental performance

continued

Asia Pacific and Europe

Performance

Our Asia Pacific and Europe businesses have performed well in the year to March 2013. Turnover has remained relatively flat while the operating margin has improved to 8.4% (2012: 7.3%) and headcount continued to increase closing at 2,055 (2012: 2,020).

Our smaller operations in Ireland and Portugal have performed in line with our expectations despite continued tough market conditions.

Business model

We operate through a network of offices in Asia Pacific and Europe. The segment comprises our design and engineering consultancy and Faithful+Gould businesses in Hong Kong, mainland China and Singapore, together with six countries across Europe: Denmark, Ireland, Norway, Poland, Portugal and Sweden. We have recently opened an office in Malaysia as we seek to increase our footprint in the Asia Pacific region.

Strategy

In China, we continue to invest to take advantage of opportunities as the market opens up, recognising that it could be several years before material growth is achieved. We have focused on the development of our architectural and urban masterplanning businesses, applying world class design and planning talent to take advantage of the market potential. Our architectural design capability strengthens our service offering and this, coupled with our Hong Kong infrastructure design skills, provides added value to our customers.

In Hong Kong, we are actively targeting expansion of our client base and our core competencies of rail design work (notably for the Mass Transit Rail Corporation (MTRC)) and civil, highway and bridge engineering. We have broadened our service offering and continue to leverage Group skills to augment our proposition to our local client base of government agencies, contractors and private sector developers. This is creating a greater platform for further revenue and margin growth.

Elsewhere in South East Asia, we are expanding our presence in Singapore and Malaysia.

We continue to develop our core Scandinavian businesses, particularly in Norway, broadening our skillbase through organic growth and targeted acquisitions.

In Poland, we remain focused on environmental services for the transport and energy markets.

Business drivers

We see good growth potential from Asia Pacific not only in our more established Hong Kong and mainland China businesses which continue to offer attractive growth, albeit at slightly lower than historical rates, but also from new areas. We will focus our initial efforts on increasing our exposure in Singapore and Malaysia.

The Scandinavian markets that we face continue to benefit from investment in critical infrastructure from the public and private sectors, providing stable market conditions. We seek to expand and differentiate our offering within the transportation market. While our operations have stabilised in Ireland and Portugal the government austerity measures in these countries will curtail any meaningful growth.

We assess risks across all our businesses and this is explained in more detail in the risk section of the Business Review on pages 40-43. Clearly, although our market exposure in Europe is limited, we do face the continuing risk of a further market downturn as austerity measures have an impact on available workload. In certain countries within our Asia Pacific region we also need to mitigate the risk of a lack of commercial transparency and political instability. We continually monitor markets and regions in which we trade and focus our efforts in geographies that have more stable trading environments.

Operations

Asia Pacific

In the Asia Pacific region we have 1,295 staff (2012: 1,234). Our business in Hong Kong continues to work for MTRC and we have secured some good contract wins for the Hong Kong Airport Authority. The latest of these awards is as part of the engineering consultant team for the third runway infrastructure and concourse scheme design for constructing a new airport runway north of the existing runways. We are also the lead engineer on the Hong Kong Link Road project, a 12km link road which will connect the Hong Kong-Zhuhai-Macao Bridge to the international airport. We have recently secured detailed design work for the China State Construction Engineering Corporation on the Central Wan Chai Bypass in Hong Kong.

In mainland China, we designed the Skyworth Gongming mixed-use complex in Shenzhen, turning a historical industrial area into a landmark and the first eco-friendly development in the Guangming district. Furthermore, we were appointed design consultants for the largest landmark project in Zhengzhou, which includes three supertall towers, four office towers and hotels and a retail area. We have recently secured design



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We have secured work in hand of 45% of our 2013/14 budgeted revenue, which puts us in a good position as we enter the new financial year



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work on the two iconic tall towers forming a mixed-use development in Shenyang, the largest city in North East China. Our urban planning and landscape teams have been busy with masterplanning projects such as the advertising and creative arts zone in Beijing and the masterplan for 'the world oil city' in Karamay, which is our largest multidisciplinary project in mainland China involving landscaping, water engineering, highways and bridges, geotechnical, regional consultancy and tourism consultancy. Our close relationships with certain Chinese contractors continue to benefit our business.

Faithful+Gould, which has 199 staff (2012: 156) in the Asia Pacific region, is seeing stable market conditions with growth in the need for sustainability services, characterised by our appointment to support China Resources Land on its 500m tall headquarters in Shenzhen.

Europe

Our Scandinavian businesses have around 580 staff (2012: 580). Performance in the year has been good. Recent contract wins include the Skien rail project in Norway for the Norwegian National Rail Administration – Jernbaneverket.

In Denmark we are working in a joint venture with Grontmij on the detailed design of the second track between Vamdrup and Vojens in the South of Jutland. In the year, our highways and transportation business secured design work on the Naestved bypass which includes the design of 22 new bridges including a 200m river crossing.

In Sweden we are working on several larger infrastructure projects such as Mälärbanan to Trafikverket and the Lidingö Tram Line.

In Poland our most significant project continues to be our role as the owner's engineer for the Polish Liquefied Natural Gas (LNG) project.

Outlook

We have secured work in hand of 44.7% of our 2013/14 budgeted revenue (2012: 49.8%) which puts us in a good position as we enter the new financial year. Asia Pacific remains a focus area for investment by the Group going forward.

Reviews

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Business Review

Segmental performance

continued

Our Energy business continues to perform well with revenue up more than 18% year on year.

>

Energy

Key performance indicators	2013	2012	Change
Financial metrics			
Revenue	£151.9m	£128.4m	+18.3%
Operating profit	£13.8m	£11.4m	+21.1%
Operating margin	9.1%	8.9%	+0.2pp
Work in hand	33.4%	32.4%	+1.0pp
People			
Staff numbers at 31 March	1,376	1,182	+16.4%
Average staff numbers for the year	1,307	1,095	+19.4%

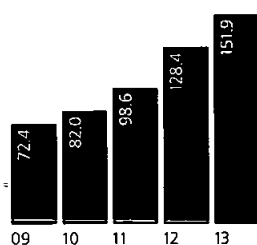




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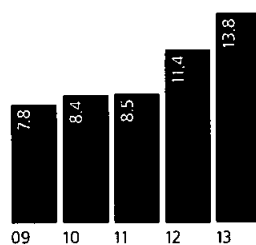
Revenue £m

+18%



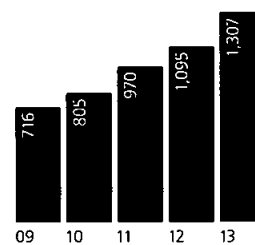
Operating profit £m

+21%



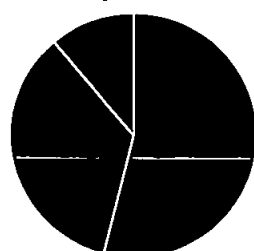
Average staff numbers

+19%



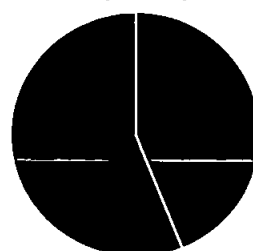
Reviews

Revenue by sector



■ Oil and gas 54%
■ Nuclear 35%
■ Power (inc renewables) 11%

Revenue by client type



■ Regulated 44%
■ Private sector 56%



34 Reviews

Business Review Segmental performance

continued

Energy

Performance

Our Energy business continues to perform well in buoyant markets across all sectors. Revenue was up 18% year on year and staff numbers increased to 1,376, an increase of 16% over the year. Growth has been helped by successful integration of previous acquisitions and partnering arrangements. The margin of 9.1% reflects ongoing investment in the strategic growth of this sector through acquisitions and joint ventures.

Business model

The Energy business operates worldwide in several home markets, competing both in its own right and through several joint ventures, against a wide range of competition from large multinational engineering consultancies to specialist niche players.

Strategy

We remain focused on nuclear, oil and gas, conventional power generation and renewables. In these industries we are applying our high end multidisciplinary engineering skills to assure the integrity and safety of existing operational facilities as well as in the design of new facilities.

We continue to look at investment opportunities, selectively expanding our geographic footprint and service offering through organic growth, as well as extending and creating new partnering arrangements and targeting acquisitions in our core disciplines in regions where we are underrepresented.

Business drivers

Our business is underpinned by the global growth in energy requirements as many countries struggle with increasing demand and an imperative to decarbonise to mitigate the effects of climate change.

High oil prices drive the demand to keep existing energy production and distribution facilities operating longer, drawing on our safety and integrity services. At the same time, with the industry seeking to maximise more challenging oil reserves, such as marginal and deepwater fields, there is a continued increase in demand for our advanced engineering skills.

In nuclear we continue to see a similar focus on keeping existing facilities operating safely for longer, with an ongoing requirement for technical support around nuclear decommissioning. In addition, many countries around the world are still planning to build new nuclear power plants as part of their long term strategy for decarbonisation. Our skills are in high demand across the entire nuclear lifecycle.

We assess risks across all of our businesses and this is explained in more detail in the risk section of the Business Review on pages 40-43. The risks identified as being most pertinent to this business are safety and environmental risks and the reputational risk associated with the highly regulated areas within which we operate.

We have also identified that our plans for growth are potentially affected by the availability of skills. To mitigate this risk we continue to invest in our in-house training academy that now provides externally recognised courses. This year we welcomed more than 500 people on these courses.

Operations

Nuclear

Our nuclear business remains busy on existing nuclear generation, new build and decommissioning work, continuing to build on our 40 years of operational experience of UK nuclear facilities.

In February we joined EDF Energy's UK Strategic Supply Chain Partnership to provide additional expert engineering support as the company seeks to extend the life of its existing nuclear Advanced Gas-cooled Reactor fleet. This was a natural extension of our existing relationship which has seen us provide engineering, safety and environmental services on the existing UK fleet for over 30 years.

In September 2012 we announced the formation of a joint venture with AREVA, a global leader in nuclear energy, to compete for projects in the UK nuclear fuel management and decommissioning sector.

The internationalisation of our nuclear business continues with the formation in November 2012 of a strategic alliance with US based Merrick & Company and Nuclear Safety Associates (NSA) to serve North America's nuclear market.

The continued success of our n.triple.a joint venture, addressing the international nuclear new build market with French engineering consultancy Assystem, is evidenced by ongoing workload in the Kingdom of Saudi Arabia and South Africa. We extended the alliance last year to support aspects of EDF Energy's nuclear new build aspirations in the UK.

Our role as architect engineer, as part of the Engage consortium, continues on the €15bn International Thermonuclear Experimental Reactor (ITER) programme which is the next step in a global research and development programme to harness nuclear fusion as a commercially viable source of electricity.



Our business continues to perform well across all sectors, and we are well positioned in growth markets

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Oil and gas

Our oil and gas business has shown continued growth in revenues and headcount. Progress in line with our strategy to secure long term framework agreements for both consultancy and design services is providing a solid base load of work and further cementing the strong relationships we enjoy with our clients.

In addition to our existing major framework agreements with BP, Chevron, Talisman and Apache we have established similar long term agreements with Nexen, Statoil and Maersk. In March we added a framework covering all of our service offerings to BP's UK offshore assets. Significantly, we were recently selected to provide technical and safety engineering services to Shell's onshore and offshore assets worldwide under a new four year Enterprise Framework Agreement (EFA). Atkins has worked with Shell in the North Sea, USA, Africa, Canada and Western Australia including safety assessments and risk management services on the ground breaking Prelude floating Liquefied Natural Gas (fLNG) project.

We are securing an increasing volume of multidisciplinary design work. As examples, we continue to strengthen our long term relationships with Premier Oil with our work on the Solan project and with Apache in delivering the Front End Engineering Design (FEED) services to support the Varanus Island Compression Project in North West Australia.

A significant part of our focus has been on difficult or marginal field developments, where our strong technical skills have supported the development of new concepts in floating production, storage and offloading facilities. We successfully completed projects for the Chevron Alder high pressure, high temperature (HPHT) field and are delivering similar work for Maersk.

Underpinned by strong client relationships, in particular with BP and Shell, our Houston and Calgary operations continue to develop. In the Middle East there is a significant flow of engineering and design work for local clients.

Our work on LNG projects in Singapore, Poland and Australia's largest development, Ichthys, continues as well as our design contract for an onshore gas processing plant for Block 60 in the Sultanate of Oman.

Power

In the UK our power business continues its work as lead technical provider to both the Drax and Eggborough power stations and has an increasing role in biomass projects. We continue our long term support of National Grid in its complex construction programme.

In early 2013, Atkins was selected by Energos to help deliver a large-scale energy from waste (EfW) facility as part of Viridor and Glasgow City Council's £146m Glasgow Recycling and Renewable Energy Centre (GRREC). This new contract adds to our portfolio of providing high end technical support to large-scale power generation projects.

We have recently been appointed by the UK Government Department of Energy and Climate Change (DECC) in three technical advisory roles, strengthening our position at the heart of emerging clean energy technologies. We are providing technical support to the DECC Energy Storage competition, developing a report into deep geothermal energy resource. We have also been appointed as technical advisor to the Carbon Capture and Storage commercialisation programme.

Marine renewables

We remain very active in the offshore renewables sector, supporting a number of framework contracts in the UK with a range of developers. We recently secured a further contract with DONG Energy to undertake the detailed design of the offshore substations for the extension to the Walney offshore wind farm in the UK's Irish Sea. This project win cements our position as one of the leading British engineering and design consultancies in the offshore renewables sector.

Outlook

The outlook for our Energy business remains very good. We are well positioned in growth markets and have work in hand ahead of last year at 33.4% of budgeted revenue (2012: 32.4%), which will underpin further headcount growth in the year ahead.

Business Review

Financial performance

Performance summary

Turnover was flat at £1.71bn (2012: £1.71bn). Reported profit before tax was £103.3m (2012: £135.5m), with 2012 distorted by a large pension curtailment gain of £30.9m. A more representative measure is underlying profit before tax, which was £104.5m (2012: £101.6m). Underlying profit removes amortisation and impairment of acquired intangible assets of £10.0m (2012: £4.2m), profits on disposals net of transaction costs of £4.5m (2012: £7.2m), along with a pension curtailment gain in 2013 of £4.3m (2012: £30.9m).

Reported operating profit was £104.1m (2012: £137.2m), at a margin of 6.1% (2012: 8.0%). The year on year decrease in margin was primarily due to the impact of one-off pension gains. This year there was a £4.3m pension curtailment gain, whereas in 2012 there was a gain of £30.9m, as a result of steps taken to actively manage our pension liabilities. There was also amortisation and impairment of acquired intangible assets this year of £10.0m (2012: £4.2m). Adjusting for the effect of these provides a better view of the Group's performance, showing underlying operating profit of £109.8m (2012: £110.5m) and an underlying margin of 6.4% (2012: 6.5%).

The aforementioned profit on disposal of £4.5m is explained in more detail on page 130 and comprises the profit on sale of a number of businesses (£7.8m), including RMPA Holdings Limited and UK Specialist Hospitals Limited, with a further £0.5m deferred consideration received during the year in relation to the sale of the UK asset management business, which took place in the prior year, together with transaction and restructuring costs of £3.8m associated with the disposal of our UK highways services business.

At 31 March 2013 the net book value in respect of acquired intangible assets of the Peter Brown business within Atkins North America was written down, resulting in total amortisation and impairment of intangible assets on acquisition of £10.0m (2012: £4.2m).

Headcount was 17,899 at the end of March 2013 (2012: 17,420), 479 ahead of the same time last year as a result of underlying organic growth.

Net finance costs

Net finance costs were £9.1m (2012: £10.8m). The year on year reduction was primarily the result of a reduction in net pension interest.

Tax

The Group's income tax expense for the year was £14.9m (2012: £28.7m), giving an effective tax rate of 14.4% (2012: 21.2%). The Group's underlying effective tax rate was 17.4% (2012: 22.0%). This rate is lower than the UK statutory rate (24%) due to the regional profile of profit, continued benefits from research and development (R&D) tax credits, the utilisation of losses not previously recognised for tax and the impact of prior year adjustments.

The Group's tax position will continue to be driven by our regional profile of profits and the benefit of R&D tax credits.

Earnings per share (EPS)

Basic EPS from continuing operations was 91.0p (2012: 109.0p). Underlying diluted EPS on continuing operations was 86.7p (2012: 79.0p), an increase of 9.7%.

Pensions

Funding

In the prior year, Atkins Limited undertook an enhanced transfer value (ETV) exercise for deferred members of the Atkins Pension Plan (the Plan). The exercise gave rise to a settlement gain under IAS 19 in respect of those members who transferred out their benefits.

The Plan recognised a net settlement gain of £0.1m in respect of the ETV exercise for the year ended 31 March 2013. This is to allow for the difference between the expected impact of the exercise already included in the 31 March 2012 disclosures and the actual impact of the exercise. The settlement gain of £0.1m is based on the transfer out of the Plan of a further £1.3m of assets and corresponding liabilities of £1.4m in respect of those members.

The Railways Pension Scheme recognised a curtailment gain during the 2013 financial year in respect of the two new benefit bases that came into effect for certain members from 1 January 2013. A curtailment gain arose for members moving from the existing uncapped salary category or RPI capped salary category to the new CPI capped category. The reduction in the past service liability for this curtailment is £4.3m and this has been recognised as a curtailment gain in the year ended 31 March 2013.

Cash contributions of £21.0m (2012: £26.0m) were made to the Plan during the year. The year on year reduction in cash contributions was due to the deficit benefit achieved through the ETV exercise, which the Trustee had agreed would be immediately reflected in the Plan's funding. Under the latest agreed recovery plan the Group will contribute £32m for the following seven years ending 31 March 2020.

Charges

The Group accounts for pension costs under IAS 19, *Employee benefits*. The total charge to the Consolidated Income Statement in respect of defined benefit schemes was £5.2m (2012: credit of £19.1m), comprising service cost of £2.2m (2012: £3.3m), curtailment and settlement gains of £4.4m (2012: £33.3m) and net finance costs of £7.4m (2012: £10.9m). The charge relating to defined contribution schemes increased to £32.8m (2012: £31.0m).

**IAS 19 – valuation and accounting treatment**

The Group determines pension scheme funding with reference to actuarial valuations, but for reporting purposes uses IAS 19. Under IAS 19 the Group recognised an increased retirement benefit liability of £285.2m at 31 March 2013 (2012: £251.1m).

The assumptions used in the IAS 19 valuation are detailed in note 30 to the Financial Statements (page 145).

Future changes to accounting standards

On 16 June 2011 the International Accounting Standards Board published a revised version of IAS 19 effective for reporting periods starting on or after 1 January 2013. The standard will be applied to the Group Financial Statements for the first time for the year ending 31 March 2014 and will require the comparatives for the year ended 31 March 2013 to be restated.

The most significant impact for the Group is the introduction of net interest on the net defined benefit liability, removing the expected return on assets and instead applying the discount rate to the plan assets as well as to the plan liabilities. The estimated net effect of applying the standard to next year's financial statements, based on current actuarial assumptions, is to increase the net finance costs by £8.8m.

Cash

Net funds as at 31 March 2013 were £143.0m (2012: £122.6m), made up as follows:

	2013 £m	2012 £m
Cash and cash equivalents	201.5	167.0
Loan notes receivable	20.0	25.1
Financial assets at fair value through profit or loss	35.9	35.0
Available-for-sale financial assets	-	6.1
Borrowings due within one year	(59.8)	(104.0)
Borrowings due after more than one year	(49.3)	-
Finance leases	(5.3)	(6.6)
Net funds	143.0	122.6

Cash generated from continuing operations was £82.9m (2012: £68.6m), representing 75.5% (2012: 62.1%) of underlying operating profit, and can be summarised as follows:

	2013 £m	2012 £m
EBITDA	141.0	172.9
Actuarial deficit funding	(21.0)	(26.0)
Movement in working capital	(27.0)	(31.1)
Movement in long term payables	0.2	(2.9)
Movement in provisions	(4.7)	(5.7)
Other non-cash items	(5.6)	(38.6)
Operating cash flow	82.9	68.6

The movement in non-cash items of £5.6m (2012: £38.6m) consists primarily of pension curtailment and settlement gains totalling £4.4m (2012: £33.3m).

Net tax paid amounted to £7.1m (2012: £11.0m).

Net capital expenditure in the year, including the purchase of computer software licences, amounted to £23.9m (2012: £19.2m).

Capital structure

As at 31 March 2013, the Group had shareholders' funds of £143.8m (2012: £119.4m) and the Company had shareholders' funds of £167.7m (2012: £167.8m).

The Company had 104.5m fully paid ordinary shares in issue at 31 March 2013 (2012: 104.5m). For further details, refer to note 32 to the Financial Statements (page 152).

Treasury policy and objectives

The Group's treasury function manages and monitors external funding and investment requirements and financial risks in support of the Group's corporate objectives. The Board reviews and agrees policies and authority levels for treasury activities.

The Group's financial instruments, other than derivatives, comprise borrowings, cash and liquid resources and various items, such as trade receivables and trade payables, which arise directly from its operations. The main purpose of these financial instruments is to finance the Group's activities. The Group also enters into derivative transactions, principally forward foreign currency contracts in order to manage foreign exchange risk on material commercial transactions undertaken in currencies other than the local functional currency.



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Business Review Financial performance

continued

The main risks arising from the Group's financial instruments are market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk, along with other risks arising from the financing of the Group's activities in the Public Private Partnership (PPP) and Private Finance Initiative (PFI) sectors. The Group's exposures to and management of each of the main risks, together with sensitivities and risk concentrations, are described in more detail in note 2 to the Financial Statements.

The Group funds its ongoing activities through cash generated from its operations and, where necessary, external borrowings and finance leases. The Group's debt facilities are described in note 27 to the Financial Statements (page 143). Utilisation of the Group's facilities is a consequence of prior year acquisitions. As at 31 March 2013 the Group had £113.3m of undrawn committed borrowing facilities available (2012: £35.4m).

There have been no significant changes to the Group's treasury policies during the year.

Critical accounting policies

The Group's principal accounting policies are described in note 1 to the Financial Statements (page 106). The Financial Statements for the year ended 31 March 2013 have been prepared under International Financial Reporting Standards (IFRSs) as adopted by the EU.

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

The accounting policies and areas that require the most significant estimates and judgements to be used in the preparation of the Financial Statements are in relation to contract accounting, including recoverability of receivables, goodwill impairment and defined benefit pension schemes.

Contract accounting

The Group's contract accounting policy is central to how the Group values the work it has carried out in each financial year.

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 work scopes, changes in costs and costs to completion, for example. 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 reporting results.

Defined benefit pension schemes

Accounting for pensions involves judgement about uncertain events in the future such as inflation, salary levels at retirement, longevity rates, rates of return on plan assets and discount rates. Assumptions in respect of pensions and post-employment benefits are set after consultation with independent qualified actuaries. Management believes the assumptions are appropriate. However, a change in the assumptions used would have an impact on the Group's results and net assets. Any differences between the assumptions and the actual outcome will affect results in future years. An estimate of the sensitivity to changes in key assumptions is disclosed in note 30 to the Financial Statements (page 145).



Goodwill impairment

As set out in note 1 of the Financial Statements (page 106), goodwill is subject to impairment review both annually and when there are indications that the carrying value may not be recoverable. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and fair value less costs to sell.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to a cash-generating unit (CGU), or groups of CGUs that is expected to benefit from the synergies of the combination. Each CGU or group of CGUs to which the goodwill is allocated represents the lowest level within the entity at which goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Determining whether goodwill is impaired requires an estimation of the value in use of CGUs to which the goodwill has been allocated. The value in use calculation requires an estimate to be made of the timing and amount of future cash flows expected to arise from the CGU and the application of a suitable discount rate to calculate the present value. The discount rates used are based on the Group's weighted average cost of capital adjusted to reflect the specific economic environment of the relevant CGU.

Tax

The Group is subject to tax in a number of jurisdictions and judgement is required in determining the worldwide provision for income taxes. The Group provides for future 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.

As set out in note 1 to the Financial Statements (page 106), deferred tax is accounted for on temporary differences using the liability method, with deferred tax liabilities being provided for in full and deferred tax assets being recognised only to the extent that it is judged probable that future taxable profit will arise against which the temporary differences can be utilised.



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Business Review

Principal risks and uncertainties

We recognise that effective risk management is fundamental to helping achieve our strategic and operational objectives.

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The Group risk committee, chaired by the chief executive officer, oversees the operation of the Group's risk management framework and provides support to the Board and the Audit Committee.

This risk management framework continues to support the Board's risk appetite when assessing and determining the nature and extent of the significant risks it is willing to accept in achieving its strategic and operational objectives.

This framework and the associated risk management structure support the systematic identification, assessment, communication, reporting and management of risk at both strategic and operational levels, and seek to ensure that:

- the public, employees and the environment are safe from potential hazards inherent in our operations
- the potential for damage to our corporate reputation, or financial loss to shareholders and other stakeholders, is minimised.

The Board believes that for risk management to be successful, it must integrate the framework into all activities and develop a culture and behaviour within the organisation that ensures that:

- the management of risk is clearly driven by business strategy and objectives
- Group functions assist and support management in setting minimum standards across the Group

- the ownership and management of risk is not the exclusive responsibility of senior management but is passed down to appropriate staff members
- all significant risks have owners, mitigating strategies and, where actions have been identified, assigned action owners
- operational risks are fully articulated and subject to regular review, communication and reporting across the organisation as part of our normal management process
- we operate in a culture that encourages early disclosure of issues or concerns, so that timely and appropriate action can be discussed, agreed and implemented as necessary.

It is intended that these principles and the risk management framework continue to be adopted throughout the Group, without exception, to achieve progressive improvement in the effectiveness of risk management processes. The risk management framework interfaces with the commercial framework which provides an integrated process for assessing the level of risk for operational projects and services, depending on scale and complexity, applying a consistent method of evaluating risk. This enables appropriate projects and services to be peer reviewed, evaluated and the risks categorised.

This integrated process supports our management in determining the appropriate level of risk for our operations. This in turn supports and enables the organisation to identify, evaluate, control and own appropriate risks at the appropriate level. This process also ensures that:

- a common approach to risk management continues to be adopted, reducing inefficiency
- we operate in an environment and culture where both technical and commercial risk remain a key focus of management at appropriate levels in the organisation.

The combination of both the risk framework and the commercial framework provides the organisation with an integrated risk management approach in the evaluation, control and monitoring of risks.

We continue to manage a number of potential risks and uncertainties which could have a material impact on our long term performance. Many of these risks are common to other companies and we assess them to establish the principal risks for the Group. The following table outlines these principal risks and the mitigating activities we undertake in respect of each. We continue to assess these risks under two main categories of strategic risk and operational risk.

Effective risk management continues to be embedded in our governance framework, which is summarised in the Corporate Governance Report (pages 64 to 75).



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Business Review

Principal risks and uncertainties

continued

Strategic

Risk (in alphabetical order)	Mitigation	Mitigating activities in action
Economic outlook Continuing and increased government austerity measures impact our trading performance as spending on public sector infrastructure is reduced. Worsening economic conditions lead to reduced levels of private sector infrastructure spend and adversely impact our clients' ability to pay for our services.  Our Strategy. Pages 10-13	We have increased our sector and geographic diversification to provide resilience at a time when many of our markets still experience uncertainty. We have a clear strategic priority to focus on sectors which have attractive growth prospects with good levels of funding. We actively seek to redeploy staff around the Group to meet demand in growth markets and sectors, frequently moving work to people and people to work. We perform client credit checks and maintain regular management reviews of credit terms, trade debtors and work in progress.	We have already reshaped our business to target more than 50% of our revenue outside the UK. Our long term goal is to generate more than 75% of revenue from our non-UK and Energy businesses. We continue to focus on funded markets in targeting growth and evaluating investment opportunities. We have added resilience to our UK business through its ongoing support to non-UK projects.  Business Review – UK. Pages 16-19
Financial The deterioration of the Group's financial position limits our ability to invest in growth. Adverse movements in liability assumptions or asset values result in a significant increase in the Group's defined benefit pension obligations, increasing the cash funding required to repay the deficit and reducing our ability to invest in further growth opportunities.  Business Review – Financial Performance. Pages 36-39	We review the Group's trading and funding position on an ongoing basis. We have made good progress in implementing our strategy to continue to de-risk our defined benefit pension schemes. We will continue to actively manage the assets and liabilities of our pension schemes.	In 2012 we announced the successful execution of the Group's debut issue in the US private placement market which has broadened the Group's sources of funding to support future growth. During the year we completed an Enhanced Transfer Value (ETV) exercise for deferred members of the Atkins Pension Plan to reduce its ongoing liabilities and future volatility.  Human Resources Review. Pages 44-49
Geo-political Political instability in the regions within which we operate has a negative impact on our ability to deliver contractual services, receive payment and endangers the safety of our staff.	We focus on geographies that have more stable trading environments. We obtain the latest professional risk and security information before engaging in contracts in new geographies and continue to monitor the stability of the markets in which we trade.	Our strategy process includes evaluation of the political stability of the regions and territories we operate, or propose to operate in.
Market Worsening economic conditions lead to changes in contracts resulting in increased risk transfer from clients as competitors accept more onerous contract terms to win work. Reductions in the amount of available work increase pricing pressure and reduce our operating margins.	We have robust integrated review procedures, which include peer reviews, during the bidding and contracting stage of our projects. We have focused our strategy on sectors with strong growth prospects, good levels of funding and high technical barriers to entry. We have a strategic focus on operational excellence, winning and delivering work.	We continue to drive operational performance across the Group to improve our margins. We continue to embed our integrated project review procedures across our management and markets. Initiatives such as our operational excellence programme, together with the increasing use of our Bangalore and Delhi operations, aim to deliver a competitive cost base.  Our Strategy. Pages 10-13
Regulatory/Legal Legislation and regulations restrict our ability to operate in certain locations or perform certain activities leading to the need to exit these markets. Breaches of regulation or legislation result in fines, imprisonment and reputational damage.	We seek ongoing external advice about new and/or changing trading restrictions, communicating these changes across our business. We continue to invest in staff training and communication.	Our bid review process reviews regulatory issues as we peer review bids in unfamiliar territories.

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Effective risk management continues to be embedded in our governance framework



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Operational

Risk (in alphabetical order)	Mitigation	Mitigating activities in action
Crisis event A significant one-off event affecting a key business location, project or employees could interrupt service delivery, threaten life and/or cause reputational damage to our business.	We have a robust Group crisis management plan in place to respond quickly to such events.	The robustness of our plan continues to be reviewed, tested and updated.
Health, safety and environmental Shortcomings in our design or works' supervision result in a health, safety or environmental incident involving staff, clients or other third parties leading to injury, loss of life and/or significant damage to our reputation with all stakeholders.	Safety is part of our commitment to quality and reliability. Clear and explicit senior management leadership on health, safety and environmental matters is regularly reinforced via targeted campaigns. We have implemented our safety standards worldwide. We mandate accident and near miss reporting and provide a whistleblower hotline to enable staff to raise concerns confidentially. We continue to invest in staff training and communication about the importance of safety and security in the work place.	Our worldwide safety awareness programme, Safe by Choice, is just one example of our commitment to creating a leading health and safety culture. The existence of our whistleblower hotline is communicated across the business with any issues arising from it being reported to the Audit Committee.
Physical and data security Confidential client business and personal data is mishandled, resulting in breach of contract, the inappropriate release of commercially sensitive information or the loss of the personal information of our clients and/or employees.	We use appropriate physical security, secure networks and encryption in order to protect data. We train staff on best practice in information assurance. The Group security officer seeks to ensure best practice and raise the profile of security across the business. We obtain independent professional risk and security information for countries we propose to operate in or travel to.	We continue to provide information assurance training modules for our UK and non-UK based staff.
Our business systems suffer an attack from hackers or viruses.		
Political instability in the regions within which we operate threatens the safety of our employees.		
Projects Poor management of projects leads to client dissatisfaction, damage to our reputation for technical excellence and a deterioration in the Group's financial performance.	We have augmented our Business Management Systems through the introduction of a new online project management system to drive consistently high standards across the Group. We continue to invest in ongoing project management excellence training programmes for our staff. We continue to improve project controls which include regular financial reviews of project performance.	We continue to invest in project management capabilities across the Group (people, processes and systems).
Staff recruitment and retention Failure to attract and retain the most talented, motivated professionals in their respective fields makes us unable to deliver on clients' expectations and respond to the most technically challenging and time critical projects thereby eroding our market share and damaging our financial performance.	Regular management reports and business reviews evaluate a number of metrics including headcount, retention, vacancy levels and employee engagement. Regular staff performance appraisals are performed identifying strengths, weaknesses, training needs and career development.	A new online platform (My Career) is being rolled out to all regions during 2013/14. This will support a consistent approach to staff performance reviews, training, career planning and development. Engagement is essential in a people based business. We continue to use a variety of channels, including our annual Viewpoint survey, to communicate and engage with our employees.
Technical delivery Design errors or omissions lead to client dissatisfaction, financial losses, damage to our technical reputation and market position.	We have robust review procedures during the bidding and contracting stage to ensure that the Group has the capability to deliver the scope of work. Ongoing technical training and development is in place. Network Chairs have been appointed to establish technical centres of excellence across the Group. The Group has appropriate professional indemnity insurance in place.	



Corporate Responsibility. Pages 50-57



Human Resources Review. Pages 44-49



Human Resources Review. Pages 44-49



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Human Resources Review

Our people's individual talent
and collective expertise help us
to stand out from our competitors.

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Overview

As a professional services company, our people's talent, energy and willingness to go above and beyond for our clients and our company are true differentiators for Atkins. Their individual talent and collective expertise help us to stand out from our competitors.

Making Atkins a great place to work is therefore central to our shareholder proposition. We must continue to attract and retain talented staff and provide them with opportunities for professional development and growth if we are to meet the infrastructure challenges of tomorrow.

To help us achieve this, our Human Resources performance is measured via a structured process of business reviews that evaluate metrics such as headcount, retention and employee engagement. This process also includes a broader review of the future skills and resourcing needed to address changing client and market requirements.

Headcount

Underlying headcount increased by approximately 500 people to 17,899 during the year and is an encouraging measure of business performance. There was a rise in the UK and in Asia Pacific and Europe and we have been particularly encouraged by increases in our Energy business (+16%). This segment experienced impressive organic growth resulting from improved staff retention and extra recruitment activities. The increases in headcount were partly offset by a reduction in North America as the region continues to focus on operational efficiency and productivity.

Vacancy levels have remained relatively flat from the beginning of the year, with vacancies of just over 2,000 at the end of March 2013. Whilst annual vacancies have remained stable, monthly vacancy numbers have fluctuated in line with the phasing of projects.

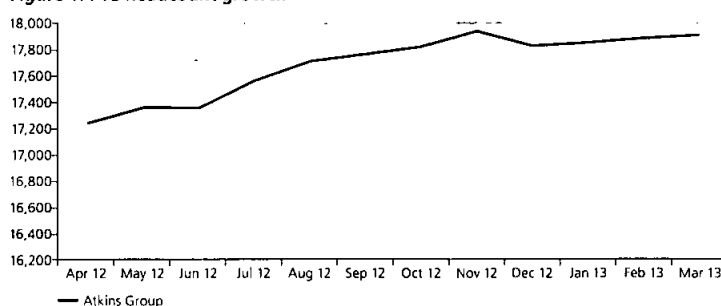
We track our progress in filling vacancies across the Group. At year end, 19% of open positions were at offer stage, 54% had identified candidates and were at interview stage and the remaining 27% were at sourcing stage where we were seeking candidates.

In conjunction with growing our talent base in local markets, we have had a consistent number of international assignments across the Group, which supplement skills not available locally with specific technical knowledge or resource the delivery of large projects. We also recognise that international mobility is a stretching experience for our employees.

We want more young people to consider a career in engineering so we are targeting a graduate intake of 500 worldwide for 2013. The significant number of places on offer reflects our continued confidence in our ability to offer talented graduates a rewarding career. We continue to be one of the biggest and most popular recruiters of newly graduated engineers in the UK and have again been voted the most popular graduate recruiter in the construction, civil engineering and surveying sector, based on a survey of 23,000 students.

We have also increased our intake of apprentices in the UK, recognising that this is an increasingly attractive entry route for young people. We are targeting a further 25% increase in new apprentices in 2013/14.

Figure 1: FTE headcount growth



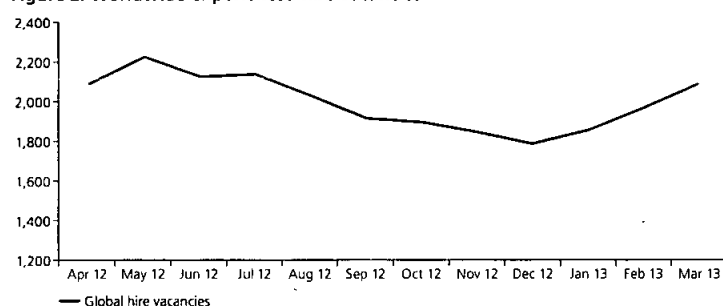


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Human Resources Review

continued

Figure 2: Worldwide experienced hire vacancies



Retention

Staff retention remained stable during the year and staff turnover remains at relatively low levels in most regions. Turnover by region was:

Business area	Year ended 31 March 2013	Year ended 31 March 2012
UK	8.6%	9.2%
North America	10.1%	8.7%
Middle East	13.2%	11.1%
Asia Pacific and Europe	15.9%	17.5%
Energy	14.3%	16.8%
Group total	10.6%	10.6%

The reduction in turnover in Asia Pacific and Europe is particularly encouraging, as is the decrease in turnover in our Energy business. The increase in turnover in the Middle East reflects growing demand in certain markets within the region, most notably Qatar.

We measure our retention of experienced employees using a stability index. This calculates the number of employees with one or more years' service as a percentage of the number employed 12 months ago. The stability index for each region and for the Group was:

Business area	Year ended 31 March 2013	Year ended 31 March 2012
UK	89.5%	85.0%
North America	72.6%	75.0%
Middle East	72.6%	79.3%
Asia Pacific and Europe	83.5%	82.7%
Energy	84.4%	88.9%
Group total	82.9%	80.1%

The Group index has risen to 82.9% (2012: 80.1%) and remains within our desired range of between 75% and 85%.

We also track feedback from colleagues who have left the Group in certain regions. Of those leavers who completed our questionnaire 86% stated that they would work for Atkins again. 86% of leavers also indicated that they would recommend Atkins as a place to work.

Engagement

It is essential that we maintain regular communication with staff and we do this by uploading organisational information, project features and success stories to our intranet, through regular chief executive officer letters to all staff and via online presentations and management briefings. Following the announcement of the Group's full and half year results, we issue updates on the Group's performance via presentations from our chief executive officer and Group finance director, which are posted on our intranet. They are also available in transcript form and as recorded telephone messages. In addition, the chief executive officer and Group finance director conduct pre and post results briefing teleconferences with our worldwide management team. Our Twitter feed and Facebook updates also offer instant access to news and events across Atkins.

During the year, our work on the London 2012 Olympic and Paralympic Games was a huge source of pride for our people and our regular series of news articles, events and publications helped them feel engaged in the experience. We hope to create the same sense of pride as we hold our 75th anniversary celebrations this year.

To monitor employee engagement, each year we ask our staff around the world to complete our Viewpoint survey. Our 2012/13 results were positive and showed improvement across a majority of areas. Our overall employee engagement score rose by 3% to 67%, which is well ahead of the professional services sector benchmark.



Making Atkins a great place to work is central to our shareholder proposition, and to our ability to meet the infrastructure challenges of tomorrow

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The engagement model measures our people's alignment (relationship with management), involvement (relationship with their jobs) and loyalty (relationship with the organisation). The results against this model, with comparisons to the 2011/12 survey, are shown below.

The Employee Engagement scorecard shows the percentage of respondents ticking 'strongly agree/agree' against a number of key engagement questions. These scores can also be measured against the Global Sector Norm shown in brackets alongside each engagement score.

The results show that our people care about the success of Atkins, feel proud to work for us and have a clear understanding of how their role contributes to meeting our clients' needs.

The results also indicate where we need to improve to make Atkins an even better place to work.

Over the coming year, we will continue our commitment to increasing collaboration across the Group, improving our knowledge sharing and our approach to individual performance, development and careers.

As further recognition of the support we receive from our employees, we have reclaimed our place among The Sunday Times Top 25 Best Big Companies to Work For (we were ranked at 23), having missed out in the previous year. We will continue to use the feedback from this survey, alongside the Viewpoint results, to sustain an ongoing dialogue with our teams through which we can continuously improve our employee engagement.

Investment in people

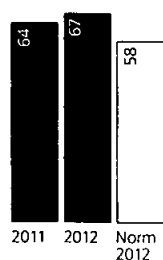
To achieve our vision to be the world's best infrastructure consultancy we need to develop the capabilities and performance of our people. The Group's annual training spend of over £17m was up from the previous year, reflecting an increased investment in growth areas and in developing line management capabilities.

Technical development is also central to our learning and development strategy, representing around 65% of all training activity. We are using our Network Chairs to drive technical excellence across key skills areas. Through this network we introduced the Atkins design principles, a framework for delivering the best possible design solutions to our clients. These principles were explained via a series of webinars that employees from all parts of the Group participated in.

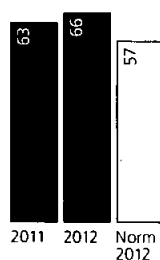
VIEWPOINT

Our future our people

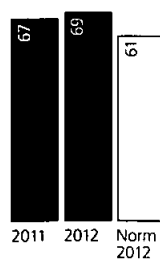
Employee Engagement scorecard



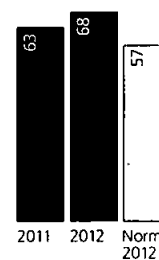
Alignment



Involvement



Loyalty





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Human Resources Review

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In January 2013 we worked with the University of Oxford Saïd Business School to introduce a new Group leadership development programme. It aims to enhance strategic alignment, innovation and leadership through change. We also maintained our investment in a range of senior management development and career development programmes across the Group.

We are encouraging young people to consider a career in engineering and design through our support for a number of events. We attended the Big Bang Fair in London this year, which attracted over 50,000 young people aged 7 to 19, engaging with them through our 'engineering in everyday life' exhibition.

Over the coming year we are investing in My Career, a programme that focuses on the performance and development of our people. It will start with the implementation of an online performance and development review system, making it easier for staff to record their objectives, achievements and development activities. Overall, My Career aims to help our people make the most of their talent.

Reward

Pay levels remained flat in some of our markets. However, pay pressure in other sectors, and in relation to selected skill sets, means that we need to target salary increases to attract and retain staff and stay cost competitive. Wage inflation across the Group for the year was just above 3%, with significant variation by region.

To inform the salary review and other reward decisions, we conduct comprehensive annual benchmarking studies across our regions (UK, North America, Middle East, Asia Pacific and Europe). We use the data to improve the competitiveness of our remuneration packages and to help line managers with pay decisions.

Approximately 1,000 senior leaders worldwide participate in our executive bonus scheme (EBS). The EBS incentivises the delivery of above average financial results and exceptional individual performance by rewarding the achievement of stretching profit targets and personal objectives. Following a review of the scheme we have introduced a cash performance measure for our most senior participants. This reflects the strategic focus within the Group. Further details of this measure are provided in the Directors' Remuneration Report (page 83). A discretionary bonus scheme covers the wider Atkins population. We expect to pay a bonus to around one third of staff, recognising individual contribution and performance.

We have maintained our focus on the management of our historic defined benefit pension liabilities and we are giving equal priority to ensuring that members of our plans save appropriately for their retirement. In the UK, new investment platform for defined contribution members of the Atkins Pension Plan was launched in the summer of 2012. This supported the transition to a range of revised investment choices for members. Members were informed about the transition through a comprehensive communications campaign, which encouraged them to review their investments in the context of their personal circumstances and decide whether to make any changes to how their pension fund was invested. We were encouraged by the level of engagement that the campaign generated, with 54% of members actively making a decision about their investment choices.

A significant amount of work has also been done to prepare for the implementation of new pension legislation in the UK that requires employers to automatically enrol all workers into a qualifying pension scheme. This has affected approximately 1,000 employees and contractors who had previously chosen not to join the scheme.

Employee share ownership is encouraged across the Group to align the interests of our employees and our shareholders and to enable our employees to share in the success of the company. In the UK, we operate a share incentive plan (SIP) that provides a tax efficient mechanism for employees to become shareholders. Approximately 12% of eligible employees participate in the SIP. In 2012, we also secured approval from shareholders to broaden the availability of all employee share plans outside the UK and will be prioritising the jurisdictions where we have the greatest concentration of people and where share schemes are prevalent in the market.



Over the year, female representation at senior level increased from 11.3% to 12.4%



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Diversity

We are committed to building a diverse organisation to maximise the skills available to us in the geographies and markets in which we operate. Policies have been adopted to ensure this commitment is implemented from the point of recruitment and continues throughout an individual's employment with the Group. Employees are provided with the opportunity to develop to their full potential regardless of sex, race, age, religion or belief, disability, sexual orientation, gender identity, marriage and civil partner status, pregnancy, parental obligations or background, subject to the laws of the jurisdictions in which we work.

The Group encourages recruitment, training, career development and promotion on the basis of aptitude and ability, without regard to disability.

We are also committed to retaining and retraining as necessary employees who become disabled during the course of their employment:

This year we have focused on gender diversity recognising that, in common with many engineering and science-based organisations, women are under-represented, particularly in senior management positions. We have set a short term target of increasing female representation at a senior level (the top 1,000 in the Group) to 15% by 31 March 2015 as a first step towards our longer term aspiration of a more balanced organisation. Over the year, female representation at a senior level increased from 11.3% to 12.4%.

To help us achieve this aim, more than 80 women have participated in our women's career development programme and we have reaffirmed our commitment to providing further support during the coming year. Diversity training is now included in many of our leadership programmes and in nominating candidates for these programmes we ensure that a high proportion of female colleagues attend. We have also made significant changes to the operation of our selection and promotion panels, ensuring that we draw from the widest possible talent pool to select high calibre recruits.

Our women's professional network in the UK, established last year, has continued to meet quarterly and debate issues such as career development and mentoring. In North America, a diversity leadership council has been established. Participants have developed an implementation plan to drive increased representation of women and minorities at senior levels. A worldwide women's leadership council has also been established across Atkins so that the most senior women in the organisation can guide others and act as role models.



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Corporate Responsibility Review

Sustainability is at the heart
of our business practices. This
report outlines our achievements.

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"Don't hesitate for a second to tell a manager, or act yourself, if you think a situation is unsafe. Always ensure the safety of yourself, your colleagues and of the people whose lives and environments we touch."

Prof Dr Uwe Krueger
Chief Executive Officer

Our commitment

We are establishing more sustainable and responsible business practices across our worldwide operations and using our leadership position in our sector to raise industry safety standards and accelerate the move towards a low carbon society. Our achievements are summarised in this report.

Leadership

We believe we have a responsibility to our people and to the communities in which we operate and the last year has been a critical period in the development of the policies and processes that underpin this. We sought an independent evaluation of our Groupwide approach to corporate responsibility and sustainability, working closely with a member of the UK's Department for Business, Innovation & Skills to complete a review of our existing measures. Following this work and an additional programme of stakeholder engagement within the Group, we have developed a draft set of guiding principles for sustainability. Our intention, in the current year, is to share the principles with the Atkins community and stakeholders. Following engagement, long term sustainability goals will be captured in a pathway model.

Throughout the year we have used our leadership position in our sector and our membership of industry safety and sustainability forums to influence international institutions and clients and to drive positive change. By working in partnership with the UK Government's International Development Department and University College London, we produced a report examining the social, environmental and economic risks posed to a number of cities in light of accelerated urbanisation and climate change (<http://www.futureproofingcities.com>). The report identifies practical policy options to help people living in these cities and urges residents, authorities and investors to take action now to future proof against the risks identified.

Figure 1: Accident incident rate (AIR) – Staff

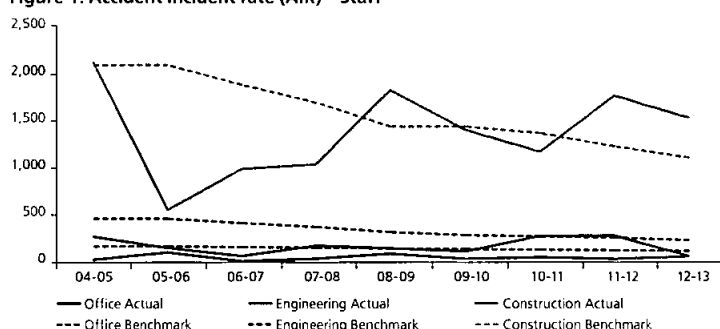
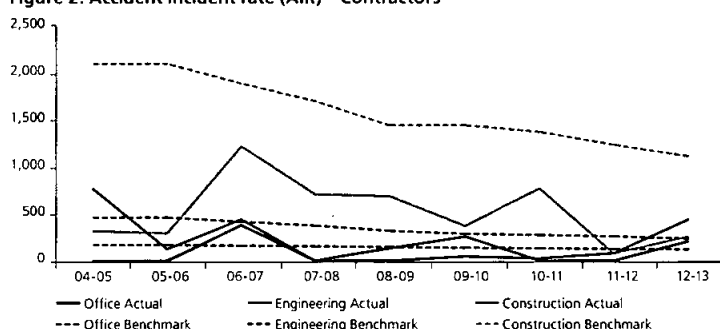


Figure 2: Accident incident rate (AIR) – Contractors



Improving safety standards through behavioural change has also been a focus for the Group in the past year. We are driving progress in the Middle East through our work with the Middle East Construction Safety Executives and Consultants and Major Programme Health and Safety Forum in Qatar. In Abu Dhabi, our site supervision team working on the Al Falah development was recognised, alongside contractors, for achieving

50 million man hours of work in two years with no lost time injuries. Elsewhere we have been instrumental in establishing a Consultants' Health and Safety Forum in the Asia Pacific region.

In the UK, as members of the Rail Infrastructure Safety Liaison Group and Sustainable Development Working Group, we are leading sustainability change in the rail industry.



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Corporate Responsibility Review

continued

Safety performance

Encouraging widespread identification and reporting of accidents and near misses is fundamental to the cultivation of a strong safety culture at Atkins. Our accident incident rate (AIR) measures our people's and contractors' accident performance. Our people's AIR performance remains broadly in line with industry norms, as compiled by the UK's Health and Safety Executive Labour Force Survey. There has been a decrease in major accidents and minor injuries in the UK. We continue to see an increase in near miss reporting and can attribute a 17% rise to our awareness programme. Next year we will broaden the scope of our safety performance statistics reporting to include worldwide operations.

Behavioural safety

Each element of our behavioural safety model – Safe by Leadership, Safe by Design and Safe by Choice – addresses a different business risk. That is, operational activities, design work and decision-making. We continue to build on the strength of our worldwide Safe by Choice (SBC) programme that aims

to make safety a natural part of our organisational culture. We are empowering our people to put safety at the heart of everything we do and to create widespread awareness of the concept of 'natural safety' through their effective leadership and behaviour. This includes the development of a red, amber, green (RAG) list to help designers working across the Group identify, prioritise and mitigate risk. Senior leadership teams in all regions have received behavioural safety coaching over the last year. The emphasis on behavioural safety will continue in the current year, with site visits and an expansion of the leadership programme to target middle managers who are in positions of influence.

Our safety, health and environment culture survey reinforced the value of the SBC programme, with results showing an improvement in the understanding and application of health and safety worldwide. The survey also supported the need to carry out more leadership training for middle managers.

Safety awards and recognition

Atkins' commitment to sustainable and responsible business practices is evidenced by the range of awards we won during the year.

In the UK, we were awarded a Royal Society for the Prevention of Accidents (RoSPA) Gold Award for Occupational Health and Safety.

Additionally, the UK's Olympic Delivery Authority supply chain, including Atkins, received the RoSPA Diamond Jubilee Award for outstanding health and safety performance during preparations for the London 2012 Olympic and Paralympic Games.

A full list of awards can be found on our website at www.atkinsglobal.com/about-us/awards.

Our safety priorities

Objective	Actions	Success measures
Evaluate progress towards the 'natural safety' maturity model.	Use a tracker to monitor progress across the Group.	Group wide advancement towards 'natural safety'.
Promote a vibrant behavioural safety culture.	Strengthen the role of key influencers and safety champions in the business to help tackle unsafe behaviour and create further progress towards 'natural safety'.	Our people feel empowered to promote safety.

Our progress

Atkins has introduced Safe by Design and Safe by Leadership programmes aimed at equipping key influencers to change the safety culture. A UK driver safety working group has been established to improve the management of driving related risks.

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Our industry leading stance on reducing carbon emissions drives our commitment to developing carbon efficient solutions

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Carbon emission reduction

Our industry leading stance on reducing carbon emissions drives our commitment to design and develop carbon efficient solutions that will help in the transition to a low carbon economy.

Verification of greenhouse gas emissions

Lloyd's Register Quality Assurance (LRQA) Limited has provided limited assurance of our direct and indirect greenhouse gas (GHG) emissions data for the financial year ended 31 March 2013 in line with ISO 14064-1. This process covers our scope 1, 2 and 3 (business travel) emissions in Asia Pacific and Europe, the Middle East and the UK. 'Limited assurance' means nothing has come to the auditor's attention that would indicate that the data is not correct.

Carbon Disclosure Project

The Carbon Disclosure Project (CDP) is an international, not-for-profit organisation providing the only global system for companies to measure, disclose, manage and share vital carbon related information. The CDP showcases FTSE 350 companies with the most professional approach to corporate governance and information disclosure on climate change. Atkins has provided data to the CDP for the last four years and we have featured in performance and leadership indices during that time. Our latest score placed us in the top quartile of the CDP FTSE 350 companies. Our objective is to continue to improve our score by further developing good practice in relation to supply chain issues and our North America operations.

UK Carbon Trust Standard and the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme

Atkins has maintained certification to the UK's Carbon Trust Standard for more than four years. During this time, the UK Government's Department of Energy and Climate Change commenced its energy efficiency scheme – CRC. In a CRC league table released in January 2013 Atkins was the highest placed engineering consultancy.

Reporting greenhouse gas emissions

For the third year in a row the Group (excluding North America) has achieved certification to the ISO 14064 international standard for the quantification and reporting of greenhouse gas emissions.

We continue to report on gas, electricity and liquid fuel consumption for our businesses in Asia Pacific and Europe, the Middle East, the UK and North America. We also report on business travel emissions for all of our worldwide operations. Figure 3 shows the total emissions for each region and the split of emissions between scope 1, 2 and 3 as defined by the Greenhouse Gas Protocol.

Figure 3: Total emissions by source, region and scope in tonnes of CO₂ for 2012/13

Region	Scope 1			Scope 2			Scope 3		Region total
Source	Gas	Liquid fuels	Refrigerants ¹	Road ²	Electricity	Heat	Rail	Air	
UK	2,852	37	55	12,062	13,147	–	1,276	4,801	34,230
Europe	–	–	–	445	558	61	93	336	1,493
Asia Pacific	–	12	–	106	1,820	–	–	1,572	3,510
Middle East	–	–	–	620	2,172	–	–	2,479	5,271
North America ³	–	3	–	6,411	10,896	–	–	1,208	18,518
Source total	2,852	52	55	19,644	28,593	61	1,369	10,396	63,022
Scope total	22,603	28,654	11763			28,653		11,765	

Notes

1. Air conditioning equipment – due to lease arrangements we only have operational responsibility for air conditioning equipment in a small number of UK properties.
2. We class all road travel as scope 1 emissions.
3. North America figures are not verified in line with ISO 14064.



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Corporate Responsibility Review

continued

UK energy governance team

A governance team has been established to develop an energy (carbon) management strategy for UK properties. The team has concentrated its initial resources on energy efficiency benchmarking.

Raising Awareness Cutting Energy campaign

The three year, Olympic themed Raising Awareness, Cutting Energy (RACE) programme came to an end in the year just ended. 205 Atkins offices participated, resulting in a 12% reduction in worldwide electricity use and a 3% reduction in UK and European gas consumption. 7,500 employees were trained in energy saving practices. Our new sustainability programme, to be launched in 2013, will have broader aims, encompassing waste, resource management and social investment initiatives as well as energy reduction.

Carbon Critical Design achievements

Our commitment to Carbon Critical Design helps us identify and analyse the sources of CO₂ emissions in our projects and provide our clients with cost effective ways of reducing CO₂. For example, the Hong Kong Construction Association's Environmental Committee commissioned Atkins to produce a practical guide for carbon reduction at construction sites.

We also seek to lead the carbon critical agenda by shaping policies and regulations and establishing innovative practices in design. This approach has been recognised by the British High Commission in India, part of the Foreign & Commonwealth Office, which has employed Atkins to develop low carbon masterplanning approaches to the cities of Mysore and Madurai.

Our carbon priorities

Objective	Actions	Success measures
Improve the monitoring of carbon emissions in North America.	Develop a carbon management plan for North America.	Improved clarity on carbon risks and opportunities.
Evaluate carbon in the supply chain.	Work with the supply chain to understand carbon issues.	Increased information on supply chain carbon footprint.

Our progress

We maintained high levels of performance in the international Carbon Disclosure Project and the UK's Carbon Reduction Commitment.

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Our commitment to the environment is reflected in our management of environmental impacts



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Respect for the environment

Our commitment to environmental stewardship is reflected in our management of environmental impacts and in our approach to enhancing the environment through our ecological and biodiversity services.

Systems

Atkins' safety, health and environmental culture survey indicated a rise in worldwide environmental interest, a trend supported by an increase in internal environmental minor incident reports.

Waste

Over the last three years we have expanded our recycling schemes. An indication of what has been learned during our participation in the Waste and Resources Action Programme, Halving Waste to Landfill initiative in the UK is demonstrated by one of our key projects, the London 2012 Olympic and Paralympic Games Park, where we were able to recycle 95% of the materials.

Our UK offices have reduced their paper, toner and energy use through the introduction of more efficient printing processes and technology.

We have drawn on environmental expertise within our business to develop a good practice site booklet on waste management for worldwide use by Atkins employees.

Our Asia Pacific business obtained Wastewise Label recognition for good waste related performance from the Hong Kong Awards for Environmental Excellence.

Water

Our North American business has participated in the Everglades Restoration Program. This is the world's largest environmental ecosystem restoration project, encompassing ecological rejuvenation, water storage and wastewater reuse, flood control and recreation.

As part of a drive to reduce our water consumption, a series of site water audits were carried out in Australia and lessons learned will be shared across the Group. A good practice site booklet has been developed for worldwide use and a review of water use in offices will be undertaken next year.

As a pilot project, the conventional urinals at a UK office have been replaced with waterless technology, saving 500,000 litres of water per year. We will evaluate the success of this pilot project with a view to expanding the use of waterless urinals across our UK offices.

Ecology and biodiversity

We consider ecological impacts as an integral part of our design process. In the UK, we have developed a GrowBox that gives community groups in urban areas the products and advice they need to create or improve green spaces such as parks and allotments. This concept was shortlisted for the London Green Infrastructure competition, run by the Landscape Institute, the Mayor of London and the Garden Design Museum.

Our work on Farringdon train station in London won an ecology and biodiversity CEEQUAL award, the UK's sustainability assessment, rating and awards scheme for civil engineering, thanks to an integrated living roof design that was a first for UK rail operator Thameslink.

The Group also developed a framework for Korup National Park in Cameroon that is aimed at conserving the biodiversity of lowland tropical forests while promoting social and economic development and sustainable use of natural resources. The provision of social and physical infrastructure was a central element of the project to allow the resettlement of six villages within the park that were having a major impact on wildlife.

Regulatory activity

Following extraordinary weather conditions, there was a minor discharge of silt into a brook at the site of one of our projects. We self reported this issue and associated corrective actions to the UK's Environment Agency which was happy with our response and issued us with its lowest level warning letter.

Our environmental priorities

Objective	Actions	Success measures
Play our part in enabling a more sustainable future.	Communicate guiding principles to Atkins people to improve understanding and implementation of sustainability working practices.	Increased understanding and implementation of sustainability working practices across Atkins.
More sustainable office practices.	Implement the next evolution of RACE.	Increased understanding across the Group of ways in which sustainability practices can be embedded in day-to-day operations.

Our progress

The good practice on site booklet, which includes management of waste and water, was developed for worldwide use.

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Corporate Responsibility Review

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Environmental awards and recognition

The Asian Development Bank, dedicated to reducing poverty in the Asia Pacific region, recognised Atkins' contribution to an Urban Green Initiative programme promoting waste, water, energy and transport related sustainable development.

Atkins enjoyed outstanding success at the UK's 2013 CEEQUAL awards event. The projects recognised included the London 2012 Olympic and Paralympic Games Park and public realm, the M74 completion project, the M25 widening (J16-23 and J27-30) and the Hatfield Tunnel refurbishment.

At the American Public Works Association (APWA) Awards 2013, Atkins' Timber Lake stormwater system in Tallahassee won the Environmental Project of the Year from the APWA Florida Chapter.

A full list of awards can be found on our website: www.atkinsglobal.com/about-us/awards.

Excellence in delivery

Our commitment to technical excellence has made us one of the world's leading design, engineering and project management consultancies. Throughout the year we have focused on putting internal policies and processes in place that will help us strengthen this position.

Assurance

Lloyds Register Quality Audit has certified the Group to ISO 9001, ISO 14001 and OHSAS 18001 (excluding North America). The UK's rail business has gained BS11000, a management standard which certifies competence in building a mutually advantageous approach from business relationships.

The Group is streamlining its governance policies and controls to improve employees' understanding of Atkins' vision, governance, commitment and approach to risk.

Raising the profile of security has led to an increase in the reporting of incidents, resulting in improvements to personal, premises and information security.

Technical excellence

We continue on our journey towards technical excellence. Design principles have been embedded across the Group through a worldwide programme of webinars delivered to all designers. The principles have strengthened our processes, controls and design deliverables.

Our Ecology Technical Excellence Group has developed targets for benchmarking ecological practices, ensuring involvement in major cities infrastructure projects and lending expertise to companies constructing green bridges, green roofs and carrying out green walls projects.

We continue to deliver award winning projects, details of which can be viewed on our website: www.atkinsglobal.com/projects.

Supply chain

A new policy statement sets out our commitment to collaborate with supply chain partners to ensure that goods and services are provided in a spirit of respect and fairness, in alignment with our values on quality, safety and sustainability.

Our excellence in delivery priorities

Objective	Actions	Success measures
Project delivery excellence.	Evaluate the understanding and application of design principles.	The principles are applied throughout the design process.

Our progress

The development of common processes and methods of working continued throughout the year. An example of this is the global design principles framework, which systemises the design journey and processes.

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We recognise the importance of social and community investment to our overall business performance



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Working with our community

Atkins recognises the value of social and community investment to our employees' morale and development and to our overall business performance. Some of this year's projects include:

- Atkins has been awarded the Caring Company logo from the Hong Kong Council of Social Service for the fifth year running, in recognition of our high standards of corporate responsibility in caring for employees, local communities and the environment
- we are encouraging more young people to consider a career in engineering and design through our support for government strategies that promote the work of scientists, technologists, engineers and mathematicians. We are also supporting people who are acquiring skills in these subject areas later in life

- we helped seven to 19 year olds in the UK explore the career possibilities that exist for people with science, technology, engineering and maths (STEM) backgrounds during the Big Bang Fair in London. Around 50,000 young people attended
- as part of the London 2012 Games legacy programme, Atkins provided internships to seven people, each of whom had recently studied STEM subjects. In the UK we have launched the Budding Brunels scheme to introduce young people, particularly those from areas with high levels of poverty, to engineering
- we have a number of active corporate responsibility groups around the world. For example, the UK business has supported and raised funds for several local charities and key international organisations such as RedR, the international disaster relief charity, and the Bangalore office has supported a variety of Trees for Life initiatives that help people become leaders in their communities

- Atkins graduates in the Middle East have engaged in fundraising for Children on the Edge, which promotes humanitarian efforts to operate education centres for children in Burma, as well as supporting children in refugee camps in Bangladesh and Uganda
- an Atkins nuclear engineer has worked on a voluntary basis to install a solar electrical system for a hospital in South Sudan. He used renewable energy sources to create a reliable power supply to a hospital servicing 45,000 newly arrived refugees.

Reviews

Our community priorities

Objective	Actions	Success measures
Improve our approach to the promotion of STEM subjects.	Develop a more strategic approach to STEM.	Attract more young people to pursue STEM related careers at Atkins.
Employee volunteering.	Agree a volunteering framework across the UK.	Greater visibility of volunteering and recognition of volunteers' work across the Group.

Our progress

Group wide sustainability principles have been developed which incorporate community investment and education.

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58 Governance

Board of Directors

	Allan Cook CBE	Prof Dr Uwe Krueger	Heath Drewett	Alun Griffiths
	Chairman	Chief executive officer	Group finance director	Group HR director
Background and experience	Allan Cook is a chartered engineer with more than 30 years' international experience in the automotive, aerospace and defence industries. He was chief executive of Cobham PLC until the end of December 2009. Prior to this he held senior roles at GEC-Marconi, BAE Systems and Hughes Aircraft. He was awarded a CBE in the Queen's New Year's Honours list in 2008 for services to the defence and aerospace industries and is a fellow of the Royal Academy of Engineering.	Prof Dr Uwe Krueger is a physicist who studied at the University of Frankfurt, graduating with a PhD in complex system theory. He has spent the majority of his career leading engineering and consulting organisations in North America, Europe, the Middle East and Asia Pacific. He began his career at international strategy consulting firm A T Kearney, followed by leadership positions at Hochtief AG, an international provider of construction services. More recently he was chief executive officer of Swiss company Oerlikon. He joined Atkins from Texas Pacific Group and Cleantech Switzerland.	Heath Drewett is a graduate in mathematics from Peterhouse, Cambridge. He started his career at Price Waterhouse where he qualified as a chartered accountant. He held a variety of senior finance and corporate development roles at British Airways plc (BA) and The Morgan Crucible Company plc. He spent seven years in BA's finance team, latterly holding the position of head of business performance.	Alun Griffiths joined Atkins in 1986 and was appointed Group HR Director in 2003. He has a background in human resources management and management consultancy. He has worked in a number of business management and corporate roles, including HR strategy and marketing. In his management consultancy career, he has led a wide range of projects in the areas of restructuring, organisational development and privatisation in the UK and worldwide. He is an economics graduate and a fellow of the Chartered Institute of Personnel and Development.
Date of appointment(s)	• Non-executive director, September 2009 • Chairman, February 2010	• Executive director, June 2011 • Chief executive officer, August 2011	• June 2009	• March 2007
External appointments	• Chairman, SELEX ES Ltd • Chairman, Finmeccanica UK Limited • Deputy chairman, Marshall of Cambridge (Holdings) Limited • Member of the operating executive board, J.F. Lehman & Company (New York, USA) • Chairman, UK Trade & Investment's Advanced Engineering Sector Advisory Board • Chairman, the Sector Skills Council for Science, Engineering and Manufacturing Technologies Alliance (SEMTA) • Chairman, the UK Government's Skills & Jobs Retention Group • Director, Baker Dearing Educational Trust	• Board member, ONTEX S.A. (Zeel, Belgium) • Board member, SUSI Partners AG (Zurich, Switzerland)	• None	• Non-executive director, UKRC Community Interest Company, trading as WISE (Women in science and engineering) • Non-executive director, The McLean Partnership Ltd
Committee membership	• Chairman, Nomination Committee	• None	• None	• None

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Admiral the Lord Boyce KG GCB OBE DL	Fiona Clutterbuck	Joanne Curin	Dr Raj Rajagopal	Rodney Slater
Non-executive director	Non-executive director	Non-executive director	Non-executive director	Non-executive director
Lord Boyce had a distinguished career in the Royal Navy and the Ministry of Defence that culminated in his becoming First Sea Lord, professional head of the Royal Navy, in 1998 and then Chief of Defence Staff, professional head of the Armed Forces, from 2001 to 2003. He was elevated to the peerage in 2003, was appointed Lord Warden and Admiral of the Cinque Ports and Constable of Dover Castle in 2004. Between 2004 and 2010 he was a non-executive director of VT Group plc.	Fiona Clutterbuck has substantial experience in all areas of corporate finance, including a particular focus on the financial institutions sector, gained during 15 years at Hill Samuel and HSBC and seven years at ABN AMRO. She has a LLB (Hons) from the University of London and qualified as a barrister in 1980.	Joanne Curin is a chartered accountant and has a broad range of international experience gained during her career as a senior finance executive for large-scale organisations in a diverse range of sectors including property and construction, ports, shipping and logistics, oil and gas, pulp and paper and engineering technologies. She has worked for global businesses based in the UK, New Zealand and Australia and more recent public company roles have been as Finance Director for Lend Lease Corporation and P&O.	Dr Raj Rajagopal held several positions at BOC Edwards before being appointed chief executive, a position he held until November 2006. He was an executive director of the BOC Group plc until November 2006. He was awarded an honorary doctor of science degree by Cranfield University in 2004 and the Institution of Engineering and Technology's (IET) IEE Eric Mensforth International Gold Medal for outstanding contribution to manufacturing technology and management in 2003. He is a fellow of the Royal Academy of Engineering, the IET, the Institution of Mechanical Engineers, the Chartered Institute of Management and the Institute of Directors.	A lawyer by profession, Rodney Slater is currently a partner at law firm Patton Boggs LLP, where he is a leader of its transportation practice, working on projects related to transportation infrastructure. He was the secretary of transportation under president Bill Clinton between 1997 and 2001. He served as administrator of the United States Federal Highway Administration from 1993 to 1996 and was assistant attorney general for the State of Arkansas earlier in his career. In his tenure as secretary of transportation, one of his notable achievements was the successful passing of the Transportation Equity Act for the 21st Century.
• Non-executive director, May 2004 • Senior independent director, June 2009	• March 2007	• February 2009	• June 2008	• September 2011
• Chairman of the advisory board, D Group Advisory Group • Appointments on a number of charities, including: Chairman, Royal National Lifeboat Institution; Chairman, The HMS Victory Preservation Company	• Head of Strategy, Corporate Development and Communications, Phoenix Group • Non-executive director, The Paragon Group of Companies PLC	• Director, DeepOcean Group Holding BV (Netherlands)	• Non-executive director, Bodycote plc • Non-executive director, e2v Technologies plc • Non-executive director, Spirax-Sarco Engineering plc • Chairman, HHV Pumps Private Ltd (India) • Chairman, The University of Manchester I3 Limited • Member of the Advisory Board, Centre for Business Research of Cambridge University	• Partner, Patton Boggs LLP (Washington DC, USA) • Non-executive director, Verizon Communications, Inc. (USA) • Non-executive director, Kansas City Southern (USA) • Non-executive director, Transurban Group (Australia)
• Nomination Committee • Remuneration Committee	• Audit Committee • Nomination Committee • Remuneration Committee	• Chairman, Audit Committee • Nomination Committee	• Chairman, Remuneration Committee • Audit Committee • Nomination Committee	• Nomination Committee • Remuneration Committee

WS Atkins plc Annual Report 2013



Directors' Report

The Company's articles of association may be viewed at:



www.atkinsglobal.com/investors_constitution

WS Atkins plc is the ultimate holding company of a group of companies that plans, designs and enables capital programmes that resolve complex challenges in the built and natural environment.

The Companies Act 2006 (the Act) and the UK Listing Authority's Listing Rules and Disclosure and Transparency Rules (the LRs and DTRs respectively) require the directors to set out in the annual management report that accompanies the Financial Statements and the independent auditor's report (together the Annual Report) a fair review of the business of the Group during the financial year ended 31 March 2013.

This review is required to include a full description of the Group's principal activities, business, performance, significant contracts, likely future developments and principal risks and uncertainties (known as a Business Review).

The information that fulfils the Business Review requirements is incorporated into this report by reference and can be found in the following sections:

- Chairman's Statement (pages 6 and 7)
- Chief Executive Officer's Statement (pages 8 and 9)
- Our Strategy (pages 10 to 13)
- Business Review (pages 14 to 39)
- Principal risks and uncertainties (pages 40 to 43)
- Human Resources Review (pages 44 to 49)
- Corporate Responsibility Review (pages 50 to 57)
- Financial instruments and financial risk management (note 2 to the Financial Statements (page 116)).

Additional information required under the Act, the LRs and/or the DTRs to be disclosed in the directors' annual management report is included within this report, the sections noted above or is incorporated into this report by reference, where it can be found in the following additional sections:

- Corporate Governance Report (pages 64 to 75)
- Remuneration Report (pages 76 to 96)
- Principal subsidiary undertakings and the countries in which they operate (note 40 to the Financial Statements (page 159))
- Profit on disposal of businesses/ non-controlling interests (note 9 to the Financial Statements (page 130))

The Annual Report will be laid before shareholders at the annual general meeting (AGM) to be held at The Lincoln Centre, 18 Lincoln's Inn Fields, London, WC2A 3ED at 1100 on Wednesday 31 July 2013. Details of the business to be considered at the AGM, together with an explanation of each of the resolutions, are set out in the separate Notice of Meeting.

Directors

The names and biographies of those persons serving as directors of the Company as at the date of this report are incorporated into this report by reference and can be found in the Board of Directors section (pages 58 and 59).

Under the Company's articles of association all directors must retire at the first AGM following their appointment by the Board and may offer themselves for election by shareholders. In line with the requirements of the UK Corporate Governance Code, which has applied to the Company since 1 April 2011, all directors will retire at the AGM and, being eligible, will offer themselves for re-election. The Board considers that the performance of each of the directors continues to be effective and that each of them demonstrates a strong commitment to their role.

Indemnification of and insurance cover for directors and officers

Directors and officers of the Company and its subsidiaries 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 138 of the Company's articles of association to the maximum extent permitted by law. Prior to the adoption of new articles of association by shareholders on 3 September 2008, all directors in appointment on that date had separate deeds of indemnity. These indemnities, which still remain in force, are available for inspection by shareholders at the Company's registered office during normal business hours and will be available for inspection at the AGM.

Neither the insurance nor the indemnities provide cover where the relevant director or officer has acted fraudulently or dishonestly.

Articles of association

The Company's articles of association set out the Company's internal regulation and cover such matters as the rights of shareholders, the appointment and removal of directors, the power to issue and buy back shares and the conduct of Board and general meetings. A copy of the Company's articles of association is available on the Group's website or on request from the company secretary. Amendments to the articles of association must be approved by at least 75% of those voting in person or by proxy at a general meeting of the Company.

In accordance with the Company's articles of association, directors can be appointed or removed by the Board or by shareholders in general meeting. Subject to the provisions of relevant legislation, the Company's articles of association and any directions given by a special resolution of the shareholders, the Board of directors may exercise all the powers of the Company and may delegate authorities to committees and management as it sees fit. Details of the main committees of the Board are contained in the Corporate Governance Report (pages 64 to 75) and on the Group's website.



Research and development

The Group develops and delivers innovative technical solutions to its clients, the costs of which are expensed to the income statement. The Group obtains enhanced tax relief for these costs in certain territories.

Suppliers

The Group's policy is to agree terms and conditions for its business transactions with suppliers, to ensure that suppliers are made aware of the agreed terms and conditions and to endeavour to abide by these terms and conditions, subject to the supplier meeting its obligations.

No one supplier arrangement is considered to be essential to the business of the Group.

The Company, as a holding company, did not have any amounts owing to trade creditors as at 31 March 2013.

In the UK, the Group is now an approved signatory of the Prompt Payment Code. This evidences a commitment to pay suppliers on time and in line with the agreed terms, having clear processes in place for suppliers and resolving disputes as quickly as possible. More detailed information, including contact details, can be found on the Prompt Payment Code website: www.promptpaymentcode.org.uk.

Political donations and expenditure

The Group made no political donations and incurred no political expenditure in the UK or European Union during the year ended 31 March 2013 (31 March 2012: nil).

On 1 October 2010 the Group completed the acquisition of The PBSJ Corporation and its subsidiaries (the acquired companies). On acquisition, the acquired companies had, in accordance with relevant US Federal and state election laws, historically made political donations in the US both directly and to affiliated US state and Federal political action committees (PACs).

From 1 April 2011 until 25 June 2011, the affiliated PACs were funded partly by contributions from the acquired companies and partly by employee contributions. Donations made via the PACs were the only donations made by the acquired companies in the financial year ended 31 March 2012. Since 25 June 2011, the PACs have been funded solely by employee contributions.

From 1 April 2012, we introduced a policy of making corporate political donations only on the following basis:

- directly to non-partisan ballot initiatives supporting infrastructure development and maintenance
- to individual candidates and political parties only via the affiliated PACs, funded entirely by employee contributions.

During the year ended 31 March 2013, corporate political donations in the US of \$18,800 (£11,894) were made (2012: \$4,320 (£2,837) restated). In addition, the affiliated PACs continued to make donations funded entirely by employee contributions.

Charitable donations

During the year, the Group made charitable donations of £139,311 (2012: £135,764 restated). The beneficiaries of these donations were local charities serving the communities in which the Group operates or charities working in areas relevant to the Group's activities. The Group intends to continue its focus on supporting local charities in the current financial year.

Shares

Share capital

As at the date of this report, the Company's share capital consists of 104,451,799 issued and fully paid ordinary shares each with a nominal value of 0.5p, listed on the London Stock Exchange, and American Depositary Shares (ADSs). Shares may be held in certificated or uncertificated form. Further details of the Company's authorised and issued share capital, including changes during the year, can be found in note 32 to the Financial Statements (page 152).

The rights and obligations attaching to the Company's ordinary shares are contained in the Company's articles of association. In summary, the ordinary shares and ADSs allow holders to receive dividends and to exercise one vote on a poll per ordinary share for every holder present in person or by proxy at general meetings of the Company. Shares held in treasury are not entitled to vote or receive dividends. There are no restrictions on the transfer or sale of ordinary shares or ADSs and no requirements for prior approval of any transfers, except as described below. Under the Company's articles of association, the directors have the power to suspend voting rights and the right to receive dividends in respect of ordinary shares and to refuse to register a transfer of ordinary shares in circumstances where the holder of those shares fails to comply with a notice issued under section 793 of the Act. The directors also have the power to refuse to register any transfer of certificated shares that does not satisfy the conditions set out in the articles of association.

Shares acquired through Atkins' employee share schemes rank equally with all other ordinary shares in issue and have no special rights. The trustees of the Company's employee benefit trusts (EBTs) have waived the rights of the EBTs to receive dividends on shares they hold, with one EBT fully waiving this right and another waiving the right to dividends in excess of 0.01p per share. In addition neither of the trustees of the EBTs exercises their right to vote in respect of such shares. Shares held in trust on behalf of participants in the Atkins Share Incentive Plan are voted by the trustee, Capita IRG Trustees Limited, as directed by plan participants. Details of share based payments, including information regarding the shares held by the EBTs, can be found in note 33 to the Financial Statements (page 153).

At the AGM held in 2012 shareholders granted authority for the directors to allot relevant securities up to approximately one third of the issued share capital and a further one third in connection with an offer by way of a rights issue. The directors intend to seek shareholder approval for an equivalent authority at this year's AGM, details of which are contained in the Notice of Meeting.



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Directors' Report

continued

The Company is not aware of any agreements between shareholders that might result in the restriction of transfer or voting rights in relation to the shares held by such shareholder.

Share purchases

At the AGM held in 2012, the Company was granted authority by shareholders to purchase up to 10,011,000 ordinary shares, representing approximately 10% of the Company's ordinary share capital as at 13 June 2012. No ordinary shares were purchased pursuant to this authority during the year ended 31 March 2013 or to the date of this Annual Report. This authority will expire at the forthcoming AGM and the Company will seek shareholder approval for an equivalent authority (such authority being in accordance with current best practice) at this year's AGM.

4,341,000 ordinary shares of 0.5p each, representing approximately 4.2% of the Company's issued share capital, were held in treasury (the treasury shares) throughout the year and to the date of this Annual Report following a historic share buyback programme.

Significant shareholders

As at the year end and the date of this Annual Report, the Company had been notified of holdings of 3% or more of the total voting rights attaching to its issued share capital as detailed in table 1.

Change of control

No agreement with a director or employee of the Company provides for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs as a result of a change of control.

All of the Company's employee share schemes contain provisions relating to a change of control of the Company. Under these provisions, a change of control would normally be a vesting event, facilitating the exercise of options or transfer of allocations subject to any relevant performance conditions being satisfied.

The Company is not a party to any other significant agreements that take effect, alter or terminate upon a change of control other than its funding facilities, which provide that in such a situation the Company may be unable to draw down any further amounts under the facilities and/or that they may be cancelled.

Directors' statement of responsibility

The directors are responsible for preparing the Annual Report, the Remuneration 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. The directors have prepared the Group and Company Financial Statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 the Group and of the profit or loss of the Company and the Group for that period.

In preparing the 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 IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the Financial Statements
- prepare the Financial Statements on the going concern basis, unless it is inappropriate to presume that the Group and the Company will continue in business.

Table 1: Holdings of 3% or more of the total voting rights attached to the Company's issued share capital

Name of holder	At 12 June 2013		At 31 March 2013	
	Number of voting rights ¹	Percentage of total voting rights ¹	Number of voting rights ¹	Percentage of total voting rights ¹
Ameriprise Financial, Inc.	11,008,430	11.00%	11,008,430	11.00%
Schroders plc	10,143,360	10.13%	10,143,360	10.13%
Norges Bank	6,032,652	6.03%	6,032,652	6.03%
HSBC Holdings plc	5,596,634	5.59%	5,596,634	5.59%
Newton Investment Management Limited	5,085,117	5.08%	5,085,117	5.08%
BlackRock Inc.	4,971,580	4.97%	4,971,580	4.97%
Veritas Asset Management (UK) Ltd	4,146,988	4.14%	4,146,988	4.14%

1. Number and percentage of voting rights per last notification received by the Company.



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 the Group and that enable them to ensure that the Financial Statements and the Remuneration Report comply with the Act and, as regards the Group Financial Statements, Article 4 of the International Accounting Standard Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Each of the directors, whose names and functions are listed in this Annual Report (pages 58 and 59), confirms that, to the best of his/her knowledge:

- the Directors' Report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces
- the Group Financial Statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group.

Going concern

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

Disclosure of audit information

The directors confirm that, as at the date this Annual Report was approved, so far as each director is aware there is no relevant audit information of which the Company's auditor is unaware and that he or she has taken all the 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 establish that the Company's auditor is aware of that information.

Independent auditor

The Company's independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to continue in office and resolutions for its reappointment and to authorise the directors to determine its remuneration will be proposed at the forthcoming AGM.

Approved by the Board and signed on its behalf by

Helen Baker
Acting Company Secretary
12 June 2013

WS Atkins plc, Woodcote Grove,
Ashley Road, Epsom, Surrey, KT18 5BW,
England

Registered in England and Wales
No. 1885586

Cautionary statement

Under the Companies Act 2006, a company's directors' report is required, among other matters, to contain a fair review by the directors of the company's and, if applicable, group's business through a balanced and comprehensive analysis of the development and performance of the business of the company and group and the position of the company and group at the year end, consistent with the size and complexity of the business.

The directors' report set out above, including the Chairman's Statement, the Chief Executive Officer's Statement, Our Strategy, the Business Review, the Human Resources Review, the Corporate Responsibility Review, the Corporate Governance Report, the Remuneration Report and certain notes to the accounts incorporated into it by reference (together, the Directors' Report), has been prepared only for the shareholders of the Company as a whole and its sole purpose and use is to assist shareholders to exercise their governance rights. In particular, the Directors' Report has not been audited or otherwise independently verified and no warranty is given as to its accuracy or completeness (other than any such warranty which is mandatorily implied by statute). The Company and its directors and the Group's employees are not responsible for any other purpose or use or to any other person in relation to the Directors' Report.

The Directors' Report contains indications of likely future developments and other forward looking statements that are subject to risk factors associated with, among other things, the economic and business circumstances occurring from time to time in the countries, sectors and business segments in which the Group operates. These factors include, but are not limited to, those discussed under Principal risks and uncertainties (pages 40 to 43). These and other factors could adversely affect the Group's results, strategy and prospects. Forward looking statements involve risks, uncertainties and assumptions. They relate to events and/or depend on circumstances in the future which could cause actual results and outcomes to differ materially from those currently expected. No obligation is assumed to update any forward looking statements, whether as a result of new information, future events or otherwise.



Corporate Governance Report Letter from the chairman

For more information about
our governance framework
visit:



www.atkinsglobal.com/investors_governance

Dear Shareholder

In my role as chairman of the Board I seek to create a highly effective working dynamic, encouraging debate and fostering the link between the independent non-executive directors and executive management. My aim is to ensure the Board fully engages with the business and understands the dynamics of the Group at all levels. An effective board, able to make well informed decisions, is critical to our success.

The Company benefits from having well informed, engaged and committed directors who participate in robust and challenging debate.

Best practice

This year, as every year, the Board reviewed the Company's compliance with the UK Corporate Governance Code (the Code) published by the Financial Reporting Council (the FRC) in 2010. This is the standard against which we were required to measure ourselves in the year ended 31 March 2013. Last year, a new edition of the Code was published (the 2012 Code) which applies to the Company from 1 April 2013. In line with our usual approach, we have sought, as far as possible, to comply with the 2012 Code before 1 April 2013.

Diversity

Diversity, particularly gender diversity, remains an important priority for us, the public and our investors. The Board continues to aspire to a membership of at least one third women by 2015, without compromising its focus on diversity of thought and experience as key drivers of its effectiveness. Within our businesses, proactive steps are being taken to increase gender diversity, as discussed in greater detail in the Human Resources Review (page 49).

We continue to monitor developments in best practice and regulation in this area, particularly in considering Board succession planning. I am pleased to report that the Company already meets the proposed European Union (EU) objective that 40% of non-executive directors on listed boards should be female by 2020.

Succession planning

Lord Boyce, our senior independent director, will retire from the Board at the conclusion of our annual general meeting (AGM) on 31 July 2013. He has served the Company for nine years and I would like to thank him for his contribution and support during that time. The Board and I are delighted that Fiona Clutterbuck, who has served as a non-executive director since March 2007, will take up the position of senior independent director on his retirement.

Shareholder engagement

Our engagement with investors continues to evolve. We have a programme of regular analyst presentations and breakfasts throughout the year. In addition, in the lead up to the 2012 AGM, there was a period of extensive engagement with institutional shareholders regarding the Company's review of executive remuneration. The Board is grateful to shareholders for their involvement in this process and pleased that the proposals received their broad support.

Performance evaluation

This year the Board underwent an externally facilitated performance evaluation. Details of this exercise, including a description of the resulting actions, can be found later in this report. An update on the actions resulting from the 2011 Board evaluation, conducted by myself in accordance with the Code, is also provided.

Yours sincerely

Allan Cook
Chairman
12 June 2013





For more detailed information about how the Board and its committees operate visit:



www.atkinsglobal.com/investors_leadership

Statement of compliance with the Code

Throughout the year ended 31 March 2013 the Company complied with the provisions of the Code, a copy of which is available on the FRC's website: www.frc.org.uk. Compliance with the 2012 Code is required commencing from 1 April 2013. However, the Board accepts that it represents a statement of best practice and, as such, it has reviewed its practices relative to it and this is reflected in additional information included within this report.

The disclosures that follow mirror the five sections of the Code: Leadership, Effectiveness, Accountability, Remuneration and Relations with shareholders.

Full details of the Group's governance framework are available on the Group's website: www.atkinsglobal.com/investors_governance.

Leadership

The Board is responsible for ensuring the long term success of the Company. It does so by determining the Company's long term direction and strategic aims within a framework of appropriate and robust controls. A key principle of the framework is the delegation of operational management to the chief executive officer with a matrix of authorities setting out how this is further delegated through the organisation. This enables the efficient and effective day to day operation of the Group's businesses.

Further details on the roles of the chairman, chief executive officer and senior independent director can be found on the Group's website: www.atkinsglobal.com/investors_leadership. An overview of the role of the senior leadership team (SLT), through which the chief executive officer discharges his responsibilities, is also provided.

The Board has reserved a number of matters for its sole consideration. These include:

- consideration and approval of strategy
- general oversight of the Group's operations
- approval of significant bids and contracts
- the Group's capital, corporate, management and control structures
- approval of financial statements and shareholder communications
- approval of dividend policy and interim dividends
- approval of Group policies
- implementation and monitoring of internal control and risk management systems
- approval of significant contracts, acquisitions and disposals
- material changes to the Group's pension schemes.

While the Board has specific responsibility for the matters reserved for its consideration, in certain areas specific responsibility is delegated to committees of the Board within defined terms of reference. The activities of these committees are discussed in more detail later in this report and their terms of reference are available on the Group's website or on request from the company secretary.

In addition the Board may delegate authority to a standing committee, consisting of any two directors, to provide final sign off for an agreed course of action within predefined parameters.



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Corporate Governance Report

continued

The key agenda items discussed by the Board during the year included:

Theme	Agenda items
Financial reporting	• Approval of trading updates and interim management statements • Approval of the full year results, 2012 AGM notice of meeting and associated documentation for the year ended 31 March 2012 • Approval of the half year results and associated documentation for the six months ended 30 September 2012 • Dividend recommendation and approval (as appropriate) • Quarterly performance updates and business reviews (including Human Resources (HR), quality, environmental and health and safety matters) • Appointment of the independent auditor and approval of its audit fee
Strategy	• Sale of the UK highways services business • Information assurance and cyber security • Group strategy development, approval and implementation • Defined benefit pension schemes' deficits
Operations	• The Group's banking facilities • Significant project approvals • Programme to drive operational excellence • Review of Group risk log
Budget	• Budget for the Group for the year ending 31 March 2014
Business presentations	• Middle East • Group IS • Scandinavia • India (Global Design Centre) • Water • Asia Pacific
Governance	• Governance framework review, including review of risk management and internal controls • Approval of key corporate policies and Board committee terms of reference • Directors' conflicts of interest and annual review of authorised conflicts
Shareholder engagement	• Updates on the views of shareholders following the announcement of results, investor meetings and roadshows • Independent feedback from the Group's broker following investor meetings • Reports from the investor relations director • Consideration of market reaction to key announcements including the sale of the UK highways services business
Employees	• Employee diversity, particularly gender diversity • Talent development • Review of the results of the 2012 employee engagement survey • Senior personnel changes and succession planning
Board	• Outcomes of, and actions arising from, the externally evaluated 2012 review of Board effectiveness • Consideration of proposed EU legislation in relation to women on boards • Approval of non-executive directors' fees

WS Atkins plc Annual Report 2013



For more information about how the Board ensures it is operating effectively visit:



www.atkinsglobal.com/investors_effectiveness

The membership of the Board during the year is shown in table 1 along with a summary of attendance at meetings of the Board and its committees. Biographies for each of the directors are provided separately (pages 58 and 59).

Table 1: Board membership and Board and committee meeting attendance¹

Director	Board	Audit Committee	Remuneration Committee	Nomination Committee
Chairman				
Allan Cook (Nomination Committee chairman)	13/13	–	–	2/2
Executive directors				
Heath Drewett (Group finance director)	13/13	–	–	–
Alun Griffiths (Group HR director)	13/13	–	–	–
Uwe Krueger (chief executive officer)	13/13	–	–	–
Senior independent director				
Admiral the Lord Boyce	13/13	–	6/6	2/2
Independent non-executive directors				
Fiona Clutterbuck	13/13	4/4	6/6	2/2
Joanne Curin (Audit Committee chairman)	13/13	4/4	–	2/2
Raj Rajagopal (Remuneration Committee chairman)	13/13	4/4	6/6	2/2
Rodney Slater	11/13 ²	–	5/6 ²	1/2 ²

1. Attendance is expressed as number of meetings attended/number eligible to attend.

2. Two of the Board meetings, one of the Remuneration Committee meetings and one of the Nomination Committee meetings coincided with prior arrangements.

Allan Cook's external appointments changed during the year as a result of the restructuring of SELEX Galileo. He is now chairman of Finmeccanica UK Limited and of Selex ES Ltd. To enable him to carry out his responsibilities as chairman, he continues to spend at least three days per week with the Company.

Directors' conflicts of interest

Each director is required, in accordance with the Act, to declare any interests that may give rise to a conflict of interest with the Company on appointment and subsequently as they arise. Where such a conflict, or potential conflict, arises the Board is empowered under the Company's articles of association to consider and authorise such conflicts as appropriate. In addition, the Company undertakes an annual review of all authorised conflicts to ensure such authorisation remains appropriate, the last such review having taken place in November 2012.

A more detailed statement regarding how the Board operates is available on the Group's website: www.atkinsglobal.com/investors_leadership.

Effectiveness

Nomination Committee

Information regarding the members and role of the Nomination Committee, including its terms of reference, can be found on the Group's website: www.atkinsglobal.com/investors_effectiveness.

The key matters discussed by the Nomination Committee during the financial year included:

Theme	Agenda items
Succession planning	- Executive and non-executive directors - Members of the SLT
Development	Review of the new Group leadership development programme
Diversity	Consideration of actions being undertaken by management to promote gender diversity
Board and committee appointments	Election and re-election of directors in accordance with the Company's articles of association

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Corporate Governance Report

continued

Succession planning

We are pleased that the Board benefits from a broad range of backgrounds and skills. The Board succession plan is framed with the aim of retaining appropriate diversity of thought and experience to enable the Company to implement its strategy. Considerable effort has also been put into developing talent below Board level, notably through the introduction of a Group leadership development programme.

The executive search firm Korn/Ferry Whitehead Mann has provided support on our most recent Board appointments. We are pleased that it has signed up to the Voluntary Code of Conduct for Executive Search Firms, which promotes gender diversity and best practice for corporate board search processes.

Gender imbalance below Board level is widely recognised as a potential factor in gender imbalance at Board level. The Company has sought to address this through various initiatives, as set out in the Human Resources Review (page 49). As part of the succession planning exercise, a number of female employees have been identified as potential future leaders. It is hoped this will create a pipeline of senior female talent in both management and technical roles.

Board and employee diversity

The Board is committed to gender diversity both within its own membership and within the Group. The topic of women's representation on boards remains high on the agenda for governments and the public. In April 2013 Lord Davies of Abersoch published his second annual progress report on this matter. He has called for chief executive officers to set out the percentage of women they aim to have on their executive committees and in senior management levels within their organisation by 2015. We are pleased to confirm that we have set a short term target of increasing female representation in both the senior management population (the top 1,000 employees in the Group) and the SLT to 15% by 31 March 2015. At present, women account for 12.4% of the senior management population (2012: 11.3%) and 14.3% of the SLT.

Board diversity was further addressed as part of the externally facilitated Board evaluation, which is discussed in more detail later in this report. The Board's current diversity is shown in table 2 below.

Table 2: Board diversity

Board experience and composition	Percentage of Board membership
Board overall	100%
Nationality/citizenship	
Engineering	33.3%
Defence	22.2%
Finance (accountancy, private equity and corporate finance)	44.4%
Legal	22.2%
Transportation	11.1%
Human Resources	11.1%
Management consultancy/ strategic consultancy	33.3%
Other global multinational boards	UK: 22.2% US: 22.2% European: 22.2%
Not for profit, educational and public entities	22.2%



Performance evaluation

The Board recognises the need to maintain its ongoing development to ensure its continued effectiveness and to continue to respond to evolving best practice. This involves a continuous process of:

- reflecting on past performance and the implementation of past actions
- consideration of future training, skill and diversity requirements
- identification and implementation of new actions to improve performance.

The Board recognises that the process of improving its effectiveness requires continuous attention, particularly in respect of actions such as ensuring the correct Board balance (2011), succession planning (2010 and 2011) and Board focus (2010).

The Board undertakes a rigorous and formal evaluation of its own performance and that of its committees and directors annually. The Board believes that an external evaluation every three years brings new insight into its processes and performance. The planned 2011 external evaluation was postponed on account of Prof Dr Uwe Krueger's recent appointment as chief executive officer. It was felt that delaying the external evaluation would enable his leadership of the business to be fully embedded and that, as a consequence, the review by a third party would be of greater value at a later date. Accordingly, the 2012 evaluation exercise was externally facilitated by Independent Board Evaluation, which has no other connection with the Company.

Independent Board Evaluation conducted interviews with each member of the Board, the company secretary, representatives from the senior management team, the independent auditor, the internal auditor and the Company's broker. It also compared the Board's composition and aspects of its governance with those of companies of a similar size, complexity and in a similar line of business. The Board requested that the following areas of its role and performance be explored in depth during the evaluation process:

- accountability, governance and culture
- composition of the Board and its committees and their balance and diversity of skills, experience, independence and knowledge, including consideration of gender diversity
- how the Board and its committees work as individual units as well as their interaction with each other and with management
- the performance of individual directors
- other factors relevant to the Board's effectiveness such as management of meetings and the quality of information provided by management.

The Board received a written report and presentation from Independent Board Evaluation. The written report and presentation, which identified areas for improvement, was debated and discussed in detail. A clear action plan for the year ahead was then developed and approved.

The actions identified in the 2012 review build upon the actions identified in previous years and focus on the role of the Board, the diversity of the Board and communication with the Board. In particular, the continuing implementation of the actions to provide more timely and detailed management data (2011) and enhance the rolling 12 month agenda (2010) has improved the effectiveness of Board and Committee meetings. This led to a discussion on the wider remit of the Board and the proposal that Board members be encouraged to increase their input into the Company outside meetings to maximise the benefit of their experience and skills and provide them with a deeper knowledge of the Group.

The key findings of the 2012 performance review will be implemented in the current financial year and progress will be considered as part of the next performance evaluation.

Commitment

During the year all directors, including the non-executive directors, committed significant time to the Company, in line with the requirements stated in their letters of appointment and service contracts.

Development, business awareness and induction

Allan Cook regularly reviews training requirements with each director. The company secretary ensures suitable opportunities are identified. During the year the directors have undertaken training on topics including cyber security and the global economic outlook.

The Board also receives regular updates from the company secretary on legal, regulatory and governance developments, which highlight any impact they may have on the Board and/or the Group.

On joining the Board, directors take part in a formal induction process. This includes the provision of past Board materials to provide background information on the Group, information on Board processes and governance, site visits and meetings with key employees. The induction is tailored to each new director's specific needs.



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Corporate Governance Report

continued

For more information about our internal controls visit:



www.atkinsglobal.com/investors_accountability

Accountability

Financial reporting

Statements regarding directors' responsibilities and the status of the business as a going concern are given in the Directors' Report (pages 62 and 63).

Internal controls

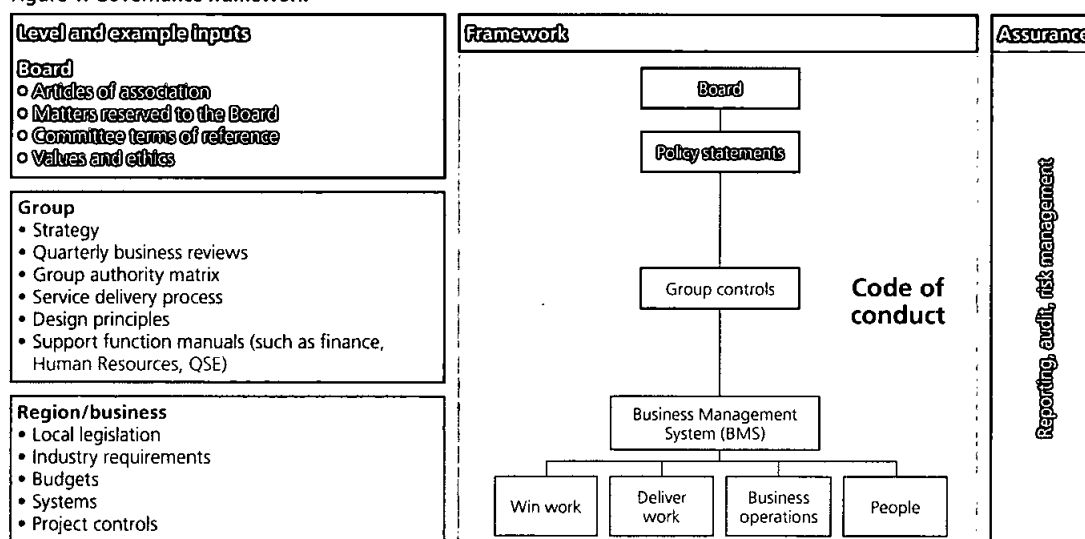
The Board is responsible for reviewing and approving the Group's governance framework and ensuring its adequacy and effectiveness, as set out in the FRC's 2005 Internal Control Revised Guidance for Directors on the Combined Code.

During the year the Board considered the high level structure of the framework and approved its enhancement as follows:

- rationalisation of Group policies and introduction of a code of conduct to define the relationship between the three levels of governance within the Group (Board, Group and region/business) and to clarify expectations around the key controls and behaviours
- clarification and streamlining of key inputs into the framework and the associated assurance cycle of reporting, audit and risk management.

The revised framework is illustrated in figure 1 and the required changes are currently being implemented.

Figure 1: Governance framework





The Group operates through a devolved and decentralised structure, which is considered key to its ability to deliver services to its clients and this is reflected in our governance framework. Under this structure the Board has delegated operational responsibility to the chief executive officer, who then delegates authority and control to the regional chief executive officers (who are all members of the SLT). Authority is further delegated from them to the managing directors of the principal businesses and then downward to business and project managers as appropriate. This approach is reflected in the revised governance framework as follows:

- the policy statements approved by the Board, available on our website: www.atkinsglobal.com/corporate-responsibility/policy-and-governance, set out clearly and succinctly Atkins' vision, commitment and arrangements, including: business conduct, risk management, employment, excellence in delivery, health and safety leadership, sustainability and stakeholder communication
- Group controls set out mandatory activities and standards that are part of the overall Group processes and apply across the Group
- the code of conduct, which is currently being developed, will set behavioural expectations for everyone who works for and represents Atkins, the purpose being to reinforce the controls and underpin the ethics and values that apply across the Group, thereby protecting the reputation of our business and maintaining our professional standing and brand
- each BMS (as adopted by each region/business) is being reviewed and updated to ensure it incorporates all Group controls and any regional and industry specific controls required to deliver our four key business processes of win work, deliver work, people and business operations, with each BMS providing a single source of information for employees enabling them to understand their responsibilities and comply with all Atkins' requirements.

The following principles are key to the successful operation of the framework:

- authority is delegated within clearly prescribed limits (under the Group's authority matrix)
- decisions are escalated where either project size or risk profile require a higher level of authority
- activity and performance are tracked through monthly and quarterly reports
- effectiveness is audited via internal audit and self-assessment reviews.

The governance framework is designed to manage, rather than eliminate, the risk of failure to achieve stated business objectives. It can only provide reasonable and not absolute assurance against material misstatement or loss.

Joint ventures in which the Company does not have overall control are not covered by the Group's governance framework. For these joint ventures, systems of internal control are applied as agreed between the joint venture parties but as far as possible we insist on compliance with our governance requirements as a minimum.

The Board monitored and reviewed the adequacy and effectiveness of the Group's governance framework, including internal controls and risk management, on a continuous basis throughout the year ended 31 March 2013 and up to the date of approval of the Annual Report. Support was provided by the Group Risk Committee, the internal audit function and the Company's independent auditor.



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Audit Committee

Letter from the Audit Committee chairman

Dear Shareholder

I am pleased to present the Audit Committee's annual report on its activities.

The role of the Committee has continued to grow in recent years in response to the increasing expectations of stakeholders. The continuing uncertainty of the global economic environment has resulted in increased scrutiny of all companies and their audit committees from regulators, investors and other stakeholders. I would like to thank my fellow Committee members for their continued dedication to the work of the Committee.

Internal auditor

Ernst & Young (EY) was appointed in 2010 to provide internal audit services to the Group. The Committee has been very satisfied with the development of the internal audit function since this appointment, particularly its use of best practice processes and its more balanced approach to both operational and financial audits. EY's ability to scale resource and deploy specialists where necessary in support of this approach has led to a marked improvement in the internal audit service.

Independent auditor

During the year the Committee has kept under review future regulatory and best practice developments in connection with its role and responsibilities. In particular, it has considered the requirements under the 2012 Code for the independent audit contract to be put out to tender every 10 years. In line with the FRC's proposed transitional guidelines, it is currently proposed that the Company will consider this to coincide with the end of the tenure of the current lead audit partner. Any recommendation for the reappointment of the independent auditor will continue to be the subject of rigorous review each year.

This year, having considered the effectiveness and performance of the independent auditor, the Committee has recommended to the Board the reappointment of PricewaterhouseCoopers LLP (PwC) as independent auditor of the Company.

Yours sincerely

Joanne Curin

Audit Committee chairman

12 June 2013





Information regarding the members and scope of the Committee, including its terms of reference, can be found on the Group's website: www.atkinsglobal.com/investors_accountability.

The key matters discussed by the Committee during the financial year included:

Theme	Agenda Items
Financial reporting	• Judgemental issues regarding the results for the year ended 31 March 2012 including a review of accounting policies and going concern • Independent auditor's report in respect of the results for the year ended 31 March 2012 • Draft results and associated documentation for the year ended 31 March 2012 • Judgemental issues regarding the results for the six months ended 30 September 2012 • Independent auditor's report in respect of the results for the six months ended 30 September 2012 • Draft half year results and associated documentation for the six months ended 30 September 2012 • Plans for the preparation of the full year results for the year ended 31 March 2013
Internal controls	• Review of internal controls • Group self-certification process and statement • Review of the whistleblower and fraud response policies and processes • Reports on whistleblower confidential hotline activity • Review of Group tax and treasury policies • Consideration of the role of the senior accounting officer and the statements required to be filed
Internal audit	• Consideration and approval of the internal audit plan for 2013/14 • Regular reviews of internal audit findings • Adoption of a policy regarding the management of potential conflicts between the Group and the internal auditor • Performance of EY as internal auditor • Approval of changes to the Group's Internal Audit Charter
Independent auditor	• Independent audit plans for the six months to 30 September 2012 and for the year ended 31 March 2013 • Review of the policy regarding the management of potential conflicts between the Group and the independent auditor, including non-audit work undertaken by the independent auditor • Review of audit and non-audit fees paid to the independent auditor and its independence • Recommendation regarding the reappointment of the independent auditor • Approval in line with policy of non-audit work undertaken by the independent auditor
Risk	• Annual review of the activities of the Group Risk Committee • Review of Group risk log
Governance	• Consideration of the 2012 Code, transitional arrangements proposed by the FRC in relation to the independent audit tender and its Guidance on Audit Committees • Review of the report regarding the effectiveness of the Committee by Independent Board Evaluation

Independent auditor

The independent auditor is currently PwC, which has acted in this capacity since the Company listed on the London Stock Exchange in 1996. During the year the Committee conducted a review of the relationship with the independent auditor, as well as its qualification, expertise and resources and the effectiveness and quality of the audit. It concluded that PwC's appointment continues to meet the Group's needs and therefore recommended its reappointment as independent auditor to the Board.

The independence of the independent auditor is evidenced through its challenge to management. Its independence and objectivity are assured through the rotation of the audit partner on a regular basis, the last such rotation having taken place in 2012. Accordingly, the Committee has not considered it necessary to date to undertake a tender process for the audit work, although it has considered PwC's tenure and appointment on an annual basis. There are no contractual obligations restricting the Company's choice of independent auditor.

Corporate Governance Report

continued

The Committee understands that certain work of a non-audit nature may be best undertaken by the independent auditor as a result of its unique position and knowledge of key areas of the Company. Approval is required prior to the independent auditor commencing non-audit work in accordance with a Group policy, summarised in table 3. This policy is drafted with a view to preserving the independence and objectivity of the independent auditor and is approved annually by the Committee. The impact on independence, if any, of non-audit work performed by the independent auditor is also considered regularly by the Committee. The policy sets out safeguards to be considered when engaging the independent auditor for non-audit services. The appointment of former employees of the independent auditor to positions in the Group is also regulated by the Committee.

Table 3: Policy on non-audit services provided by the independent auditor

	Audit related services	Work best performed by the independent auditor as a result of its unique position and knowledge of the Company	Other work	Prohibited work
Examples of types of work	- Regulatory work - Reporting accountants to a share or bond issue or other shareholder circulars - Auditing of share schemes	- Taxation advice - Assisting and working with the internal audit function - Forensic work - Internal audit services under the instruction of the internal audit function - Valuation services not material to the financial statements (and where there is not a high degree of subjectivity)	- Provision of non-material systems or project services under the control of a Group project manager - Secondment of staff other than to prepare accounting records or financial statements - Remuneration surveys - Systems recommendation and implementation - Pension or other financial advisory work	- Book-keeping services - Other services deemed to be incompatible with auditor independence by professional or governmental regulations
Approval required	Executive management (via the Group finance director and company secretary) has delegated authority to use the independent auditor without prior consultation with the Committee (although the nature of, and fees associated with, that work will be regularly reported to the Committee). The independent auditor's audit partner also has to approve any such engagement before it can proceed.			n/a

Note 5 to the Financial Statements (page 126) sets out the fees paid to the independent auditor for audit and non-audit work. The Committee concluded that the level of non-audit fees, which represent a value of 67% of the audit fees for the Group, did not have any impact upon PwC's independence.



For more information about our relations with shareholders visit:



www.atkinsglobal.com/investors_relations

Remuneration

Details of the directors' remuneration and the work of the Remuneration Committee can be found in the Remuneration Report (pages 76 to 96).

Relations with shareholders

The primary means used by the Board for communicating with all Company shareholders are the Annual Report, preliminary statement of annual results and half year results and the AGM. It also recognises the importance of the internet as a means of communicating widely, quickly and cost-effectively. An investor relations section is provided on the Group's website: www.atkinsglobal.com/investors to facilitate communications with shareholders. This includes material shared with institutional investors, fund managers and analysts at meetings.

Shareholders play a vital role in the Group's governance and their increasingly active engagement is welcomed. The investor relations director, alongside the chief executive officer, Group finance director and chairman, provides a focal point for communication with investors and we are always keen to engage with potential new investors. The Group's strengthened approach to investor relations enables it to be more proactive in its engagement with both shareholders and non-shareholders. The chairman sent letters to all the Company's major investors in March of this year inviting them to contact him or the senior independent director if they wished to discuss any elements of the Company's governance, performance, strategy or other matters.

The chief executive officer and Group finance director present the preliminary statement of annual results and half year results to institutional investors and analysts. These are also available via webcast and teleconference. Analyst breakfasts are hosted regularly, last year's having focused on UK growth opportunities and the US consultancy market. The chief executive officer, Group finance director and investor relations director regularly attend conferences and roadshows to give shareholders, and other potential investors, access to management.

Retail shareholders have the opportunity to attend our AGM, where all directors are expected to be available to answer questions. They are also able to submit questions in writing at any time. All of the directors in appointment at the time attended our AGM in August 2012 and were available to speak to shareholders.

We intend to call a poll for all resolutions to be considered at the 2013 AGM. This ensures the Company continues to follow best practice and allows all shareholders, present in person or by proxy, to vote on all resolutions in proportion to their shareholding. Details of the 2013 AGM are set out in the separate Notice of Meeting.

Approved by the Board and signed on its behalf by

Helen Baker

Acting Company Secretary
12 June 2013



Remuneration Report

Letter from the Remuneration Committee chairman

Dear Shareholder

I am pleased to present the Remuneration Committee's annual report on directors' remuneration.

I have now completed my first full year as chairman of the Committee and I would like to thank my fellow Committee members for their support during the year. We remain mindful of the continued attention the subject of executive remuneration is receiving and have continued to balance carefully shareholder requirements with appropriate incentivisation and motivation of executive management.

Reviewing the performance of the past year, the Group has delivered another year of good results in worldwide markets that continue to be challenging. In particular, it is pleasing to see the increase in our underlying profit before tax on revenue that was broadly the same as last year. Our success over the last 75 years has been due to the expertise, hard work, dedication and quality of our people and appropriate remuneration plays a key role in ensuring we are able to recruit and retain these individuals at all levels of the organisation.

The Committee concluded a comprehensive review of remuneration during the year and implemented a new framework that sought to:

- improve strategic alignment
- provide the right balance between short and long term incentives
- align senior management remuneration with that of the executive directors
- recognise that we operate a people business, where reward and incentive structure is critical to our success
- achieve this whilst not increasing quantum for executive directors.

During the consultation exercise we undertook with shareholders following this review, we identified the pertinence of incorporating a cash flow measure into the annual bonus scheme, as this is a key indicator by which the Company and its shareholders measure the performance of the business. We have worked on this proposal over the last year and I am pleased to report that a cash conversion target has been included in the annual bonus for the executive directors and other senior management for 2013/14. Further details are available in this report (page 83) but, in summary, 25% of executive directors' bonuses in 2013/14 will be based on the cash conversion measure.

The changes to the remuneration framework were explained in detail in last year's report and so are not covered in the same level of detail this year. Instead, the report this year focuses on the implementation of the framework and how this achieves the stated objectives.

In June 2012 the Department for Business, Innovation & Skills (BIS) published draft remuneration reporting regulations (the Directors' Remuneration Regulations). Consultation on the Directors' Remuneration Regulations has continued throughout the year and a further draft was published in March 2013. The Committee had already taken significant steps last year to increase the transparency of its reporting, including:

- the disclosure of a single figure for executive director remuneration; and
- an illustration of the value of executive director packages under different performance scenarios.

The Committee continues to keep the disclosures required under the Directors' Remuneration Regulations under review and has taken the decision this year to enhance disclosures in line with the anticipated content of the Directors' Remuneration Regulations where considered appropriate and helpful to shareholders in understanding our remuneration structure.

In line with current requirements, we will put the remuneration report to an advisory shareholder vote at the forthcoming annual general meeting (AGM). Last year, we achieved a vote of 97.03% in favour of the report, 2.97% against and 3,331,060 abstentions. I very much hope you will show the same support for this year's report.

Dr Raj Rajagopal

Chairman of the Remuneration Committee
12 June 2013





View the Remuneration Committee's terms of reference at



www.atkinglobal.com/investors_tor

The Remuneration Committee

The Remuneration Committee is a committee of the Board. Its terms of reference are available on the Company's website: www.atkinglobal.com or on request from the company secretary. The Committee has responsibility for setting remuneration policy and structure for the Company's chairman and executive directors. The Committee also has oversight of remuneration practice across the Group, including the senior leadership team.

Committee membership

The independent non-executive directors who served on the Committee during the year are shown in table 1.

Table 1: Members of the Committee during the year

Member	From	To
Admiral the Lord Boyce	5 May 2004	To date
Fiona Clutterbuck	15 June 2009	To date
Raj Rajagopal	1 March 2009	To date
Rodney Slater	9 September 2011	To date

The Committee met six times during the year (2012: nine). Details of the attendance of members at meetings can be found in the Corporate Governance Report (page 67). The diversity of thought and perspective represented by members of the Committee, drawing on insights into both the public and the private sectors, is particularly valued by the Board.

Committee meetings are attended by the Group HR director, Alun Griffiths. The chairman of the Board and the chief executive officer also attend meetings at the discretion of the Committee chairman. The company secretary or deputy company secretary acts as secretary to the Committee. No director or other attendee, including the company secretary, participates in discussions regarding their own remuneration.

Advisors to the Committee

Last year, the Committee appointed Deloitte LLP (Deloitte) as the provider of advice on remuneration policy and structure, replacing New Bridge Street Consultants (NBSC). Deloitte subsequently supported the executive remuneration review that developed the remuneration framework implemented with effect from the start of the current financial year.

During the year, the Committee received independent advice from Deloitte on remuneration policy and structure. Deloitte also monitored the Company's total shareholder return (TSR) performance. Deloitte did not provide any other material services to the Group. Deloitte is a member of the Remuneration Consultants Group (the RCG), which was formed in 2009 with the aim of the stewardship and development of a voluntary code of conduct (the RCG Code of Conduct) that clearly sets out the role of executive remuneration consultants and the professional standards by which they advise their clients, whether their clients be remuneration committees or executive management. Deloitte adheres to the RCG Code of Conduct and, as a member of the RCG, contributes to its periodic review.

Tapestry LLP (Tapestry) provided legal advice with respect to share plans. It did not provide any other material services to the Group. The Committee also consulted the chairman of the Board, the chief executive officer, the Group HR director and the company secretary regarding remuneration policy.

Committee activities

In addition to considering remuneration matters as they arise, such as the new Directors' Remuneration Regulations currently being developed by BIS, the Committee uses a schedule of standing agenda items to help structure the agendas for its meetings. This schedule is aligned to the reward communication programme for all employees within the Group, which is in turn aligned with the Company's financial year. It commences in April with the confirmation to employees of their remuneration for the year ahead. This is followed by notification of their bonuses for the prior financial year after the announcement of the Group's preliminary results for that year in June. Remuneration policy and market practice are kept under review throughout the year. The key matters discussed during the year included:



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Remuneration Report

continued

Further information
on strategy is given
in Our Strategy



Our Strategy. Pages 10 to 13

Theme	Agenda items
Best practice	• Consideration of latest remuneration best practice guidance • Review of the performance of the remuneration advisor
Remuneration review	• Conclusion of first principles review of executive remuneration including link to strategy, objectives of the long term incentive, short term and long term incentive structure, performance measures and time horizons • Development of revised remuneration framework based on first principles review of executive remuneration • Shareholder consultation in connection with first principles review of executive remuneration
Directors' and company secretary's remuneration	• Consideration and approval of bonus scheme payments to the executive directors for 2011/12 • Consideration of executive directors' salaries • Consideration and approval of bonus scheme payment to the former chief executive (as disclosed in last year's report) • Approval of the personal key performance targets for executive directors in connection with their bonuses for 2012/13 and 2013/14 • Interim review of executive directors' performance against personal key performance targets for 2012/13 • Consideration and approval of remuneration, bonus principles and quantum for the executive directors and company secretary for 2013/14 • Approval of the chairman's fee for 2013/14
Employee remuneration (including senior management)	• Reward policy for the Group • Review of bonus scheme payments to the senior leadership team in light of wider remuneration of Group staff for 2012/13 • Review of proposed remuneration and bonus opportunity for the senior leadership team for 2013/14 in light of remuneration and bonus opportunities throughout the Group and within its businesses and regions
Share plans	• Consideration and approval of performance condition outcome in respect of LTIP awards made during 2009 • Review of share plan hedging arrangements and dilution • Consideration and approval of LTIP and DSP awards • Performance monitoring of LTIP awards • Approval of all employee share plans • Approval of new LTIP and LGU plan • Approval of non-material share plan rule changes • Approval of share plan policy • Approval of share awards to be granted to the executive directors and senior leadership team under the new LTIP and LGU
Reporting	• Consideration and approval of the remuneration report for 2011/12

Remuneration policy and structure

Alignment with our strategy

The remuneration framework was comprehensively reviewed in the previous financial year and a revised framework was implemented with effect from the current financial year. The principal aim of the review was to improve the alignment of remuneration with strategy. Our strategic direction continues to be to deliver long term shareholder value through a focus on core growth sectors in engineering and design. As set out in Our Strategy (pages 10 to 13), this strategy has three principal priorities over the medium term:

- operational excellence
- portfolio optimisation
- sector and regional focus.

The overall objective of our strategy remains to create shareholder value through:

- driving margins above 8%
- reducing dependence on the UK (with our long term aspiration being to have more than 75% of our business outside the UK)
- growing organically and through acquisition.



The following key themes provide the basis for the framework:

- as a people business, the remuneration framework must retain and incentivise the right people
- the framework must be based on simple principles, aligned with our key performance indicators (page 15), and provide clear line of sight for participants and alignment with shareholders' interests
- a significant portion of the package should be performance related (on both a short and long term basis) and delivered in the form of Atkins shares
- growth in earnings per share (EPS) is a key metric for measuring the performance of our business and should be balanced with a focus on long term share price growth and performance against strategic objectives.

Figures 1(a), 1(b) and 1(c) illustrate the key elements of fixed and variable remuneration, provide an analysis of the remuneration package, and show indicative timelines for executive director remuneration under the framework.

Figure 1(a): Key remuneration elements for executive directors

Fixed remuneration	Variable remuneration		
Market competitive fixed remuneration to attract talent and reflect skills and experience	Short term	Long term	
	Executive Bonus Scheme	LTIP (3 years)	LGU (4-6 years)
	To incentivise and reward the delivery of stretching annual financial performance and key strategic objectives	Our primary long term incentive is designed to incentivise and reward the creation of long term shareholder value based on the delivery of growth in EPS over a three year period	To provide direct alignment with shareholders through sustained share price growth over the long term
Base salary • Monthly in arrears • Cash • Reviewed annually	• Up to 125% of salary for the chief executive officer and 100% of salary for other executive directors • Two thirds cash • One third deferred into shares for three years, with dividend accrual, subject to malus provisions • 75% based on Group financial performance (profit after tax and cash conversion) • 25% based on individual strategic measures (subject to threshold financial performance)	• Annual awards of shares with a value of 75% of base salary • Based on EPS growth over a three year period: 25% vests for growth of 5% per annum, full vesting for 12% per annum • Operation of safeguards in relation to cash conversion of earnings, acquisitions and inflation • Dividend accrual • Subject to malus provisions	• Annual awards of units with a face value of 50% of base salary • Delivers value based on sustained growth in average share price • Vests in three equal tranches after four, five and six years • No more than 50% of any award can be exercised in any 12 month rolling period • Subject to a financial underpin • Subject to malus provisions
Pension • Monthly payments into defined contribution plan or cash allowance in lieu • Up to 25% of salary			
Other fixed benefits For example: • Car (or allowance) • Life assurance • Medical insurance • Income protection			

Shareholding guideline

- Equal to 100% of base salary

Remuneration Report

continued

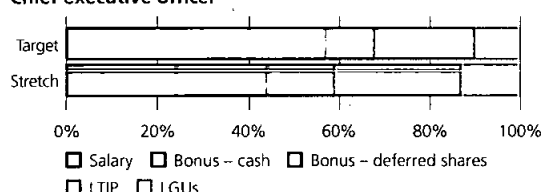
Further information about reward within the Group is given in our Human Resources Review

Human Resources Review, Pages 44 to 49

Figure 1(b): Analysis of remuneration package

The following charts show the balance of the packages for the chief executive officer, Group finance director and Group HR director, highlighting the significant proportion of the package which is performance related. The composition of the package is shown for two indicative levels of performance – 'target' and 'stretch' – taking into account an assumed level of vesting and share price performance over the vesting period.

Chief executive officer



Group finance director and Group HR director

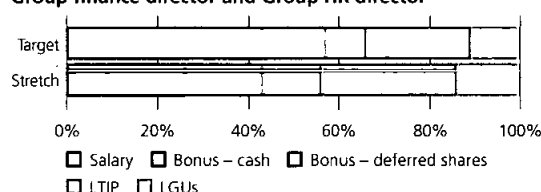


Figure 1(c): Timeline for receipt of remuneration earned/awarded in relation to the year ending 31 March 2014

Element of remuneration	Current year (Y)	Y+1	Y+2	Y+3	Y+4	Y+5	Y+6
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Salary	100% cash						
Pension and benefits	100% cash						
Bonus	Performance assessed	2/3 paid in cash	1/3 deferred for three years		Deferred shares vest		
LTIP	Award made	Performance period – EPS		Award vests			
LGU	Award made				Tranche 1 1/3 vests	Tranche 2 1/3 vests	Tranche 3 1/3 vests

Remuneration in the context of the wider Group

As a people business our reward and incentive structure is critical to the success of our business. The principles that underpin our executive remuneration philosophy also cascade throughout the organisation. Participation in the success of the Group, both through bonus arrangements and, for the senior leadership team, through long term share-based awards, is a cornerstone of our remuneration framework. In determining salary increases for the executive directors, the Committee looks at salary increases across the Group. It also oversees the remuneration of members of the senior leadership team.

The Committee does not formally consult with employees regarding executive remuneration but regularly reviews the remuneration of staff throughout the Group to ensure that it is attuned to general pay and conditions when considering the remuneration of executives.

For the year ending 31 March 2014, the average salary increase across the Group was just above 3% compared to 3% for the chief executive officer and 3.5% for the Group HR director. The Group finance director received a salary increase of 7.4% and the reasons for this increase are provided later in this report (page 81).

The executive remuneration framework set out in this report also applies to the senior leadership team below the executive directors to ensure our executive team is rewarded on a consistent basis.

The Committee also recognises the importance of having reward structures that create a sense of ownership and participation in the long term growth of our shares. Around 1,150 Group employees participate in some form of share-based incentive arrangement. In addition, we offer a Share Incentive Plan to UK employees and, at the 2013 AGM, we obtained approval for new all employee share plans in the UK, the US and other major jurisdictions in which the Group operates. Further details on these all employee plans are provided later in this report (page 93).



Remuneration received by directors during the year ended 31 March 2013

Table 2 summarises amounts earned by the current directors in respect of the year ended 31 March 2013.

Table 2: Total remuneration for the financial year ended 31 March 2013

	Salary/fees ¹ £000	Taxable benefits ² £000	Pension ³ £000	Annual bonus ⁴ £000	Vested LTIP ⁵ £000	2012/13 Total £000	2011/12 Total £000
Executive directors							
Heath Drewett	312.0	15.0	78.0	308.1	–	713.1	633.0
Alun Griffiths	227.0	29.7	27.2	224.2	–	508.1	430.5
Uwe Krueger	550.0	52.7 ⁶	137.5	639.4	–	1,379.6	986.8
Chairman and non-executive directors							
Lord Boyce	50.2	–	n/a	n/a	n/a	50.2	43.0
Fiona Clutterbuck	49.2	–	n/a	n/a	n/a	49.2	46.0
Allan Cook	190.0	2.4	n/a	n/a	n/a	192.4	191.9
Joanne Curin	48.7	–	n/a	n/a	n/a	48.7	46.0
Raj Rajagopal	52.7	–	n/a	n/a	n/a	52.7	46.4
Rodney Slater	45.2	–	n/a	n/a	n/a	45.2	24.3 ⁷

1. Salary/fees received in the year.

2. Value of benefits received in respect of the year including such items as company cars or allowances, fuel and medical insurance for the executive directors, payments equal to the dividends declared on shares subject to awards made under the terms of the Company's share plans following the vesting and exercise of the underlying awards and expenses chargeable to income tax.

3. Cash value of defined contribution or cash allowance in lieu thereof.

4. Value of total bonus (two thirds cash and one third shares) earned in respect of the year.

5. Vested value of 2010 LTIP award, the performance period for which ended in the year.

6. Includes an aggregate allowance for travel expenses incurred between his home and the UK during the first five years following appointment of £39,000 (a direct replacement for the rental allowance disclosed in 2011) and an allowance for the provision to him of professional advice in addition to other benefits received.

7. Rodney Slater was appointed as a director on 9 September 2011. This remuneration relates to the proportion of the year for which he held office.

Fixed elements of reward

Salary

Purpose	• Market competitive fixed remuneration to attract talent and reflect skills and experience
Delivery	• Monthly • Cash
Policy	• Reviewed annually with changes normally effective from 1 April and further reviews following changes in responsibilities • Benchmarked periodically against published salary data for companies of similar size and complexity, bespoke comparator groups as appropriate, and (for those below Board level) local market surveys to ensure that salaries remain market competitive • Considered in light of the economic climate, market conditions, Company performance, pay and conditions across the wider workforce, the individual's role and the level of salary awards in the rest of the business

The executive directors' salaries have been increased with effect from 1 April 2013. Uwe Krueger's and Alun Griffiths' salaries increased by 3% and 3.5% respectively, in line with the average salary increase across the Group of just above 3%.

Heath Drewett received a salary increase of 7.4%. This increase, which is above the average salary increase across the Group, reflects the expanded remit of his role, which now encompasses several areas traditionally carried out by a chief operating officer and includes delivery of operational improvement programmes and increased involvement in the development of strategy.

The Committee has not undertaken a detailed benchmarking exercise since that undertaken as part of last year's review of the remuneration framework. Based on a high level update to this previous benchmarking exercise, it believes executive director salaries are in line with companies of a similar size and complexity.



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Remuneration Report

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The salaries of the executive directors for the forthcoming financial year and for the previous year are shown in table 3.

Table 3: Executive director salaries

Name	Salary from 1 April 2013	Salary from 1 April 2012	Increase in salary from prior year
Heath Drewett	£335,000	£312,000	7.4%
Alun Griffiths	£235,000	£227,000	3.5%
Uwe Krueger	£566,500	£550,000	3.0%

Pension

Purpose	• Market competitive fixed remuneration to attract talent and reflect skills and experience
Delivery	• Defined benefit entitlements, closed to future accrual from 30 September 2007 and link to final salary broken with effect from 1 February 2012 • Monthly payments into defined contribution pension plan or cash allowance in lieu of pension contribution
Policy	• Defined contribution pension or cash allowance

Defined contribution pension contributions or a cash allowance in lieu of pension contribution for the executive directors are shown in table 4.

Table 4: Defined contribution pension contribution or cash allowance

Name	Pension contribution as a % of salary
Heath Drewett	25
Alun Griffiths	12
Uwe Krueger	25

The maximum Company contribution to the defined contribution pension of other UK based staff is 10% of salary, except for those affected by the removal of the link to final salary, as discussed further below. Heath Drewett and Uwe Krueger receive higher contributions reflecting their roles as executive directors.

Alun Griffiths retains an entitlement to a defined benefit pension on the same basis as other long serving UK employees. During 2011 a consultation was held with staff with a defined benefit pension entitlement to remove the link to final salary via an amendment to their contracts of employment. From 1 February 2012 this final salary link was removed and transitional relief is being paid to all employees (including Alun Griffiths) affected by the contractual change. The transitional relief is 2% of salary until 2015 and a further 3% from 2015 to 2018. This is in addition to the maximum Company contribution of 10% of salary.

The contributions made to a pension plan on behalf of the executive directors or, where applicable, taxable allowance in lieu of pension during the year ended 31 March 2013 are set out in table 16 (page 94). Alun Griffiths' defined benefit pension entitlements are set out in table 17 (page 94).

Other fixed benefits

The Company provides a number of other fixed benefits to ensure that this element of the remuneration package of the executive directors is competitive with those provided by other organisations. Details of these benefits are shown in table 5.

Table 5: Other fixed benefits

Benefit	Details
Car	An annual cash car allowance or a car
Life assurance	Ranging between four and seven times salary
Medical insurance	Each executive director receives private medical insurance or an allowance for themselves and their family
Income protection	Income protection in the event that executives are unable to work due to long term ill health
Travel allowance and professional advice allowance	Uwe Krueger receives an aggregate allowance for travel expenses between his home and the UK during the first five years following appointment (a direct replacement for the rental allowance disclosed last year) and an allowance for the provision to him of professional advice



Variable elements of reward

Annual bonus

Purpose	• To incentivise and reward the delivery of stretching annual financial performance and key strategic objectives
Delivery	• Annual award • Two thirds in cash • One third deferred into shares for three years • Dividend equivalent payment on deferred share award
Policy	• Total bonus opportunity of 125% of salary for the chief executive officer and 100% of salary for other executive directors • 75% of the total bonus is based on achieving a Group financial target – 50% of the total bonus based on profit after tax and 25% of the total bonus based on cash conversion • 25% of the total bonus is based on individual objectives directly linked to our strategic priorities. Any amounts due on this component are also subject to achieving the threshold Group financial target • Deferred shares awarded in respect of financial years ending on or after 31 March 2013 will be subject to malus provisions • Non-pensionable and non-contractual • The Committee may override the amount awarded based on achievement of individual and Group targets if there has been a material quality, safety or environmental failure

Annual bonus payments via our Executive Bonus Scheme (EBS) reward in-year performance. Executive directors are required to defer one third of any bonus they receive in the form of an award of shares under the terms of the Atkins Deferred Share Plan (DSP). The DSP:

- provides a direct link to the Company's share price and dividend performance
- seeks to aid retention, as awards are subject to forfeiture on resignation within three years of grant.

For awards in respect of financial years ending on or after 31 March 2013, the deferred shares will be subject to malus provisions which allow the Committee to reduce deferred awards in certain circumstances, as described in more detail later in this report (page 89).

Bonus framework for 2013/14

For the financial year ending 31 March 2014, 50% of the bonus for executive directors will be based on Group profit after tax performance. 50% of the maximum will be paid for meeting the budgeted profit after tax target and 100% for meeting a stretch target. The stretch target is set annually by the Committee at a level which is considered to be very challenging. In reaching a decision on the stretch target, the Committee is also mindful of the need to deliver shareholder value after payment of bonuses.

As discussed with shareholders during the review of executive remuneration undertaken in 2012, from this year we are introducing a cash conversion measure on which 25% of the bonus will be based. We believe that cash conversion is a key measure of business performance. This measure will apply to the executive directors, the senior leadership team and the regional management teams (a team of the 50 most senior managers across the Group).

The profit after tax target and cash conversion targets are considered commercially sensitive so will not be disclosed, although the Committee's assessment of performance against these targets will be confirmed in next year's report.

The remaining 25% will be based on individual objectives aligned to areas which underpin our strategic priorities over the coming years. For the year ending 31 March 2014, objectives have been set in relation to the following key strategic areas which relate to the specific role of each executive director.



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Remuneration Report

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Name	Strategic areas included in 2013/14 bonus framework
Heath Drewett	• Pension deficit reduction plan • Operational and financial improvement programmes • Alternative budget structure and process
Alun Griffiths	• Regional management team development and talent pipeline • Leadership capability model • Succession planning
Uwe Krueger	• Implementation of the Company's growth strategy (agreed as a target to be measured over two years) • Raising the profile and recognition of the Group (agreed as a target to be measured over two years) • Succession planning

The above provides the headline strategic areas under which performance targets have been set. The performance targets that apply to these areas are measurable, challenging and subject to rigorous review by the Committee, both at the time they are set, during the year and at the year end when performance is assessed. Subject to commercial sensitivity, we intend to provide an overview of the Committee's assessment of performance against the underlying targets in next year's report.

Executive directors will only receive bonus payments in relation to the achievement of their individual objectives if the threshold Group financial performance target is also met.

Bonus assessment for 2012/13

The Committee's assessment of performance in the financial year ended 31 March 2013 is shown in table 6.

Table 6: Assessment of performance and bonus payout

Component	Overview of performance in 2012/13
Group financial target (75%)	As explained in the chairman's statement (pages 6 and 7), the Company has delivered another year of good results in worldwide markets that continue to be challenging and this is reflected in bonus payments. The reported profit after tax of £88.4m was above budget and exceeded the stretch financial target resulting in full payment of this component of bonus. The Committee considered quality, safety and environmental performance when making the bonus awards and determined that no adjustment was necessary.
Individual performance (25%)	Heath Drewett Payment of 95% achieved following the effective introduction of new and improved management reporting, controls and risk management processes, and the successful execution of the Group's debut issue in the US private placement market. Alun Griffiths Payment of 95% achieved for the successful recruitment of key personnel and improvements to recruitment systems and processes, and the development and implementation of a comprehensive senior management development programme including initiatives to increase gender diversity. Uwe Krueger Payment of 72% achieved as a result of the successful implementation of initiatives to increase the influence and recognition of the Company, the development and implementation of a comprehensive senior management development programme including initiatives to increase gender diversity, and good progress on the execution of the Company's growth strategy.

Annual bonuses payable to the executive directors for the financial year ended 31 March 2013 are shown in table 7. Two thirds will be paid in cash and one third deferred into shares for three years.



Table 7: Annual bonuses

Name	2012/13 bonus				2011/12 bonus				Increase/ (decrease) in absolute bonus in annualised bonus from prior year ²		Increase/ (decrease) in annualised bonus from prior year ²	
	Cash	Deferred	Total	% of salary	Cash	Deferred	Total	% of salary				
Heath Drewett	£205,400	£102,700	£308,100	98.8	£151,840	£75,920	£227,760	73.0	35.3%		35.3%	
Alun Griffiths	£149,442	£74,721	£224,163	98.8	£108,960	£54,480	£163,440	72.0	37.2%		37.2%	
Uwe Krueger	£426,250	£213,125	£639,375	116.3	£263,279	£131,639	£394,918	71.8 ¹	61.9% ²		29.5%	

1. Uwe Krueger's bonus opportunity was pro rated to reflect his appointment with effect from 14 June 2011. The percentage stated is of annualised salary, not salary paid.
2. The increase in absolute bonus compares the pro rated bonus paid for the year ended 31 March 2012 with the full year bonus for the year ended 31 March 2013. The increase in annualised bonus compares the equivalent full year bonus paid for the year ended 31 March 2012 with the full year bonus for the year ended 31 March 2013.

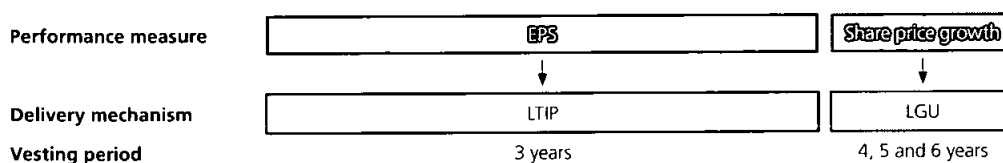
Other senior management will receive a bonus payment through the EBS, reflecting achievement against a combination of targets comprising Group financial performance, business financial performance and personal objectives. These employees are also required to defer one third of this bonus into a share award granted under the terms of the DSP, in line with the requirement for executive directors. In addition, around 38% of other Group employees will receive a discretionary cash bonus based on individual performance, for which there is no deferral.

Long term incentives

As a result of the review of the remuneration framework, the Committee concluded that the long term incentive framework should provide an element of reward that acts as an incentive to management to deliver long term performance and that it should be built around two performance measures, both of which are simple in design and fundamentally aligned to the creation of shareholder value, as illustrated in figure 2:

- **Growth in EPS.** This was identified as the primary metric for measuring the delivery of our growth objective over the medium to long term. It is incorporated into the long term incentive framework via the LTIP, which is described in more detail later in this report (page 86) and is our primary long term incentive vehicle, reflecting the importance of EPS growth to our strategy
- **Sustained growth in the share price.** This ensures alignment between executive reward and sustained share price growth over the long term, representing the ultimate measure of performance for our shareholders, and is incorporated into the long term incentive framework via the LGU, which is described in more detail later in this report (page 88).

Figure 2: Long term incentive framework





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Potential value of 2013 long term incentive awards

Table 8 shows the potential value of the long term incentive awards to be made to executive directors in 2013, including both LTIP and LGU awards, under four indicative share price and EPS growth performance scenarios.

Table 8: Potential value of 2013 long term incentive awards (LTIP and LGU)^{1,2}

Share price/EPS growth scenario	Component	As % of salary	Heath Drewett £000	Alun Griffiths £000	Uwe Krueger £000
0% per annum	LTIP	0	0	0	0
	LGU	0	0	0	0
5% per annum	LTIP	24	80	56	136
	LGU	14	46	33	79
10% per annum	LTIP	86	289	202	488
	LGU	31	103	72	174
15% per annum	LTIP	125	418	293	707
	LGU	51	172	120	290

1. Value calculated at the end of the vesting period taking into account share price growth in each scenario (LTIP – three years; LGU – three tranches over four, five and six years).

2. LTIP value includes assumed value of dividend equivalents over the period.

Long Term Incentive Plan (LTIP)

Purpose	Our primary long term incentive is designed to incentivise and reward the creation of long term shareholder value based on the delivery of growth in EPS over a three year period
Delivery	- Annual award - Shares - Value variable dependent on performance over a three year period - Dividend equivalent payment
Policy	- Annual award of 75% of salary - Maximum award under the LTIP is 150% of salary (reduced to 125% of salary if the maximum LGU award is made) - Subject to the Group's growth in absolute EPS - Additional safeguards apply in relation to cash conversion, inflation and the impact of acquisitions - Subject to malus provisions

LTIP award policy for 2013/14

At the 2012 AGM, shareholders approved the terms of the LTIP, which were substantially unchanged from the previous LTIP and are in line with established best practice principles.

Under the LTIP, the maximum award which may be granted to an individual within any 12 month period is 150% of salary. However, this limit also takes into account any awards made under the LGU plan within the same 12 month period. If no LGU award is made, the LTIP limit will remain at 150% of salary. If the maximum LGU award of 50% of salary is made, then the maximum LTIP award that can be made is reduced to 125% of salary. This is to ensure we maintain a broadly equivalent value for the individual limit (recognising that the face value of LTIP and LGU awards, as a percentage of salary, is not a like-for-like comparison). For LGU awards between 0% and 50%, the LTIP limit varies from 150% to 125% on a straight line pro rata basis.

While the terms of the LTIP allow awards of up to 150% of salary, our stated policy is that each executive director will receive a LTIP award of 75% of salary. The Committee intends to continue to apply this award policy for the foreseeable future, including in 2013/14. The vesting of these awards will be subject to the EPS targets described in table 9.

Table 9: LTIP performance measure for awards to be made in 2013

Atkins' EPS growth	% of award that vests
12% or greater per annum	100
Between 5% and 12% per annum	Pro rata between 25 and 100 on a straight line basis
5% per annum	25
Below 5% per annum	0



The Committee believes that these EPS targets are appropriate and stretching in the current environment. Performance against the EPS targets will be measured over the period 1 April 2013 to 31 March 2016.

The lack of a relative total shareholder return (TSR) measure within the long term incentive framework reflects the Committee's view that this measure is not appropriate for our business given the difficulties in determining a fair and appropriate group of listed peers, and the arbitrary outcomes that can arise when using a broad index, due to cyclical factors.

As part of the 2012 review, the Committee also developed a number of additional safeguards which apply alongside the targets above. The Committee has discretion to adjust vesting to take account of any of the following:

- the impact of any significant acquisitions in the period on the level of challenge in the targets set out in table 9
- the level of inflation during the performance period, if it deems that this has had a significant impact on the level of challenge presented by the targets, in the context of Atkins' business model
- cash conversion over the performance period to ensure that the achieved EPS growth is suitably underpinned by cash generation over the period
- the potential application of malus provisions (page 89).

LTIP awards made in 2012/13

During the financial year ended 31 March 2013, following shareholder approval of the LTIP and in line with the Committee's stated policy, executive directors received LTIP awards of 75% of salary (as shown in table 18 (pages 95 and 96)). These awards were subject to the EPS targets described in table 9.

LTIP awards vesting in 2012/13

LTIP awards made to executive directors in 2010 were based on EPS and TSR growth in the three years to 31 March 2012, measured against the performance conditions shown in tables 10(a) and 10(b) below. The Committee has determined that neither of the performance targets were met and therefore this award will lapse in full.

Table 10(a): LTIP TSR performance measure for 2010 awards (50%)

Atkins' TSR relative to the comparator group	% of award that vests
Upper quartile	100
Between median and upper quartile	Pro rata between 30 and 100 on a straight line basis
Median	30
Below median	0

Table 10(b): LTIP EPS performance measure for 2010 awards (50%)

Atkins' EPS growth above RPI	% of award that vests
10% or greater per annum	100
Between 4% and 10% per annum	Pro rata between 30 and 100 on a straight line basis
4% per annum	30
Below 4% per annum	0

For information, the full vesting history of past LTIP awards is shown in table 11.

Table 11: Vesting history of LTIP awards

Year of grant	Performance period	% of award vested		
		EPS element	TSR element	Total
2006	1 April 2006 to 31 March 2009	100	65.6	82.8
2007	1 April 2007 to 31 March 2010	91.5	0	45.7
2008	1 April 2008 to 31 March 2011	0	0	0
2009	1 April 2009 to 31 March 2012	0	0	0
2010	1 April 2010 to 31 March 2013	0	0	0



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Long-term Growth Unit (LGU) plan

Purpose	• To provide direct alignment with shareholders' interests through sustained share price growth over the long term (four to six years)
Delivery	• Annual award • Shares • Value dependent on long term average share price performance at exercise, following a four, five and six year vesting period
Policy	• Maximum annual award with a face value of 50% of salary • Vest in three equal tranches, four, five and six years from grant • Vest subject to a financial underpin • No more than 50% of the total award may be exercised in a year • Subject to malus provisions

While the LTIP focuses executives on achieving strong EPS growth over a three year period, the LGU was developed by the Committee to reflect its belief that it is important to have an element of the long term incentive that is directly linked to sustainable long term increases in share price. The terms of the LGU were approved by shareholders at the 2012 AGM. The key features of the LGU plan are as follows:

- Awards of units that deliver value based on the increase in the Company's average share price over the long term. The Committee's policy is that awards to executive directors have a maximum face value of 50% of salary and an expected value of around 10% of salary
- The awards vest in three equal tranches on the fourth, fifth and sixth anniversaries of grant
- The vesting of each tranche is subject to the Committee's determination that share price performance over the period is suitably underpinned by the underlying financial performance of the Group over the period
- Following vesting, the units can be exercised at the discretion of the participant
- On exercise, the value of each unit is equal to the difference between the six month average share price at exercise and the six month average share price at grant. This value is delivered in the form of Atkins shares
- No more than 50% of any award can be exercised in any rolling 12 month period
- There is no entitlement to dividends; participants benefit from capital growth only
- Awards are subject to malus provisions as described later in this report (page 89).

The basic concept behind the LGU plan is simple: it delivers value based on the long term growth in Atkins' share price. LGU awards provide no value if the share price does not increase on a sustained basis. Therefore it is directly aligned with the value delivered for our shareholders.

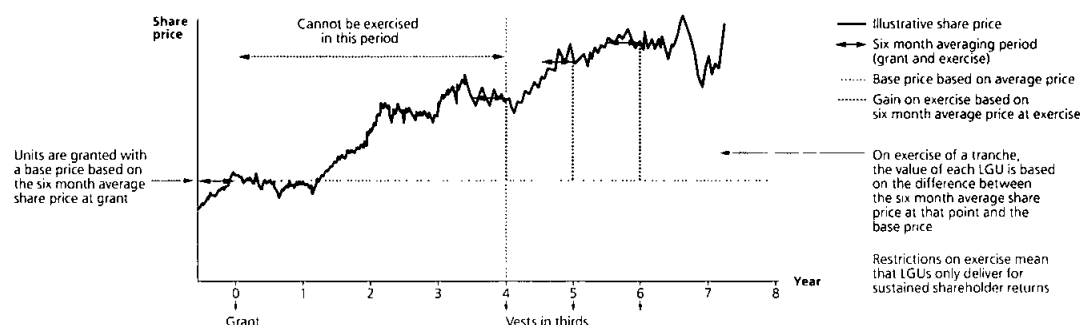
The awards are intended to create a sense of ownership and participation in the long term performance of our shares, as we seek to retain the people we need to deliver our strategy over the coming years. They therefore vest over a longer time period than the LTIP and most conventional long term incentive plans.

Vesting of each tranche will be subject to the Committee being satisfied that share price performance is suitably underpinned by appropriate financial performance. Prior to the vesting of each tranche, the Committee will explicitly consider the Group's progress against its strategy which may include consideration of:

- margin
- expansion of international revenues
- organic growth.

An illustration of a LGU award is shown in figure 3.

Figure 3: Illustration of LGU awards



LGU award policy for 2013/14

The terms of the LGU allow awards of up to 50% of salary and it is our stated policy that each executive director will receive the maximum LGU award possible. The Committee intends to apply this award policy for the foreseeable future, including in 2013/14.

LGU awards made in 2012/13

During the financial year ended 31 March 2013, following shareholder approval of the LGU and in line with the Committee's stated policy, executive directors received the maximum LGU award of 50% of salary.

Malus provisions

As a result of the remuneration review, the Committee has determined that malus provisions will be included in the LTIP and LGU and will apply for awards made in 2012 onwards and to deferred bonus awards granted under the DSP in respect of the financial year ended 31 March 2013 onwards.

These provisions will allow the Committee to reduce the number of shares to which an award relates (including to zero) in circumstances in which the Committee considers such action is appropriate. Such circumstances include, but are not limited to:

- a material misstatement of the Company's audited results
- a material downturn in the financial performance of the Company
- a material failure of risk management by the Company
- serious reputational damage suffered by the Company
- the participant's misconduct.



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Executive directors' contracts

The service agreements of executive directors who served during the year are summarised in table 12.

Table 12: Executive directors' service agreements

	Notice period (months)	Contract date	Effective date of contract	Unexpired term of contract
Heath Drewett	12	17 April 2009	15 June 2009	Rolling contract
Alun Griffiths	12	18 April 2007	13 March 2007	Rolling contract
Uwe Krueger	12	1 June 2011	14 June 2011	Rolling contract

The executive directors' service agreements include provision for the Company to make phased payments in the event that the agreement is terminated on giving 12 months' notice. They also include a duty for the executive director to mitigate loss where the agreement is terminated and any payment in lieu of notice may be reduced to take account of such mitigation. No service agreement provides for predetermined amounts of compensation in the event of early termination of service contracts or any change of control provisions.

The service agreements are terminable on giving 12 months' notice. Copies of each director's service agreement will be available for inspection prior to and during the AGM and are also available for inspection at the Company's registered office during normal business hours.

External appointments

The Board and the Committee recognise the benefit we can obtain if our executive directors serve as non-executive directors of other companies. Subject to review in each case, the Board's general policy is that each executive director may accept one non-executive directorship with another FTSE 350 company from which any fees received may be retained. At present no executive director holds such an appointment with a FTSE 350 company, although Uwe Krueger and Alun Griffiths are currently non-executive directors of the companies listed in table 13 and retain the fees payable, as outlined in respect of these appointments.

Table 13: Non-executive remuneration for executive directors

Executive director	Organisation name	Remuneration basis
Uwe Krueger	ONTEX S.A. (Zeile, Belgium)	• €60,000 per annum
	STR Holdings, Inc. (Connecticut, USA) to 14 May 2013	• Until 31 December 2012, annual retainer of US\$50,000 in cash; from 1 January 2013, annual grant of ordinary shares in STR Holdings, Inc. to the value of US\$52,500 • Fee of US\$2,000 for each scheduled quarterly board and committee meeting attended • Annual grant of restricted stock to the value of US\$45,000, which will vest on the day immediately preceding the day of the next annual meeting of stockholders
	SUSI Partners AG (Zurich, Switzerland)	• 1% of the company's value relating to three years' service on the board
Alun Griffiths	The McLean Partnership Limited	• £10,000 per annum



Chairman and non-executive directors

Purpose	• Market competitive fixed fees commensurate with time commitment and responsibilities
Delivery	• Monthly • Cash
Policy	• Reviewed annually with changes normally effective from 1 April and further reviews following changes in responsibilities • Benchmarked periodically against published fee data for companies of similar size and complexity and bespoke comparator groups as appropriate to ensure that salaries/fees remain market competitive • Considered in light of the economic climate, market conditions, Company performance, pay and conditions across the wider workforce, the individual's role and the level of salary awards in the rest of the business • Basic fixed fee for chairman and non-executive directors • Additional fixed fee paid for membership/chairmanship of Audit and Remuneration Committees and to senior independent director

The chairman and non-executive directors have letters of appointment stating their annual fee. Their appointment is for an initial term of three years subject to satisfactory performance and their re-election at forthcoming AGMs. In accordance with best practice and the UK Corporate Governance Code all of the directors will stand for re-election at the AGM to be held on 31 July 2013. Their appointment may be terminated with six months' written notice at any time. Table 14 summarises the dates of appointment and most recent re-election dates for the chairman and each of the non-executive directors.

Table 14: Dates of appointment and most recent re-election dates for the chairman and each of the non-executive directors

Name of director	Date of appointment as a non-executive director	Date of last election/re-election at AGM
Lord Boyce	5 May 2004	1 August 2012
Fiona Clutterbuck	13 March 2007	1 August 2012
Allan Cook	10 September 2009	1 August 2012
Joanne Curin	10 February 2009	1 August 2012
Raj Rajagopal	24 June 2008	1 August 2012
Rodney Slater	9 September 2011	1 August 2012

Copies of the letters of appointment of the chairman and non-executive directors will be available for inspection prior to and during the AGM and are also available for inspection at the Company's registered office during normal business hours.

The remuneration of the chairman is determined by the Committee. The Committee reviewed the chairman's remuneration during the year and awarded an increase of 3%, in line with the average salary increase across the Group of just above 3%.

The remuneration of the non-executive directors is reviewed annually by the executive directors in line with the schedule for the review of the remuneration of the chairman, the executive directors and all employees in the Group. The executive directors' recommendation is made in light of remuneration levels within the Group, independent advice and on the basis of periodic benchmarking of the level of fees paid to non-executive directors of comparator companies.

The Board, on the recommendation of the executive directors, approved the following, as disclosed in table 15 (page 92):

- an increase of 3.2% in the basic annual fee paid to non-executive directors, in line with the salary increase budgeted for the Group
- no increase to the annual fee paid to the chairman and members of the Audit and Remuneration Committees
- no increase to the annual fee paid to the senior independent director.

The fees for both the chairman and the UK based non-executive directors are inclusive of normal travel expenses for travelling to and from the Group's Epsom or London offices. Expenses are payable on all travel and subsistence to offices outside these areas in accordance with the Group's normal policy.



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The annual fees paid are specific to each director, reflecting their individual commitments to the Board and various Board committees. The current fees are shown in table 15.

Table 15: Chairman and non-executive directors' fees

Fee description	Fee as at 1 April 2013	Fee as at 1 April 2012	Increase in fee from prior year
Chairman fee ¹	£195,750	£190,000	3.0%
Non-executive director fees			
Basic annual fee	£42,500	£41,200	3.2%
Committee chair annual fee ¹	£7,500	£7,500	–
Committee annual fee ¹	£4,000	£4,000	–
Senior independent director fee	£5,000	£5,000	–

1. No fee is paid in respect of chairmanship or membership of the Nomination Committee.

The chairman and the non-executive directors are not eligible for pensions, share incentives, annual bonus or any similar payments other than out-of-pocket expenses in connection with the performance of their duties. The chairman and the non-executive directors do not participate in any discussions in respect of matters, including remuneration, relating to their own position.

Share ownership

Shareholding guideline

Purpose	• To strengthen alignment with shareholders further
Delivery	• Shares purchased in the market • Vested shares awarded under a share plan
Policy	• One times salary

During its review of executive remuneration, the Committee considered carefully the shareholding guidelines for executive directors. Previously each executive director was encouraged to hold shares in the Company (either directly or through share awards made in connection with annual bonuses) equivalent to the level of their annual salary, based on the value of such shares at the time of their acquisition (or award), or their current market value from time to time, whichever is the higher. With effect from 1 April 2012, executive directors are ordinarily expected to build up an interest in the Company's shares equivalent to one times their salary, based on the value of such shares at the time of the acquisition or their current market value, whichever is the higher. Such an interest would normally be expected to be built up within a five year period following the adoption of this policy.

The interests of the directors and their families in the ordinary shares of 0.5p each in the Company as at 31 March 2013 are shown in table 19 (page 96). As the shareholding guideline only came into effect on 1 April 2012 and allows five years to build up an interest, it is not yet possible to determine whether or not it has been met, although it can be seen that all executive directors have increased their shareholdings during the year.

Details of the share options and long term incentives of each executive director as at 31 March 2013 are given in table 18 (pages 95 and 96).

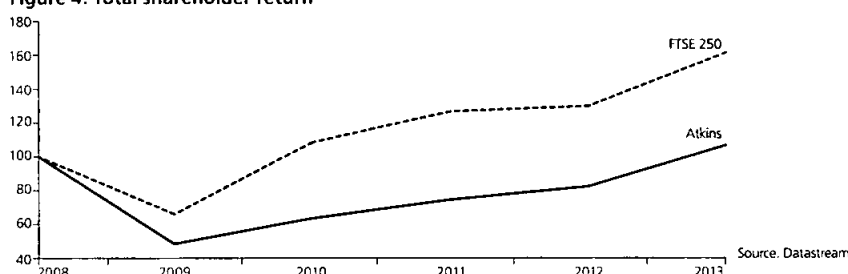
For each share under option that had not expired at the end of the financial year, the mid market price on 28 March 2013 (being the last trading day before 31 March 2013) was 912p and the highest and lowest mid market prices during the financial year were 940p and 628.5p respectively.



Performance graph

Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 requires the Company to provide a graph comparing a hypothetical holding of shares in the Company with a broad equity market index over a five year period. The Company's performance, measured by TSR, can be compared with the performance of the FTSE 250 Index (excluding investment trusts) over the past five years. This index is considered the most appropriate index against which to measure performance as the Company has been a member of the FTSE 250 for the whole of the five-year period. This is illustrated in figure 4.

Figure 4: Total shareholder return



TSR is defined as the return shareholders would receive on a notional holding of shares including dividends received on those shares over a period of time. Assuming dividends are reinvested into the Company's shares, it measures the percentage growth in the Company's share price together with the value of any dividends paid.

All employee share plans

The Company operates a Share Incentive Plan, as approved by HM Revenue & Customs, which is offered to all eligible UK employees, including the executive directors.

In addition, at the AGM held in August 2012, the Company obtained approval of all employee share plans in countries where the Group has a significant presence. These took the form of:

- a Save As You Earn (SAYE or Sharesave) plan in the UK
- a '423 plan', an American tax-favoured employee share plan (also known as a tax-qualified Employee Stock Purchase Plan) similar in operation to a UK SAYE
- a worldwide all employee plan in other jurisdictions where the Group has a significant presence such as the Middle East and Asia.

While there was no intention to implement these plans immediately upon approval, the Committee believed that it was in the best interests of the Company to have the flexibility to do so in the future. In consultation with executive management, it continues to keep under review plans to implement them in the future. As a result, work continues to obtain the necessary approvals (other than shareholder approval) to enable such plans to be put in place. The Committee will need to approve the launch of any proposed all employee share plan.

Dilution

DSP share awards can only be satisfied using market purchase shares held in the employee benefit trust (EBT). LTIP and LGU share awards can be satisfied using new issue shares, shares held in treasury or market purchase shares held in the EBT. The Committee reviews the hedging and dilution position of the Company at least bi-annually prior to making grants of share awards. Both the LTIP and LGU operate 5% in 10 years (executive schemes) and 10% in 10 years aggregate dilution limits in line with best practice. At 31 March 2013 the EBT held 2,614,972 shares to hedge outstanding awards over 4,050,737 shares and 209,768 units. Using an approximation of one unit to one share, at this date the EBT held shares to satisfy 61.4% of all outstanding awards. No new issue shares have been used to satisfy share awards since 2005 and, to date, no treasury shares have been used.

Remuneration paid to directors during the year

The remuneration of each director, excluding long term share based incentive awards, during the year ended 31 March 2013 compared with 2012 is set out in table 16 (page 94).

Approved by the Board and signed on its behalf by

Dr Raj Rajagopal

Chairman of the Remuneration Committee
12 June 2013



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Remuneration paid to directors during the year (audited)

Table 16: Remuneration paid during the year

	Salary/fees £000	Bonus ¹ £000	Other benefits ² £000	Defined Contribution pension payments/ allowance £000	Other payments £000	Non-cash emoluments ³ £000	Total 2013 £000	Total 2012 £000
Executive directors								
Keith Clarke ⁴	n/a	n/a	n/a	n/a	n/a	n/a	n/a	289.4
Heath Drewett	312.0	205.4	15.0	78.0 ⁵	–	102.7	713.1	633.0 ⁵
Alun Griffiths	227.0	149.5	14.8	22.7 ⁶	19.4 ⁷	74.7	508.1	430.5 ^{6,7}
Uwe Krueger	550.0	426.3	25.1	137.5	27.6 ⁸	213.1	1,379.6	986.8 ⁸
Total executive directors	1,089.0	781.2	54.9	238.2	47.0	390.5	2,600.8	2,339.7
Chairman and non-executive directors								
Lord Boyce	50.2	–	–	–	–	–	50.2	43.0
Fiona Clutterbuck	49.2	–	–	–	–	–	49.2	46.0
Allan Cook	190.0	–	2.4	–	–	–	192.4	191.9
Joanne Curin	48.7	–	–	–	–	–	48.7	46.0
Raj Rajagopal	52.7	–	–	–	–	–	52.7	46.4
Rodney Slater	45.2	–	–	–	–	–	45.2	24.3
Sir Peter Williams ⁹	n/a	n/a	n/a	n/a	n/a	n/a	n/a	21.5
Total chairman and non-executive directors	436.0	–	2.4	–	–	–	438.4	419.1

1. Amounts payable in cash.

2. Other benefits include such items as company cars or allowances, fuel and medical insurance for the executive directors and expenses chargeable to income tax.

3. Heath Drewett, Alun Griffiths and Uwe Krueger are required to take a minimum of one third of their bonus payment in the form of a right to acquire shares under the DSP. Awards of shares to these values will be made following the announcement of the preliminary results pursuant to the rules of the DSP to Heath Drewett, Alun Griffiths and Uwe Krueger. These awards will be disclosed in the directors' share options and long term incentives table in the 2014 Remuneration Report.

4. Keith Clarke retired as a director on 31 July 2011. This relates to his qualifying service as a director.

5. Heath Drewett was entitled to receive a defined contribution pension or pension allowance equivalent to 25% of salary. He elected to receive a defined contribution pension until 31 December 2011 and then received a pension allowance as a taxable payment from 1 January 2012 to 31 March 2012. In the year ended 31 March 2013 he received part of his entitlement as a defined contribution pension and part as a pension allowance received as a taxable payment.

6. Alun Griffiths was entitled to receive a pension contribution or pension allowance equivalent to 10% of salary until 31 January 2012 and 12% of salary from 1 February 2012, due to transitional relief in connection with the removal of the link to final salary for his defined benefit entitlement. He elected to receive a pension contribution until 31 December 2011 and then received a pension allowance as a taxable payment from 1 January 2012 to 31 March 2012. He received a pension allowance as a taxable payment for the whole of the year ended 31 March 2013. In the year ended 31 March 2012, in addition to the Company's contributions of £18,670, the Company made additional contributions of £1,645 in respect of national insurance contributions the Company would have paid had Alun Griffiths not chosen to make his contributions via salary sacrifice.

7. Alun Griffiths was entitled to a transitional payment of 2% of salary, on the same basis as other staff, following the removal of the link to final salary for his defined benefit pension entitlement. This also includes payments equal to the dividends declared on shares subject to awards made to Alun Griffiths under the terms of the Company's share plans following the vesting and exercise of the underlying awards.

8. Uwe Krueger receives an aggregate allowance for travel expenses incurred between his home and the UK during the first five years following appointment of £39,000 (a direct replacement for the rental allowance disclosed in 2011) and an allowance for the provision to him of professional advice.

9. Sir Peter Williams retired as a director on 8 September 2011.

Table 17: Executive directors' pension benefits (defined benefit)

	Alun Griffiths
Accrued annual pension at 31 March 2012	£77,844 p.a.
Accrued annual pension at 31 March 2013	£79,809 p.a.
Gross increase (decrease) in accrued pension over the year	£1,965
Increase (decrease) in accrued pension net of inflation over the year	–
Transfer value as at 31 March 2012	£1,853,919
Transfer value as at 31 March 2013	£2,320,463 ¹
Increase in transfer value, less any contributions made, during the year	£466,544 ¹
Employee contributions during the year	–
Company contributions during the year	–

1. The Trustee of the Atkins Pension Plan (the Plan) amended the cash equivalent transfer value basis of defined benefit pensions held within the Plan with effect from 1 February 2013. In light of changes in market conditions and views on longevity, the Trustee, after receiving actuarial advice, made changes that had the effect of increasing cash equivalent transfer values by 15%. In the case of Alun Griffiths, this means that the transfer value at 31 March 2013 would have been £302,669 lower (i.e. £2,017,794) had the change in basis not been made from 1 February 2013.



Table 18a: Directors' share options and long term incentives – DBP, DSP and LTIP (nil cost options)

	Plan name ¹	Award date	Number of shares under option at 1 April 2012	Granted	Exercised	Lapsed	Number of shares under option at 31 March 2013 ²	Market price on exercise (pence)	Mid-market price at date of grant (pence)	Gain on exercise (£)	First date of exercise/ end of performance condition	Date of lapse/ expiry of option
Heath Drewett	LTIP A ³	19/06/09	50,000 ³	–	–	50,000	–	–	582.5	–	19/06/12	19/06/19
		21/06/10	46,000 ⁴	–	–	–	46,000	–	698.5	–	21/06/13	21/06/20
		20/06/11	40,000	–	–	–	40,000	–	760.0	–	20/06/14	20/06/21
	LTIP B ⁴	13/08/12	–	35,082	–	–	35,082	–	672.0	–	13/08/15	13/08/22
		DSP 21/06/10	9,364	–	–	–	9,364	–	698.5	–	21/06/13	21/06/20
		20/06/11	11,154	–	–	–	11,154	–	760.0	–	20/06/14	20/06/21
		02/07/12	–	11,002	–	–	11,002	–	688.5	–	02/07/15	02/07/22
	Total		156,518	46,084	–	50,000	152,602					
Alun Griffiths	LTIP A ³	19/06/09	40,000 ³	–	–	40,000	–	–	582.5	–	19/06/12	19/06/19
		21/06/10	33,400 ⁴	–	–	–	33,400	–	698.5	–	21/06/13	21/06/20
		20/06/11	29,500	–	–	–	29,500	–	760.0	–	20/06/14	20/06/21
	LTIP B ⁴	13/08/12	–	25,524	–	–	25,524	–	672.0	–	13/08/15	13/08/22
		DSP 27/06/08	5,233	–	5,233	–	–	689.25	1048.0	36,068	27/06/11	27/06/18
		19/06/09	10,989	–	10,989	–	–	689.25	582.5	75,742	19/06/12	19/06/19
		DSP 21/06/10	8,571	–	–	–	8,571	–	698.5	–	21/06/13	21/06/20
		20/06/11	8,310	–	–	–	8,310	–	760.0	–	20/06/14	20/06/21
		02/07/12	–	7,895	–	–	7,895	–	688.5	–	02/07/15	02/07/22
	Total		136,003	33,419	16,222	40,000	113,200			111,810		
Uwe Krueger	LTIP A ³	20/06/11	70,648	–	–	–	70,648	–	760.0	–	20/06/14	20/06/21
		13/08/12	–	61,844	–	–	61,844	–	672.0	–	13/08/15	13/08/22
	DSP	02/07/12	–	19,078	–	–	19,078	–	688.5	–	02/07/15	02/07/22
Total			70,648	80,922	–	–	151,570					
Aggregate gains on share options 2013										111,810		
Aggregate gains on share options 2012										187,537		

1. Plan names: LTIP A – Atkins Long Term Incentive Plan

LTIP B – WS Atkins plc Long Term Incentive Plan

DBP – Atkins Deferred Bonus Plan

DSP – Atkins Deferred Share Plan

2. The awards granted under the terms of the LTIP, DBP and the DSP are structured as options, for which the exercise price is nil.

3. Subject to performance criteria described in note 33 to the Financial Statements.

4. Subject to performance criteria described in note 33 to the Financial Statements.

5. In 2009 the Remuneration Committee considered the impact of the £7.0m tax benefit from the purchase of prior year consortium relief from the Metronet companies and concluded that the non-trading nature of this benefit was not a fair reflection of underlying earnings. Pursuant to the rules of the plan, the Remuneration Committee considered it was appropriate to remove the benefit of this item and that the EPS for the financial year ending immediately before the commencement of the performance period for the 2009 award was 76.4p. This lower EPS was also used to calculate the vesting of LTIP awards made in 2006.

6. In 2010 the Remuneration Committee considered the impact of the expiry of a letter of credit in respect of the Metronet enterprise and the related provision giving rise to a one-off, non-cash pre-tax credit of £25m in the Group's income statement for the year. It concluded that the non-trading nature of this benefit was not a fair reflection of underlying earnings. It was therefore excluded and the lower normalised basic EPS for the year ended 31 March 2010 of 79.4p was used to calculate the vesting of LTIP awards made in 2007 and was also used as the EPS for the financial year immediately before the commencement of the performance period for the 2010 awards.



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Remuneration Report

continued

Table 18b: Directors' long term incentives – LGU plan (units)

	Plan name ¹	Award date	Number of units under option at 1 April 2012	Granted	Exercised	Lapsed	Number of units under option at 31 March 2013 ³	Market price on exercise (pence)	Mid-market price at date of grant (pence)	Gain on exercise (£)	First date of exercise/ end of performance condition	Date of lapse/ expiry of option
Heath Drewett	LGU ²	13/08/12	–	21,705	–	–	21,705		672.0		13/08/16	13/08/22
Total			–	21,705	–	–	21,705					
Alun Griffiths	LGU ²	13/08/12	–	15,792	–	–	15,792		672.0		13/08/16	13/08/22
Total			–	15,792	–	–	15,792					
Uwe Krueger	LGU ²	13/08/12	–	38,263	–	–	38,263		672.0		13/08/16	13/08/22
Total			–	38,263	–	–	38,263					
Aggregate gains on units 2013										–		
Aggregate gains on units 2012										–		

1. Plan names: LGU – WS Atkins plc Long-term Growth Unit Plan.

2. The awards granted under the terms of the LGU are structured as units.

3. Subject to financial underpin described in note 33 to the Financial Statements.

Table 19: Directors' interests in shares of the Company

	At 12 June 2013	At 31 March 2013	At 31 March 2012
Chairman and non-executive directors			
Lord Boyce	3,500	3,500	2,500
Fiona Clutterbuck	4,146	4,146	4,146
Allan Cook	17,142	17,142	15,692
Joanne Curin	1,000	1,000	1,000
Raj Rajagopal	15,000	15,000	15,000
Rodney Slater	–	–	–
Total	40,788	40,788	38,338
Executive directors			
Heath Drewett ¹	562	534	330
Alun Griffiths ²	36,407	36,328	34,006
Uwe Krueger ¹	20,235	20,207	10,000
Total	57,204	57,069	44,336
Total	97,992	97,857	82,674

1. Changes in interests of Heath Drewett and Uwe Krueger between 31 March 2013 and 12 June 2013 relate to shares acquired via the Atkins Share Incentive Plan.

2. Changes in interests of Alun Griffiths between 31 March 2013 and 12 June 2013 relate to shares acquired via the Atkins Share Incentive Plan and automatic dividend reinvestment within an ISA.



Independent Auditor's Report to the members of WS Atkins plc

We have audited the Financial Statements of WS Atkins plc for the year ended 31 March 2013 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statements of Cash Flows, the Consolidated and Company Statements of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' statement of responsibility (page 62), the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material

misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the Financial Statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Financial Statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion:

- the Financial Statements give a true and fair view of the state of the Group's and of the Company's affairs as at 31 March 2013 and of the Group's profit and Group's and Company's cash flows for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Company Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group Financial Statements, Article 4 of the International Accounting Standard Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company Financial Statements and the part of the Remuneration Report to be audited 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.

Under the Listing Rules we are required to review:

- the Directors' statement (page 63), in relation to going concern;
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on Directors' remuneration.

Martin Hodgson

(Senior Statutory Auditor)
for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
12 June 2013



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WS Atkins plc Annual Report 2013



Financial Statements

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Consolidated Income Statement

For the year ended 31 March 2013

	Note	Group 2013 £m	Group 2012 £m
Gross revenue (Group and share of joint ventures)		1,775.5	1,769.8
Revenue	3	1,705.2	1,711.1
Cost of sales		(1,088.7)	(1,097.1)
Gross profit		616.5	614.0
Administrative expenses		(512.4)	(476.8)
Operating profit	3, 5	104.1	137.2
Comprising			
– Underlying operating profit		109.8	110.5
– Exceptional items	11	4.3	30.9
– Amortisation and impairment of acquired intangibles	16	(10.0)	(4.2)
		104.1	137.2
Profit on disposal of businesses/non-controlling interests	9	4.5	7.2
Share of post-tax profit from joint ventures	3, 4	3.8	1.9
Profit before interest and tax		112.4	146.3
Finance income	7	3.4	4.1
Finance costs	7	(12.5)	(14.9)
Net finance costs	7	(9.1)	(10.8)
Profit before tax		103.3	135.5
Comprising			
– Underlying profit before tax		104.5	101.6
– Exceptional items	11	4.3	30.9
– Amortisation and impairment of acquired intangibles	16	(10.0)	(4.2)
– Profit on disposal of businesses/non-controlling interests	9	4.5	7.2
		103.3	135.5
Income tax expense	8	(14.9)	(28.7)
Profit for the year		88.4	106.8
Profit/(loss) attributable to:			
Owners of the parent		88.7	106.7
Non-controlling interests		(0.3)	0.1
		88.4	106.8
Earnings per share			
Basic earnings per share	13	91.0p	109.0p
Diluted earnings per share	13	88.8p	106.6p

The notes on pages 106 to 160 are an integral part of these Financial Statements.



Consolidated Statement of Comprehensive Income

For the year ended 31 March 2013

	Note	Group 2013 £m	Group 2012 £m
Profit for the year		88.4	106.8
Other comprehensive (expense)/income			
Actuarial (loss)/gain on post-employment benefit liabilities	30a	(42.9)	24.9
Cash flow hedges		1.0	(2.4)
Change in value of available-for-sale financial assets	20	(1.6)	1.6
Net differences on exchange		9.4	0.8
Other comprehensive (expense)/income for the year net of tax		(34.1)	24.9
Total comprehensive income for the year		54.3	131.7
Attributable to:			
Owners of the parent		54.6	131.6
Non-controlling interests		(0.3)	0.1
Total comprehensive income for the year		54.3	131.7

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in note 8c.

The notes on pages 106 to 160 are an integral part of these Financial Statements.



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Consolidated and Parent Company Balance Sheets

As at 31 March 2013

	Note	Group 2013 £m	Group 2012 £m	Company 2013 £m	Company 2012 £m
Assets					
Non-current assets					
Goodwill	15	211.4	205.0	-	-
Other intangible assets	16	39.6	46.3	-	-
Property, plant and equipment	17	50.7	51.5	-	-
Investments in subsidiaries	18	-	-	194.4	186.1
Investments in joint ventures	4	7.1	3.5	-	-
Deferred income tax assets	19	92.2	84.2	-	-
Derivative financial instruments	21	0.3	0.3	-	-
Other receivables	22	20.0	18.2	-	-
		421.3	409.0	194.4	186.1
Assets of disposal group classified as held for sale					
	10	5.8	6.9	-	-
Current assets					
Inventories	23	0.2	1.1	-	-
Trade and other receivables	24	449.2	445.3	165.2	159.9
Financial assets at fair value through profit or loss	25	35.9	35.0	-	-
Available-for-sale financial assets	20	-	6.1	-	-
Cash and cash equivalents	26	201.5	167.0	0.3	10.6
Derivative financial instruments	21	0.5	0.4	-	-
		687.3	654.9	165.5	170.5
Liabilities					
Current liabilities					
Borrowings	27	(59.8)	(105.7)	(59.8)	(104.0)
Trade and other payables	28	(486.7)	(506.1)	(83.1)	(84.8)
Derivative financial instruments	21	(1.4)	(1.7)	-	-
Current income tax liabilities		(40.5)	(34.3)	-	-
Provisions for other liabilities and charges	29	(1.5)	(3.6)	-	-
		(589.9)	(651.4)	(142.9)	(188.8)
Liabilities of disposal group classified as held for sale					
	10	(5.2)	(0.1)	-	-
Net current assets/(liabilities)					
		98.0	10.3	22.6	(18.3)



Consolidated and Parent Company Balance Sheets

continued

	Note	Group 2013 £m	Group 2012 £m	Company 2013 £m	Company 2012 £m
Non-current liabilities					
Borrowings	27	(49.4)	(4.9)	(49.3)	–
Provisions for other liabilities and charges	29	(4.4)	(6.8)	–	–
Post-employment benefit liabilities	30	(298.8)	(265.3)	–	–
Derivative financial instruments	21	(1.3)	(2.5)	–	–
Deferred income tax liabilities	19	(20.1)	(18.8)	–	–
Other non-current liabilities	31	(1.5)	(1.6)	–	–
		(375.5)	(299.9)	(49.3)	–
Net assets	3	143.8	119.4	167.7	167.8
Capital and reserves					
Ordinary shares	32	0.5	0.5	0.5	0.5
Share premium account		62.4	62.4	62.4	62.4
Merger reserve		8.9	8.9	8.9	8.9
Retained earnings		72.2	47.5	95.9	96.0
Equity attributable to owners of the parent		144.0	119.3	167.7	167.8
Non-controlling interests		(0.2)	0.1	–	–
Total equity		143.8	119.4	167.7	167.8

The Financial Statements on pages 100 to 160 were approved by the Board on 12 June 2013 and signed on its behalf by:

Prof Dr Uwe Krueger
Director

Heath Drewett
Director

The notes on pages 106 to 160 are an integral part of these Financial Statements.



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Consolidated and Parent Company Statements of Cash Flows

For the year ended 31 March 2013

	Note	Group 2013 £m	Group 2012 £m	Company 2013 £m	Company 2012 £m
Cash flows from operating activities					
Cash generated from operations	34	82.9	68.6	13.6	35.1
Interest received		2.6	3.9	1.8	1.3
Interest paid		(3.2)	(2.5)	(2.9)	(1.7)
Income tax paid		(7.1)	(11.0)	–	–
Net cash generated from operating activities		75.2	59.0	12.5	34.7
Cash flows from investing activities					
Investments in subsidiary companies		–	–	(1.8)	(5.3)
Acquisitions of subsidiaries					
– consideration		–	(14.6)	–	–
– cash acquired		–	0.9	–	–
Deferred consideration payments		–	(0.8)	–	–
Loans to other related parties		(1.8)	(4.9)	–	–
Purchases of property, plant and equipment		(18.3)	(15.0)	–	–
Proceeds from disposals of property, plant and equipment		0.5	0.9	–	–
Proceeds from disposals of investments in businesses/non-controlling interests	9	15.1	5.2	0.5	12.1
Payments associated with disposal of businesses	9	(2.1)	(2.2)	–	(2.2)
Dividend income received		–	–	9.6	–
Purchases of financial assets		(0.2)	(0.3)	–	–
Proceeds from disposal of financial assets		7.5	–	–	–
Purchases of intangible assets		(6.1)	(5.1)	–	–
Net cash (used in)/generated from investing activities		(5.4)	(35.9)	8.3	4.6
Cash flows from financing activities					
Proceeds of new debt		47.5	65.3	47.5	65.3
Repayment of bank loans		(47.5)	(5.0)	(47.5)	(5.0)
Finance lease principal payments		(1.8)	(2.1)	–	–
Purchase of own shares by employee benefit trusts		(7.0)	(7.0)	–	–
Equity dividends paid to shareholders	12	(30.0)	(28.7)	(30.0)	(28.7)
Loans to Group companies		–	–	(7.0)	(77.5)
Loans from Group companies		–	–	–	17.2
Repayment of loans to Group companies		–	–	5.9	–
Net cash (used in)/generated from financing activities		(38.8)	22.5	(31.1)	(28.7)
Net increase/(decrease) in cash and cash equivalents		31.0	45.6	(10.3)	10.6
Cash and cash equivalents at beginning of year		167.0	121.5	10.6	–
Exchange movements		3.5	(0.1)	–	–
Cash and cash equivalents at end of year	26	201.5	167.0	0.3	10.6

The notes on pages 106 to 160 are an integral part of these Financial Statements.



Consolidated and Parent Company Statements of Changes in Equity

For the year ended 31 March 2013

	Note	Attributable to owners of the parent				Total £m	Non- controlling interests £m	Total equity £m
		Ordinary shares £m	Share premium account £m	Merger reserve £m	(Accumulated losses)/ retained earnings £m			
Group								
Balance at 1 April 2011		0.5	62.4	8.9	(55.5)	16.3	–	16.3
Profit for the year		–	–	–	106.7	106.7	0.1	106.8
Comprehensive income for the year		–	–	–	24.9	24.9	–	24.9
Total comprehensive income for the year		–	–	–	131.6	131.6	0.1	131.7
Dividends to owners of the parent	12	–	–	–	(28.7)	(28.7)	–	(28.7)
Share-based payments	33	–	–	–	6.4	6.4	–	6.4
Tax credit relating to share option scheme		–	–	–	0.7	0.7	–	0.7
Employee benefit trusts		–	–	–	(7.0)	(7.0)	–	(7.0)
Total contributions by and distributions to owners of the parent, recognised directly in equity		–	–	–	(28.6)	(28.6)	–	(28.6)
Balance at 31 March 2012		0.5	62.4	8.9	47.5	119.3	0.1	119.4
Profit/(loss) for the year		–	–	–	88.7	88.7	(0.3)	88.4
Comprehensive expense for the year		–	–	–	(34.1)	(34.1)	–	(34.1)
Total comprehensive income/(expense) for the year		–	–	–	54.6	54.6	(0.3)	54.3
Dividends to owners of the parent	12	–	–	–	(30.0)	(30.0)	–	(30.0)
Share-based payments	33	–	–	–	6.5	6.5	–	6.5
Tax credit relating to share option scheme		–	–	–	0.6	0.6	–	0.6
Employee benefit trusts		–	–	–	(7.0)	(7.0)	–	(7.0)
Total contributions by and distributions to owners of the parent, recognised directly in equity		–	–	–	(29.9)	(29.9)	–	(29.9)
Balance at 31 March 2013		0.5	62.4	8.9	72.2	144.0	(0.2)	143.8
Company								
Balance at 1 April 2011		0.5	62.4	8.9	75.6	147.4	–	147.4
Profit for the year	14	–	–	–	42.7	42.7	–	42.7
Total comprehensive income for the year		–	–	–	42.7	42.7	–	42.7
Dividends to owners of the parent	12	–	–	–	(28.7)	(28.7)	–	(28.7)
Share-based payments	33	–	–	–	6.4	6.4	–	6.4
Total contributions by and distributions to owners of the parent, recognised directly in equity		–	–	–	(22.3)	(22.3)	–	(22.3)
Balance at 31 March 2012		0.5	62.4	8.9	96.0	167.8	–	167.8
Profit for the year	14	–	–	–	23.4	23.4	–	23.4
Total comprehensive income for the year		–	–	–	23.4	23.4	–	23.4
Dividends to owners of the parent	12	–	–	–	(30.0)	(30.0)	–	(30.0)
Share-based payments	33	–	–	–	6.5	6.5	–	6.5
Total contributions by and distributions to owners of the parent, recognised directly in equity		–	–	–	(23.5)	(23.5)	–	(23.5)
Balance at 31 March 2013		0.5	62.4	8.9	95.9	167.7	–	167.7

The merger reserve relates to the issue of shares in respect of previous acquisitions.

The notes on pages 106 to 160 are an integral part of these Financial Statements.



Notes to the Financial Statements

For the year ended 31 March 2013

1. Accounting policies

WS Atkins plc (the Company) is a public limited company, which is listed on the London Stock Exchange and is incorporated and domiciled in England and Wales. The address of its registered office is Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW, England.

The principal accounting policies applied in the preparation of these Consolidated Financial Statements are set out below. These policies have been consistently applied to all the years presented, including the application of new International Financial Reporting Standards (IFRSs) and interpretations, unless otherwise stated.

Basis of preparation

The Consolidated Financial Statements of WS Atkins plc have been prepared in accordance with IFRSs as adopted by the European Union (EU), the Companies Act 2006 that applies to companies reporting under IFRS, and IFRS Interpretations Committee (IFRIC) interpretations. The Consolidated Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

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

The preparation of financial statements in conformity with IFRS also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements, are disclosed under critical accounting policies and are incorporated by reference in the Business Review (page 38).

Going concern

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

Basis of consolidation

The Consolidated Income Statement and Balance Sheet include the accounts of the Company, its subsidiary undertakings and its share of joint ventures. The results of the subsidiary undertakings acquired during the year are included in the Consolidated Income Statement from the date of acquisition. The results of subsidiary undertakings disposed of during the year are included in the Consolidated Income Statement up to the date of disposal.

Subsidiaries

Subsidiaries are all entities that are directly or indirectly controlled by the Group. Control exists where the Group has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. In assessing control, the existence and effect of potential voting rights that are currently exercisable or convertible are considered.

The Group applies the acquisition method to account for business combinations. Investments in subsidiaries are stated at cost less impairments. The cost of an acquisition is measured as the fair value of the assets, equity instruments issued and liabilities incurred or assumed at the date of exchange.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date irrespective of any non-controlling interest.

Acquisition-related costs are expensed as incurred.

Goodwill is initially measured as the excess of the cost of the acquisition over the fair value of the Group's share of the net identifiable assets acquired and liabilities assumed. If the cost of the acquisition is lower than the fair value of net assets of the subsidiary acquired, the difference is recognised directly in the income statement. Goodwill is reviewed on finalisation of fair values and any adjustments required to the accounting are recorded within 12 months of the acquisition date.

Intercompany transactions, balances, income and expenses on transactions between Group companies are eliminated.

Where subsidiaries adopt accounting policies that are different from the Group's, their reported results are restated to comply with the Group's accounting policies. Where subsidiaries do not adopt accounting periods that are coterminous with the Group's, results and net assets are based upon unaudited accounts drawn up to the Group's accounting reference date.



Joint ventures

In accordance with IAS 31, *Interests in joint ventures*, the Group accounts for joint ventures under the equity method of accounting. The Group's share of a joint venture's profit after tax is included from the date on which the Group acquires joint control. Within the Consolidated Balance Sheet, the investment is recorded at cost (classified as a non-current asset) and subsequently adjusted to reflect the Group's share of the movements in the joint venture's net assets post acquisition.

The results, assets and liabilities of joint ventures are stated in accordance with the Group's accounting policies. Where joint ventures adopt accounting policies that are different from the Group's, their reported results are restated to comply with the Group's accounting policies.

Where joint ventures do not adopt accounting periods that are coterminous with the Group's, results and net assets are based upon unaudited accounts drawn up to the Group's accounting reference date.

Public private partnership (PPP)/Private finance initiative (PFI) concessions

Assets constructed by PPP/PFI concession companies are classified in the accounts of the joint ventures as financial assets or intangible assets, depending on whether the grantor or user has the primary responsibility to pay the operator for the concession services. To date, all of the Group's PPP/PFI concession assets have been classed as financial assets.

The financial asset represents an interest-bearing, long term receivable. The cost of the financial asset at any one time is equal to the accumulated value of the service delivery plus accumulated interest charged to the financial asset less amounts received to date.

The financial asset is measured at fair value. Where it is classed as a loan receivable, any movement in fair value is taken to the income statement. Where it is classed as available-for-sale, any movement in fair value is taken to reserves.

Revenue is recognised at the fair value of the consideration received for goods and services provided in the normal course of business, net of value added tax, rebates and discounts. Revenue from contracting activities represents the value of work carried out during the year including amounts not yet invoiced. Interest income is accrued on a time basis by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying value.

Where the outcome of a construction contract can be measured reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date, as measured by the contract costs incurred. Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that it is probable that contract costs incurred will be recovered.

When it is probable that the total contract costs will exceed total contract revenue, the expected resultant loss is recognised as an expense immediately.

Employee benefit trusts

The accounts of the employee benefit trusts (EBTs) are incorporated into the results of the Group as, although they are administered by independent trustees and their assets are held separately from those of the Group, in practice, the Group's recommendations on how the assets are used for the benefit of employees are normally followed. The Group bears the major risks and rewards of the assets held by the EBTs until the shares vest unconditionally with the employees. Shares in WS Atkins plc held by the EBTs are shown as a reduction in retained earnings/accumulated losses. Other assets and liabilities held by the EBTs are consolidated with the assets of the Group.

Foreign currency transactions and translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Consolidated Financial Statements are presented in pounds sterling (£), which is the Company's and Group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated income Statement, except when deferred in other comprehensive income, for example, as qualifying cash flow hedges.



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Group companies

The results and financial position of all Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group's presentation currency are translated into the Group's presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each income statement are translated at average exchange rates
- all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief executive officer and the Group finance director.

The Group's operating segments for management purposes reflect predominantly its key geographical markets. The segments are: United Kingdom (UK); North America; Middle East; Asia Pacific and Europe; and Energy. These segments form the basis for reporting the Group's segment information as they are the main determinants of the Group's risks and returns. The Group considers the UK to be its country of domicile.

Intersegment transfers and transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties.

Revenue

Revenue from long term contracts comprises the value of work performed during the period calculated in accordance with the Group'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 Group 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 Group is acting solely as an agent. Receivables, payables and cash relating to these transactions are included in the Consolidated Balance Sheet.

Revenue recognition and contract accounting

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

Revenue is recognised on the majority of the Group'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.

In some cases, a margin provision is then made, depending on how far progressed each project is and the risk profile of the project. Where contracts span two or more accounting periods, profit is not generally recognised until the contract is 50% complete. 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.

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



Interest income

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

Dividend income

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

Pre-contract costs

The Group accounts for all pre-contract costs in accordance with IAS 11, *Construction contracts*. Costs incurred before it becomes probable that a contract will be obtained are charged to expenses. Directly attributable costs incurred after that point are recognised in the balance sheet and charged to the income statement over the duration of the contract or, in the case of PPP/PFI concessions, over the same period as the Group's interest in any special purpose company (SPC) charges the equivalent capitalised amounts to the income statement.

Bid recovery fees are deferred and credited to the income statement over the duration of the contract or, in the case of PPP/PFI concessions, over the same period as the Group's interest in any SPC credits the equivalent capitalised amounts to the income statement. Where the Group's interest in any SPC reduces, the deferred bid recovery fees are credited to the income statement in proportion to the reduction of the Group's interest.

Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are items of income or expense that have been shown separately due to the significance of their nature or amount.

Exceptional items are also summarised by class in the segmental analyses, excluding those that relate to interest and tax.

Retirement benefit schemes

The Group has both defined contribution and defined benefit pension plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that typically defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

For defined benefit schemes, regular valuations are prepared by independent professionally qualified actuaries to determine the level of contributions required to fund the benefits set out in the scheme rules.

The Group accounts for pensions in accordance with IAS 19, *Employee benefits*. The cost of defined benefit schemes is charged as follows:

- the current service cost incurred during the period to provide retirement benefits to employees is charged to operating profit
- gains or losses arising from settlements or curtailments not covered by actuarial assumptions are included in operating profit
- a charge representing the expected increase in scheme liabilities is included in net finance costs. This is based on the present value of scheme liabilities at the beginning of the period
- a credit representing the expected return on scheme assets is included within net finance costs. This is based on the market value of the assets of the schemes at the start of the period allowing for expected cash flows during the period.

Actuarial gains and losses (asset experience, liability experience and changes in actuarial assumptions) are charged or credited to equity in other comprehensive income in the period in which they arise. The difference between the market value of scheme assets and the present value of scheme liabilities is recognised as a retirement benefit asset or liability in the Consolidated Balance Sheet. To the extent that it is recoverable, any related deferred tax asset or liability is included in the relevant category of receivable/payable.

The Group has elected to recognise actuarial gains and losses in full as they arise through retained earnings/accumulated losses.

For defined contribution plans, the Group pays contributions into a separate entity. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in the future payments is available.



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Share-based payments

The Group operates a number of equity and cash settled share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) or cash (phantom allocations) of the Group.

In accordance with IFRS 2, *Share-based payments*, the cost of share-based payments awarded after 7 November 2002 is charged to the income statement over the performance and vesting periods of the instruments. The cost is based on the fair value of the awards made at the date of grant adjusted for the number of awards expected to vest. In accordance with the transitional provisions within IFRS 2, no charge is made in respect of instruments awarded before 7 November 2002. In the case of equity settled awards, the credits associated with the amounts charged to the income statement are included in retained earnings/accumulated losses until the awards are exercised. In the case of cash settled awards, the credits associated with the amounts charged to the income statement are held as a liability in the balance sheet until the awards are transferred, at which point a cash amount (based on the Company's share price at the vesting date) is paid to the employee. Where awards are settled by the new issue of shares, any proceeds received in respect of share options are credited to share capital and share premium. Where awards are settled in shares held by the EBTs, any proceeds are credited to retained earnings/accumulated losses.

Share awards are granted by the Company to employees of its subsidiaries. The Company charges to cost of investment in subsidiaries an amount equivalent to the equity settled element of the annual IFRS 2 charge, with an equivalent credit to reserves in accordance with IFRIC 11, *Group and treasury share transactions*.

Income tax

Current and deferred income tax are recognised in the income statement for the period except where the taxation arises as a result of a transaction or event that is recognised 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 current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income.

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle balances on a net basis.

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries, branches and joint ventures, except where it is known that the earnings will be distributed.

Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the fair value of the consideration given for a business over the Company's interest in the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree.

Goodwill is stated at cost less accumulated impairment. Prior to 1 April 2004, goodwill was amortised over its estimated useful economic life. Amortisation ceased on 1 April 2004 and the carrying value of existing goodwill was frozen at that date and is subject to impairment reviews.

For the purpose of impairment testing, goodwill acquired in a business acquisition is allocated to each of the cash generating units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.



Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill that arose prior to 1 April 1997 was written off to retained earnings/accumulated losses. Profit or loss on disposal of the underlying businesses to which this goodwill related will not include goodwill previously recorded as a deduction from equity.

Acquired customer relationships

Acquired customer relationships consist of intangible assets arising on the consolidation of recently acquired businesses, that are separable from goodwill, in accordance with IFRS 3, *Business combinations*, and IAS 38, *Intangible assets*, and do not fall within the Group's other classes of intangible assets. These comprise principally existing customer relationships which may give rise to future orders (customer relationships), and existing order books (backlog orders).

Acquired customer relationships are recognised at fair value at the acquisition date and have a finite useful life. Amortisation of customer relationships is calculated using the straight line method to allocate the cost of customer relationships over their estimated useful lives of between one and twenty years. Acquired customer relationships are stated at cost less accumulated amortisation and impairment.

Backlog orders are recognised at fair value at the acquisition date and amortised over their estimated useful lives of three years. Backlog orders are stated at cost less accumulated amortisation and impairment.

Software licences

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. These costs are amortised using the straight line method to allocate the cost of the software licences over their useful lives of between two and five years. Software licences are stated at cost less accumulated amortisation.

Corporate information systems

In accordance with IAS 38, *Intangible assets*, the Group's corporate information systems are treated as an intangible asset. Costs included are those directly attributable to the design, construction and testing of new systems (including major enhancements and internally generated costs) from the point of inception to the point of satisfactory completion where the probable future economic benefits arising from the investment can be assessed with reasonable certainty at the time the costs are incurred. Maintenance and minor modifications are expensed in the income statement as incurred. The corporate information systems recognised as assets are amortised using the straight line method to allocate the cost of the corporate information systems over their estimated useful life of six years. Corporate information systems are stated at cost less accumulated amortisation.

Trade names and trademarks

Trade names and trademarks have arisen on the consolidation of recently acquired businesses and are recognised at fair value at the acquisition date. Where trade names and trademarks are considered to have a finite useful life, amortisation is calculated using the straight line method to allocate the cost of trade names and trademarks over their estimated useful lives. Where trade names and trademarks are considered to have an indefinite useful life, they are not subject to amortisation; they are tested annually for impairment and when there are indications that the carrying value may not be recoverable, as detailed within the impairment of non-financial assets section below. Trade names and trademarks are stated at cost less accumulated amortisation and impairment.

Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and impairment. Cost comprises purchase price after discounts and rebates plus all directly attributable costs of bringing the asset to working condition for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to write off the cost less residual value of each asset over its estimated useful life, as follows:

Freehold buildings	– 10 to 50 years
Short term leasehold property	– over the life of the lease
Plant, machinery and vehicles	– 3 to 12 years

The assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.



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An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within administrative expenses in the income statement.

Impairment of non-financial assets

Assets that have an indefinite useful life, such as goodwill, are not subject to amortisation and are tested annually for impairment and when there are indications that the carrying value may not be recoverable. Assets that are subject to amortisation are reviewed for impairment wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs).

Financial assets

Classification

The Group classifies its financial assets into the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the mid market price. These instruments are included in Level 1, see note 2.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2, see note 2.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets except where the maturity is greater than 12 months after the balance sheet date, in which case they are included as non-current assets. The Group's loans and receivables comprise trade and other receivables, cash and cash equivalents, and other receivables in the balance sheet. Other receivables include loan notes receivable.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the right to receive cash flows from the investments has expired or has been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.

Trade receivables are recognised at original invoice amount less provision for impairment which, due to their short term nature, approximates to their fair value. Other receivables include loan notes receivable in respect of disposals, which are measured at amortised cost using the effective interest method less any provision for impairment. This valuation approximates to their fair value.

Gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss are presented in the income statement in the period in which they arise.



Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement.

Interest on available-for-sale financial assets calculated using the effective interest method is recognised in the income statement as part of finance income.

Impairment of financial assets

Assets carried at amortised cost

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in payments, the probability that they will enter bankruptcy or financial reorganisation.

Any impairment is charged to the income statement. Impairment testing for trade receivables is described below in the accounting policy paragraph relating to trade receivables. For other receivables carried at amortised cost, impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

Assets classified as available-for-sale

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. The Group uses the criteria referred to above. If any evidence of impairment exists, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the Consolidated Income Statement.

Inventories

Inventories are stated at cost less impairment. Cost is determined using the first in, first out method.

Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised at original invoice amount. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

Cash and cash equivalents

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

Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.



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The fair values of various derivative instruments used for hedging purposes are disclosed in note 21. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the Consolidated Income Statement.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast cash flow that is hedged takes place).

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast cash flow is ultimately recognised in the Consolidated Income Statement. When a forecast cash flow is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Consolidated Income Statement.

Lease obligations

Finance leases

Lease arrangements that transfer substantially all the risks and rewards of ownership to the lessee are treated as finance leases. Assets held under finance leases are capitalised within property, plant and equipment at the lease's commencement and depreciated over the shorter of the lease term and the useful life of the asset. A liability is recognised for the present value of the minimum lease payments within current and/or non-current liabilities as appropriate. Rental payments are apportioned between capital and interest expense to achieve a constant rate of interest charge on the outstanding obligation.

Operating leases

Where the Group acts as lessee in an operating lease arrangement, the lease payments are charged as an expense to the income statement on a straight line basis over the lease term. Lease incentives received are also recognised on a straight line basis over the lease term.

Where the Group acts as lessor in an operating lease arrangement, rental income from operating leases is accounted for on a straight line basis over the period of the lease. Lease incentives provided are also recognised over the lease term on a straight line basis.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised at original invoice amount.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Consolidated Income Statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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.

**Provisions for other liabilities and charges**

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Vacant property provisions are recognised when the Group has committed to a course of action that will result in the property becoming vacant. The provision is calculated based on projected discounted cash flows to the end of the lease, after making assumptions for void and rent free periods.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's Financial Statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.

Disposal groups held for sale

Disposal groups are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

Application of new IFRSs and interpretations**(a) New and amended standards adopted by the Group**

There are no new IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning 1 April 2012 that would be expected to have a material impact on the Group.

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 April 2012 and not yet adopted

- Amendment to IAS 1, *Financial statement presentation*, regarding other comprehensive income (effective for financial years beginning on/after 1 July 2012)
- IAS 19 (revised 2011), *Employee benefits* (effective for financial years beginning on/after 1 January 2013)
- Amendment to IFRS 7, *Financial instruments: Disclosures*, on asset and liability offsetting (effective for financial years beginning on/after 1 January 2013)
- Amendments to IFRSs 10 and 12 on transition guidance (effective 1 January 2014)
- Amendment to IFRS 11 on transition guidance (effective 1 January 2014)
- Annual improvements 2011 (effective for financial years beginning on/after 1 January 2013)
- Amendment to IAS 32, *Financial instruments: Presentation*, on asset and liability offsetting (effective 1 January 2014)
- IFRS 9, *Financial instruments* (effective 1 January 2015)
- IFRS 10, *Consolidated financial statements* (effective 1 January 2014)
- IFRS 11, *Joint arrangements* (effective 1 January 2014)
- IFRS 12, *Disclosures of interests in other entities* (effective 1 January 2014)
- IFRS 13, *Fair value measurement* (effective for financial years beginning on/after 1 January 2013)
- IAS 27 (revised 2011), *Separate financial statements* (effective 1 January 2014)
- IAS 28 (revised 2011), *Associates and joint ventures* (effective 1 January 2014).

Of these, the amendment to IAS 19 is expected to have the most significant effect on the Group's Financial Statements.

IAS 19 was amended in June 2011. The impact on the Group will be as follows: to immediately recognise all past service costs; to amend the way in which administrative expenses are allowed for; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability. Adopting amendments to IAS 19 would have increased 2013 net finance costs by £5.2m, and would have reduced the defined benefit liability at 31 March 2013 by £3.2m. The estimated effect for 2014, based on current actuarial assumptions, is to increase net finance costs by £8.8m.



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2. Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

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

These policies are further described within the 'Treasury policies and objectives' section of the Business Review (page 37).

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

a) Market risk

Financial instruments affected by market risk include borrowings, debt investments, deposits and derivative financial instruments. The following foreign exchange risk and interest rate risk analyses, required by IFRS 7, *Financial instruments: Disclosures*, are intended to illustrate the sensitivity to changes in market variables, being primarily the US dollar to sterling and euro to sterling exchange rates and UK interest rates.

The following assumptions were made in calculating the sensitivity analyses:

- changes in the fair value of financial instruments designated as available-for-sale are recognised directly in other comprehensive income
- changes in the carrying value of derivative financial instruments designated as hedges are fully effective with no impact on the Consolidated Income Statement
- changes in the carrying value of other financial instruments not in hedging relationships only affect the Consolidated Income Statement.

i) Foreign exchange risk

The Group operates in a number of international territories. Each business undertakes a large proportion of its commercial transactions within its local market and in its local functional currency. Foreign exchange risk arises from a proportion of commercial transactions undertaken in currencies other than the local functional currency, from financial assets and liabilities denominated in currencies other than the local functional currency and on the Group's investments in foreign operations.

Group policy is for each business to undertake commercial transactions in its own functional currency whenever possible. When this is not possible, the Group manages its foreign exchange risk from future commercial transactions using appropriate derivative contracts arranged via Group Treasury. Cash flows are reviewed on a monthly basis throughout the duration of projects and the future cover amended as appropriate.

Trade receivables and payables denominated in currencies other than the local functional currency arise from commercial transactions and are therefore largely hedged as part of the process described above. Remaining financial assets and liabilities denominated in currencies other than the local functional currency include bank accounts, loans and intercompany funding balances. These are generally unhedged, with the exception of balances that are themselves designated as hedging instruments used to hedge the Group's investments in foreign operations.

The Group's primary exposure to foreign exchange risk on unhedged financial instruments arises mainly in respect of movements between the US dollar (including dollar pegged currencies) and sterling and between the euro and sterling.

At 31 March 2013, if sterling had strengthened by a reasonably possible change of 10% against the US dollar, post-tax profit for the year would have been lower by approximately £1.7m (2012: £1.9m lower) and equity would have been £1.7m lower (2012: £1.9m lower). If sterling had weakened by a reasonably possible change of 10% against the US dollar, post-tax profit for the year would have been higher by approximately £2.1m (2012: £2.4m higher) and equity would have been £2.1m higher (2012: £2.4m higher).



At 31 March 2013, if sterling had strengthened by a reasonably possible change of 10% against the euro, post-tax profit for the year would have been lower by approximately £0.3m (2012: £0.5m lower) and equity would have been £0.3m lower (2012: £0.5m lower). If sterling had weakened by a reasonably possible change of 10% against the euro, post-tax profit for the year would have been higher by approximately £0.4m (2012: £0.7m higher) and equity would have been £0.4m higher (2012: £0.7m higher).

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

ii) Interest rate risk

The Group's exposure to interest rate risk arises from cash and cash equivalents and financial assets at fair value through profit or loss which are all interest bearing, offset in part by interest bearing bank loans. The majority of these items are at floating rates of interest or fixed deposits for periods of less than six months; changes in the interest rate results in changes in interest-related cash flows. No interest hedging is currently undertaken by the Group or its subsidiaries. If interest rates for the year to 31 March 2013 had been 10 basis points higher/lower, post-tax profit for the year would have been approximately £0.1m (2012: £0.1m) higher/lower.

iii) Price risk

Price risk is the risk that a decline in the value of assets adversely impacts the profitability of the Group.

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the Consolidated Balance Sheet as financial assets at fair value through profit or loss. To manage this risk, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with limits set by the Group.

During the year, the Group was also exposed to price risk because of investments held by the Group in unlisted corporate bonds (available-for-sale financial assets). These investments were disposed of during the year, see note 20. At 31 March 2012 the fair value of these investments was £6.1m.

Management monitors exposures to price risk on an ongoing basis.

The Group is not materially exposed to commodity price risk. Certain longer term project and framework contracts include indexation clauses that are applied to unit rates to offset the effect of inflation on input costs over the duration of the agreement. The Group is exposed to price risk to the extent that inflation differs from the index used and forecast project outcomes that form the basis of revenue recognition include an estimate of this risk where it is present.

b) Credit risk

Credit risk is the risk that the Group will suffer financial loss as a result of counterparties defaulting on their contractual obligations.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, and investments in unlisted corporate bonds (available-for-sale financial assets), as well as credit exposures to customers, including outstanding receivables and committed transactions, with the maximum exposure to the risk equivalent to 100% of the carrying value disclosed in the Group's balance sheet at 31 March. The Group does not hold any collateral as security. The Group's policy is that cash and investments should not be concentrated with any one counterparty.

For trade and other receivables, concentration of credit risk is very limited due to the Group's broad customer base. An assessment of credit quality of the customer is made where appropriate using a combination of external rating agencies, past experience and other factors. In circumstances where credit information is unavailable or poor, the risk is mitigated primarily by the use of advance payments resulting in positive cash flows. 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. In view of current economic circumstances, additional management attention remains focused on the recovery of debtors.



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c) Liquidity risk

The Group funds its activities through cash generated from its operations and, where necessary, borrowings and finance leases. The Group's borrowing facilities include bank facilities and private placement debt. Cash flow forecasting is performed in the operating entities of the Group and aggregated by a central finance department (Group Finance). Group Treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities (note 27) at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans and covenant compliance.

Any surplus cash is invested by Group Treasury in interest bearing current accounts, term deposits and money market deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the forecasts mentioned above.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Group 2013				
	On demand or within 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m	Total £m
Finance leases	–	–	0.1	–	0.1
Bank loans ¹	60.0	–	–	–	60.0
Private placement debt ¹	2.4	2.2	6.5	52.5	63.6
Trade payables	74.3	–	–	–	74.3

	2012				
	On demand or within 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m	Total £m
Finance leases	2.0	1.7	2.8	0.6	7.1
Bank loans ¹	104.5	–	–	–	104.5
Trade payables	87.8	–	–	–	87.8

	Company 2013				
	On demand or within 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m	Total £m
Bank loans ¹	60.0	–	–	–	60.0
Private placement debt ¹	2.4	2.2	6.5	52.5	63.6
Intercompany payables	82.0	–	–	–	82.0

	2012				
	On demand or within 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m	Total £m
Bank loans ¹	104.5	–	–	–	104.5
Intercompany payables	84.5	–	–	–	84.5

1. The contractual cash flows in each year include the borrowings maturing in that year together with forecast contractual interest payments on those borrowings. Interest is estimated using the prevailing rate at the balance sheet date. Cash flows in foreign currencies are translated at the spot rates at the balance sheet date.



d) Concentrations of financial instruments

The carrying amounts of the Group's financial assets and liabilities, excluding derivative financial instruments, were denominated in the following currencies:

	Financial assets £m	2013 Financial liabilities £m	Financial assets £m	2012 Financial liabilities £m
Sterling	281.7	161.3	253.3	151.1
US dollar	118.1	16.7	92.1	23.8
China RMB	21.4	0.6	23.5	0.1
UAE dirham	20.8	2.2	30.0	3.1
Qatari rial	17.6	0.8	28.9	2.7
HK dollar	15.3	1.1	14.3	1.0
Australian dollar	12.4	–	7.8	–
Euro	11.7	1.1	18.4	1.3
Danish krone	11.6	0.9	8.7	3.8
Saudi Arabian riyal	7.9	0.8	12.9	8.3
Swedish krone	7.3	1.5	4.6	–
Other	29.5	1.7	30.2	3.2
Total	555.3	188.7	524.7	198.4

The carrying value of the financial assets of the Company are denominated in US dollars (£109.9m) and sterling (£55.6m). The carrying value of the financial liabilities of the Company are denominated in US dollars (£109.1m) and sterling (£82.0m).

At 31 March 2012, the carrying value of the financial assets of the Company were denominated in US dollars (£104.2m) and sterling (£66.3m). The carrying value of the financial liabilities of the Company at that date were denominated in US dollars (£104.0m) and sterling (£84.5m).

Financial assets consist of loan notes; trade receivables (net); intercompany receivables (nil in consolidated accounts); amounts due from joint ventures; financial assets at fair values through profit or loss; financial assets designated as available-for-sale, and cash and cash equivalents.

Financial liabilities consist of trade payables; intercompany payables (nil in consolidated accounts); and borrowings.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group maintains or adjusts its capital structure through the payment of dividends to shareholders and through its borrowing facilities.

The Group monitors capital on the basis of the ratio of its net debt plus defined benefit pension deficit net of total deferred tax to adjusted earnings before interest, taxes, depreciation and amortisation (EBITDA). This policy is unchanged from the prior year.



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The ratios of net debt plus defined benefit pension deficit net of total deferred tax to adjusted EBITDA at 31 March 2013 and 2012 were as follows:

	2013 £m	Group 2012 £m
Total borrowings (note 27)	109.2	110.6
Less: cash and cash equivalents (note 26)	(201.5)	(167.0)
Net debt	(92.3)	(56.4)
Defined benefit pension deficit (note 30)	285.2	251.1
Net deferred tax (note 19)	(72.1)	(65.4)
Net debt plus defined pension deficit net of total deferred tax	120.8	129.3
Profit before interest and tax	112.4	146.3
Add: depreciation	14.6	17.1
Add: amortisation and impairment	14.0	9.5
EBITDA	141.0	172.9
Less: exceptional item (note 11)	(4.3)	(30.9)
Adjusted EBITDA	136.7	142.0
Ratios of net debt plus defined benefit pension deficit net of total deferred tax to adjusted EBITDA	0.9	0.9

Given the Group's current net funds position, the Board has not formally agreed a target ratio of net debt plus defined benefit pension deficit net of total deferred tax to adjusted EBITDA.

Fair value estimation

The table below analyses the Group's financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 financial instruments

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the mid market price.

Level 2 financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on estimates. The fair value of certificates of deposit is calculated as the present value of the future cash flows, discounted at an appropriate market rate of interest. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the reporting date and yield curves derived from quoted interest rates matching the maturities of the foreign exchange contracts.



The following table presents the Group's assets and liabilities that are measured at fair value at 31 March 2013 and 2012:

	Level 1 £m	Level 2 £m	2013 Total £m	Level 1 £m	Level 2 £m	2012 Total £m
Assets						
Derivatives used for hedging	–	0.8	0.8	–	0.7	0.7
Marketable securities						
– Certificates of deposit	–	16.7	16.7	–	16.0	16.0
– Fixed interest securities	8.3	–	8.3	12.2	–	12.2
– Life insurance policies	–	3.8	3.8	–	3.4	3.4
– Floating rate notes	4.4	–	4.4	2.8	–	2.8
– UK treasury bills	2.7	–	2.7	0.6	–	0.6
Available-for-sale financial assets						
– Debt investments	–	–	–	–	6.1	6.1
Total assets	15.4	21.3	36.7	15.6	26.2	41.8
Liabilities						
Derivatives used for hedging	–	2.7	2.7	–	4.2	4.2
Total liabilities	–	2.7	2.7	–	4.2	4.2

There have been no changes to the classification of the Group's financial instruments carried at fair value between Level 1 and Level 2 at 31 March 2013 or 2012.

3. Segmental information

The CODM has been identified as the chief executive officer and the Group finance director. The chief executive officer and the Group finance director review the Group's internal reporting to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The chief executive officer and the Group finance director assess the performance of the operating segments based on operating profit before interest and tax. Information provided to the chief executive officer and the Group finance director is measured in a manner consistent with that in the Financial Statements.

a) Group business segments Revenue and results

2013	External revenue £m	Inter segment trade £m	Revenue £m	Operating profit £m	Operating margin %	Share of post-tax profit from joint ventures £m
UK	883.9	16.4	900.3	56.6	6.3	0.9
North America	388.7	1.0	389.7	15.3	3.9	0.5
Middle East	168.3	(6.1)	162.2	11.8	7.3	–
Asia Pacific and Europe	165.1	(0.3)	164.8	13.8	8.4	–
Energy	162.9	(11.0)	151.9	13.8	9.1	0.1
Total for segments	1,768.9	–	1,768.9	111.3	6.3	1.5
Group items:						
Joint ventures reported above	(63.7)	–	(63.7)	(1.5)	–	–
Unallocated central items	–	–	–	(5.7)	–	2.3
Total for Group	1,705.2	–	1,705.2	104.1	6.1	3.8



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	External revenue £m	Inter segment trade £m	Revenue £m	Operating profit £m	Operating margin %	Share of post-tax profit/(loss) from joint ventures £m
2012						
UK	814.1	45.8	859.9	51.6	6.0	2.4
North America	412.4	9.5	421.9	21.2	5.0	0.2
Middle East	226.2	(54.8)	171.4	16.8	9.8	–
Asia Pacific and Europe	162.1	1.4	163.5	11.9	7.3	–
Energy	130.3	(1.9)	128.4	11.4	8.9	–
Total for segments	1,745.1	–	1,745.1	112.9	6.5	2.6
Group items:						
Joint ventures reported above	(34.0)	–	(34.0)	(2.4)		–
Unallocated central items	–	–	–	26.7		(0.7)
Total for Group	1,711.1	–	1,711.1	137.2	8.0	1.9

Unallocated central items include £4.3m relating to a pension curtailment gain, see note 30, and £10.0m of intangible asset amortisation and impairment relating to the acquisition of The PBSJ Corporation (PBSJ), see note 16 (2012: £30.9m relating to the pension curtailment gain and £4.2m of intangible asset amortisation relating to the acquisition of PBSJ).

Total segment revenue excludes the share of joint venture revenue earned from centrally managed joint ventures of £6.6m (2012: £24.7m).

Reconciliation of segmental analysis to profit for the year attributable to owners of the parent and non-controlling interests:

	2013 £m	2012 £m
Operating profit	104.1	137.2
Profit on disposal of businesses/non-controlling interests	4.5	7.2
Share of post-tax profit from joint ventures	3.8	1.9
Profit before interest and tax	112.4	146.3
Finance income	3.4	4.1
Finance costs	(12.5)	(14.9)
Net finance costs	(9.1)	(10.8)
Profit before tax	103.3	135.5
Income tax expense	(14.9)	(28.7)
Profit for the year	88.4	106.8
Profit/(loss) attributable to:		
Owners of the parent	88.7	106.7
Non-controlling interests	(0.3)	0.1
	88.4	106.8



Balance sheet

	Total segment assets £m	Total segment liabilities £m	Net assets/ (liabilities) £m	Investments in joint ventures £m	Capital expenditure £m	Depreciation, amortisation and impairment £m
2013						
UK	510.0	(288.2)	221.8	3.8	15.1	10.0
North America	313.1	(86.0)	227.1	0.7	2.5	5.1
Middle East	105.1	(57.7)	47.4	–	2.9	1.1
Asia Pacific and Europe	96.1	(72.3)	23.8	–	3.6	1.9
Energy	73.4	(30.3)	43.1	(0.1)	0.5	0.5
Total for segments	1,097.7	(534.5)	563.2	4.4	24.6	18.6
Group items:						
Unallocated central items	16.7	(436.1)	(419.4)	2.7	–	10.0
Total for Group	1,114.4	(970.6)	143.8	7.1	24.6	28.6
Restated 2012						
UK	440.3	(292.1)	148.2	3.1	12.2	11.9
North America	310.1	(92.1)	218.0	0.4	4.6	6.1
Middle East	139.0	(77.7)	61.3	–	2.3	1.9
Asia Pacific and Europe	94.3	(73.8)	20.5	–	2.1	1.8
Energy	63.6	(23.5)	40.1	–	12.9	0.7
Total for segments	1,047.3	(559.2)	488.1	3.5	34.1	22.4
Group items:						
Unallocated central items	23.5	(392.2)	(368.7)	–	–	4.2
Total for Group	1,070.8	(951.4)	119.4	3.5	34.1	26.6

During the year the Group reviewed the basis of allocating assets and liabilities to the operating segments. As a result, assets and liabilities are now allocated based on the operations of the segments and the physical location or territory of the asset or liability. The segment assets and liabilities at 31 March 2012 have been restated to reflect these revised allocations.

Group cash balances; derivative financial instruments; financial assets at fair value through profit or loss; centrally managed joint ventures; and corporate assets are not considered to be segment assets as they are managed centrally. Consequently they are shown within unallocated central items.

Post-employment benefit liabilities; bank loans and private placement debt; derivative financial instruments; central tax provisions; and corporate liabilities are not considered to be segment liabilities as they are managed centrally. Consequently they are shown within unallocated central items.

Capital expenditure includes additions to goodwill, other intangible assets and property, plant and equipment.



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b) Group geographical segments

External revenue is measured by location of operation. There was no material difference between geographic revenue by location of operation and by location of customer.

The Group considers the UK to be its country of domicile. Outside the UK, only the Group's business in the United States (US) contributes more than 10% of the Group's revenue or non-current assets.

	Revenue		Non-current assets	
	2013 £m	2012 £m	2013 £m	2012 £m
UK	918.8	881.2	86.0	109.2
US	399.2	437.4	196.1	198.7
Other	387.2	392.5	46.7	16.6
Total for Group	1,705.2	1,711.1	328.8	324.5

Non-current assets exclude deferred tax assets and derivative financial instruments.

c) Major customers

Revenue from the UK Government represents approximately £206.5m (2012: £180.8m) of the Group's total revenue and is included within the UK and Energy operating segments.

4. Joint ventures

a) Share of post-tax profit from joint ventures

	2013 £m	Group 2012 £m
Revenue	70.3	58.7
Operating expenditure	(66.1)	(55.6)
Operating profit	4.2	3.1
Finance income	–	4.8
Finance costs	–	(5.3)
Profit before tax	4.2	2.6
Income tax expense	(0.4)	(0.7)
Share of post-tax profit from joint ventures	3.8	1.9



b) Investments in joint ventures

	2013 £m	Group 2012 £m
Non-current assets		
Property, plant and equipment	–	1.6
Other non-current assets	–	0.1
	–	1.7
Current assets		
Cash and cash equivalents	12.8	4.3
Other current assets	31.9	28.0
	44.7	32.3
Current liabilities		
Trade and other payables	(36.4)	(26.5)
	(36.4)	(26.5)
Non-current liabilities		
Other non-current liabilities	(1.2)	(4.0)
	(1.2)	(4.0)
Share of net assets	7.1	3.5
Investments in joint ventures	7.1	3.5

The Group's principal joint ventures are detailed in note 41.

The joint ventures have no capital commitments (2012: none).

5. Operating profit – analysis of costs by nature

	2013 £m	Group 2012 £m
Operating profit is arrived at after charging/(crediting):		
Employee benefit costs (note 6)	891.8	789.0
Net foreign exchange gains	(1.6)	(0.4)
Depreciation of property, plant and equipment (note 17)	14.6	17.1
Loss on sale of property, plant and equipment	–	0.5
Impairment of trade receivables/(reversal of impairment)		
– increase in provisions (note 24)	8.7	5.7
– release of provisions (note 24)	(8.7)	(6.9)
Amortisation and impairment of intangibles (note 16)	14.0	9.5
Receipts under operating leases	(3.9)	(2.4)
Payments under operating leases	59.4	55.3

Company operating profit was arrived at after generating £9.0m of realised profit on disposal of investments (2012: £32.6m).



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Services provided by the Group's auditor

During the year the Group (including its overseas subsidiaries) obtained the following services from the Group's auditor at costs as detailed below:

	2013 £m	Group 2012 £m
Statutory audit of the Company and Group Financial Statements	0.3	0.3
The audit of accounts of Group companies pursuant to legislation:		
– UK	0.5	0.4
– Non-UK	0.6	0.5
Total audit services	1.4	1.2
Audit related assurance services	0.1	0.1
Taxation compliance services	0.5	0.5
Taxation advisory services	0.2	–
Services relating to pensions	0.1	0.2
Other	0.2	0.1
Total other services	1.1	0.9
Total	2.5	2.1

The fee for the statutory audit of the Company's annual accounts was £0.1m (2012: £0.1m). No other services were provided to the Company by the Group's auditor (2012: none).

6. Employee benefit costs

	2013 Number	Average 2012 Number	2013 Number	Year end 2012 Number
Number of full time equivalent people (including executive directors) employed by the Group				
By segment:				
UK	8,467	8,654	8,626	8,201
North America	3,091	3,314	3,039	3,255
Middle East	2,003	1,754	1,978	1,961
Asia Pacific and Europe	1,756	1,633	1,812	1,684
Energy	1,213	1,029	1,273	1,095
Corporate	70	69	76	67
Total for Group	16,600	16,453	16,804	16,263



Aggregate employee benefit costs of those people amounted to:

	2013 £m	Group 2012 £m
Wages and salaries, including restructuring costs	787.2	715.1
Social security costs	64.5	62.0
Defined benefit current service cost (note 30)	2.2	3.3
Settlement and curtailment gains (note 30)	(4.4)	(33.3)
Charge for defined contribution schemes (note 30)	32.8	31.0
Other post-employment benefit costs (note 30)	2.0	3.5
Share-based payments (see note 33)	7.5	7.4
	891.8	789.0

Wages and salaries include £5.4m of restructuring costs (2012: £7.6m) relating to continuing operations.

Details of remuneration (including retirement benefits) and interests for directors are included in the Remuneration Report, which forms part of these Financial Statements. Details of remuneration for key management are included in note 39.

The Company has no employees (2012: none).

7. Net finance costs

	2013 £m	Group 2012 £m
Interest payable on borrowings	3.2	1.9
Interest payable on finance lease liabilities	0.3	0.4
Unwinding of discount (note 29)	0.1	0.3
Net finance costs on post-employment benefit liabilities (note 30)	8.1	11.5
Other finance costs	0.8	0.8
Finance costs	12.5	14.9
Interest receivable on short term deposits	(1.1)	(0.9)
Interest income on financial assets at fair value through profit or loss	(0.7)	(0.8)
Income on available-for-sale financial assets	(0.3)	(0.4)
Interest receivable on loan notes	(1.3)	(2.0)
Finance income	(3.4)	(4.1)
Net finance costs	9.1	10.8

Finance income of £1.4m arising on loan notes receivable from Lambert Smith Hampton Acquisition Limited (LSH) has been provided against in full within interest receivable on loan notes. See note 22 for further details regarding these loan notes receivable.

Company net finance costs were £2.2m (2012: £0.6m).



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8. Income tax expense

a) Analysis of charge in the year

	2013 £m	Group Restated 2012 £m
Current income tax		
– current year	15.0	13.5
– adjustment in respect of prior years	(3.6)	(2.5)
Deferred income tax (note 19)		
– origination and reversal of temporary differences	2.2	15.2
– effect of changes in tax rates	1.3	2.5
Income tax charged to income statement	14.9	28.7
Adjust for:		
– tax on profit on disposal of businesses/non-controlling interests	0.4	(0.4)
– tax on exceptional items	(1.0)	(7.3)
– tax on amortisation and impairment of acquired intangibles	3.9	1.4
Underlying income tax expense	18.2	22.4
Profit before tax per income statement	103.3	135.5
Adjust for:		
– profit on disposal of businesses/non-controlling interests	(4.5)	(7.2)
– amortisation and impairment of acquired intangibles	10.0	4.2
– exceptional items	(4.3)	(30.9)
Underlying profit before income tax	104.5	101.6
Effective income tax rate	14.4%	21.2%
Underlying effective income tax rate	17.4%	22.0%

During the year, the Group has reassessed the presentation of the current income tax charge/(credit) between current year and adjustments in respect of prior years, reclassifying £13.4m in 2012 between these lines. There is no change to the total current income tax charge.

b) Factors affecting income tax rate

The income tax rate for the year is lower (2012: lower) than the standard rate of corporation tax in the UK of 24% (2012: 26%). The differences are explained below:

	2013 %	Group 2012 %
UK statutory income tax rate	24.0	26.0
Increase/(decrease) resulting from:		
Expenses not deductible for tax purposes	0.2	0.6
Adjustment in respect of overseas tax rates	(0.2)	(0.5)
Effect of share-based payments	0.3	0.4
Tax on joint ventures	(1.3)	(0.4)
Research and development tax credits	(5.6)	(3.8)
Losses not recognised for tax	(3.5)	(3.1)
Effect of change in tax rates	1.3	1.8
Other	(0.8)	0.2
Effective income tax rate	14.4	21.2



The underlying income tax rate for the year is lower (2012: lower) than the standard rate of corporation tax in the UK of 24% (2012: 26%). The differences are explained below:

	2013 %	Group 2012 %
UK statutory income tax rate	24.0	26.0
Increase/(decrease) resulting from:		
Expenses not deductible for tax purposes	1.6	2.3
Adjustment in respect of overseas tax rates	1.2	(0.4)
Effect of share-based payments	0.3	0.6
Tax on joint ventures	(1.3)	(0.5)
Research and development tax credits	(5.6)	(5.2)
Losses not recognised for tax	(3.5)	(4.1)
Effect of change in tax rates	1.3	3.1
Other	(0.6)	0.2
Underlying effective income tax rate	17.4	22.0

c) Income tax on components of other comprehensive income

	Post-employment benefit liability £m	Cash flow hedges £m	Group Total £m
2013			
At 1 April	40.8	0.5	41.3
Deferred income tax	9.9	–	9.9
Current income tax	–	(0.3)	(0.3)
At 31 March	50.7	0.2	50.9

	Post-employment benefit liability £m	Cash flow hedges £m	Group Total £m
2012			
At 1 April	54.2	(0.2)	54.0
Deferred income tax	(13.4)	0.7	(12.7)
At 31 March	40.8	0.5	41.3



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9. Profit on disposal of businesses/non-controlling interests

Group	2013 £m
Profit on disposal of non-controlling interests	
RMPA Holdings Limited	7.6
UK Specialist Hospitals Limited	0.2
Profit/(transaction costs incurred) on disposal of businesses	
UK highways services	(3.8)
Atkins Facilities Management Limited	0.5
At 31 March	4.5

Profit on disposal of non-controlling interests

RMPA Holdings Limited

On 4 May 2012 the sale of the Group's non-controlling interest (14%) in RMPA Holdings Limited to subsidiary undertakings of HICL Infrastructure Company Limited was completed. HICL Infrastructure Company Limited is the ultimate parent company of an existing shareholder. The interest was sold for a net cash consideration of £14.4m. The profit on disposal before tax was £7.6m and the profit on disposal after tax was £7.7m.

The disposal of the non-controlling interest has not been reported as a discontinued operation at 31 March 2013 or 2012 as it does not represent a major line of business.

UK Specialist Hospitals Limited

On 20 February 2013 the sale of the Group's investment in UK Specialist Hospitals Limited to Care UK Clinical Services Limited was completed. The investment was sold for a cash consideration of £0.2m. The profit on disposal was £0.2m.

Profit on disposal of businesses

UK highways services

The assets and liabilities relating to the Group's UK highways services business, which forms part of the UK Highways and Transportation business, have been presented as held for sale following the exchange of contracts on 27 February 2013 which formed an agreement to dispose of the business to Skanska Construction UK Limited, a wholly owned subsidiary of Skanska AB. The transaction had not completed at 31 March 2013, however disposal costs of £3.8m had been incurred at that date, comprising transaction costs of £2.4m and restructuring costs of £1.4m. Further details regarding this transaction are given in note 10.

Atkins Facilities Management Limited

In the prior year, on 30 November 2011, the sale of Atkins Facilities Management Limited (AFML) to Sodexo Limited, a wholly owned subsidiary of Sodexo S.A. was completed. Sodexo S.A. is a multinational provider of on-site service solutions and is listed on the Paris Bourse. The business was sold for a cash consideration of £5.2m, together with a deferred conditional amount of £0.5m. The profit on disposal recognised at 31 March 2012 is shown below.

The disposal of AFML was not reported as a discontinued operation at 31 March 2012 as it did not represent a major line of business.



AFML was reported in the UK operating segment (note 3).

Group	2012 £m
Net consideration received or receivable at date of disposal	
Initial cash consideration	5.0
Cash working capital adjustment	0.2
Fair value of deferred consideration	–
Disposal consideration	5.2
Assets and liabilities at date of disposal	
Property, plant and equipment	0.1
Intangible assets	0.1
Trade and other receivables	6.1
Trade and other payables	(7.3)
Provisions for other liabilities and charges	(3.4)
Other non-current liabilities	(0.5)
Net liabilities	(4.9)
Profit on disposal before costs	10.1
Disposal costs incurred	(2.9)
Profit on disposal	7.2

Company	2012 £m
Net consideration received or receivable at date of disposal	
Initial cash consideration	5.0
Cash consideration in respect of net intercompany balances	6.9
Cash working capital adjustment	0.2
Fair value of deferred consideration	–
Disposal consideration	12.1
Investment in subsidiary	
Net book value of equity investment	–
Net investment in subsidiary	–
Profit on disposal before costs	12.1
Disposal costs incurred	(2.9)
Profit on disposal	9.2

During the year ended 31 March 2013, deferred conditional consideration of £0.5m was received. This amount is included within the Company's Income Statement and in profit on disposal of businesses/non-controlling interests in the Consolidated Income Statement.



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10. Assets held for sale

UK highways services

The assets and liabilities relating to the Group's UK highways services business, which forms part of the UK Highways and Transportation business, have been presented as held for sale following the exchange of contracts on 27 February 2013 which formed an agreement to dispose of the business to Skanska Construction UK Limited, a wholly owned subsidiary of Skanska AB. The transaction is expected to complete in the summer.

The Group will receive net cash consideration of up to £18m, of which £16m is due on completion and a further £2m is to be deferred and paid subject to the future performance of the business.

Whilst the assets and liabilities of the UK highways services business represent a disposal group, the business is not reported as a discontinued operation at 31 March 2013 as it does not represent a major line of business.

The UK highways services business is reported in the UK operating segment (note 3).

The major classes of assets and liabilities of the disposal group in 2013 are as follows:

	£m
Assets classified as held for sale:	
Property, plant and equipment (note 17)	5.0
Inventories (note 23)	0.8
Total assets of the disposal group	5.8
Liabilities directly associated with assets classified as held for sale:	
Borrowings (note 27)	(5.2)
Total liabilities of the disposal group	(5.2)
Total net assets of the disposal group	0.6

The profit on disposal will be reported in the Group's Financial Statements for the year ending 31 March 2014.

RMPA Holdings Limited

In the year ended 31 March 2012, the Group presented the assets and liabilities relating to the Group's non-controlling interest in RMPA Holdings Limited as held for sale following the exchange of contracts on 9 March 2012. The transaction completed on 4 May 2012 and the profit on disposal is shown in note 9.

RMPA Holdings Limited delivered the Colchester Garrison PFI project and the sale was to subsidiary undertakings of HICL Infrastructure Company Limited. HICL Infrastructure Company Limited is the ultimate parent company of an existing shareholder. The interest was sold for a net consideration of £14.4m which comprised a gross consideration of £15.0m less £0.6m in respect of amounts previously received under loan notes.

Whilst the assets and liabilities of the non-controlling interest represent a disposal group, the disposal of the non-controlling interest has not been reported as a discontinued operation at 31 March 2013 or 2012 as it does not represent a major line of business.

The Group's non-controlling interest in RMPA Holdings Limited was reported as a centrally managed joint venture and not allocated to an operating segment, see note 3.

The major classes of assets and liabilities of the disposal group were as follows:

	£m
Assets classified as held for sale:	
Loan notes receivable	6.8
Trade and other receivables	0.1
Total assets of the disposal group	6.9
Liabilities directly associated with assets classified as held for sale:	
Share of joint venture liabilities	(0.1)
Total liabilities of the disposal group	(0.1)
Total net assets of the disposal group	6.8



11. Exceptional items

Exceptional items are disclosed separately on the face of the Consolidated Income Statement and in the notes to the Financial Statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are items of income or expense that have been shown separately due to the significance of their nature or amount.

An analysis of the amount presented as an exceptional item in these Financial Statements is given below:

	2013 £m	Group 2012 £m
Curtailment gain relating to one-off pension events (note 30)	4.3	30.9

The curtailment gain is included within administrative expenses in the Group's Consolidated Income Statement.

12. Dividends

	2013 pence	2012 pence	Company and Group 2013 £m	2012 £m
Final dividend paid for the year ended 31 March 2012 (2011)	20.75	19.50	20.3	19.2
Interim dividend paid for the year ended 31 March 2013 (2012)	10.00	9.75	9.7	9.5
Dividends recognised in the year	30.75	29.25	30.0	28.7
Interim dividend paid for the year ended 31 March 2013 (2012)	10.00	9.75	9.7	9.5
Final dividend proposed for the year ended 31 March 2013 (2012)	22.00	20.75	21.4	20.2
Dividends relating to the year	32.00	30.50	31.1	29.7

The proposed final dividend is subject to approval by shareholders at the annual general meeting and has not been included as a liability in these Financial Statements.

As at 31 March 2013, one EBT had an agreement in place to waive dividends in excess of 0.01 pence per share on 213,461 ordinary shares (2012: 213,461). A separate EBT also had an agreement in place as at 31 March 2013 to waive future dividends in their entirety on 2,618,276 ordinary shares (2012: 2,398,078). These arrangements reduced the dividends paid in year by £0.8m (2012: £0.6m).

As at 31 March 2013, 4,341,000 ordinary shares (2012: 4,341,000) were held by the Group as treasury shares on which no dividends are paid. These shares reduced the dividends paid in year by £1.3m (2012: £1.3m).



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13. Earnings per share (EPS)

Basic EPS is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of shares in issue during the year, excluding shares held by the EBTs which have not unconditionally vested in the employees and shares held in treasury.

Diluted EPS is the basic EPS after allowing for the dilutive effect of the conversion into ordinary shares of the number of options outstanding during the year. The options relate to discretionary employee share plans.

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below:

	2013 Number (000)	Group 2012 Number (000)
Number of shares		
Weighted average number of shares used in basic and underlying basic EPS	97,425	97,891
Effect of dilutive securities – share options	2,412	2,196
Weighted average number of shares used in diluted and underlying diluted EPS	99,837	100,087
	£m	£m
Earnings		
Profit for the year attributable to owners of the parent	88.7	106.7
Profit on disposal of businesses/non-controlling interests (net of tax) (note 9)	(4.9)	(6.8)
Exceptional pension curtailment gain (net of tax) (note 11)	(3.3)	(23.6)
Amortisation and impairment of acquired intangibles (net of tax)	6.1	2.8
Underlying earnings	86.6	79.1
	pence	pence
Basic earnings per share	91.0	109.0
Diluted earnings per share	88.8	106.6
Underlying basic earnings per share	88.9	80.8
Underlying diluted earnings per share	86.7	79.0

14. Parent Company Income Statement and Statement of Comprehensive Income

The Company has not presented its own Income Statement or Statement of Comprehensive Income as permitted by Section 408 of the Companies Act 2006. The profit and total comprehensive income for the year attributable to the owners of the parent was £23.4m (2012: £42.7m), which included £16.1m (2012: £2.2m) of dividend income from subsidiary companies and £0.5m of profit on disposal of a subsidiary undertaking (2012: £9.2m), see note 9.

The Company's individual Income Statement and Statement of Comprehensive Income were approved by the Board on 11 June 2013.

15. Goodwill

	2013 £m	Group 2012 £m
Cost at 1 April	213.4	200.4
Additions	–	12.0
Difference on exchange	6.8	1.0
Cost at 31 March	220.2	213.4
Aggregate impairment at 1 April	8.4	8.4
Difference on exchange	0.4	–
Aggregate impairment at 31 March	8.8	8.4
Net book value at 31 March	211.4	205.0

**Impairment test for goodwill**

Goodwill is not amortised but is tested for impairment in accordance with IAS 36, *Impairment of assets*, at least annually or more frequently if events or changes in circumstances indicate a potential impairment.

Goodwill is allocated to the Group's CGU, or group of CGUs, that management has identified in order to carry out impairment tests. The following is a summary of goodwill allocation by CGU or group of CGUs, summarised at the operating segment level:

	2013 £m	Group 2012 £m
UK	30.6	30.6
North America	141.8	136.4
Asia Pacific and Europe	14.9	14.3
Energy	24.1	23.7
Total	211.4	205.0

The impairment test involves comparing the carrying value of the CGU or group of CGUs to which goodwill has been allocated to their recoverable amount. The recoverable amount of all CGUs has been determined based on value in use calculations. An impairment loss is recognised immediately when the carrying value of those assets exceeds their recoverable amount.

Recoverable amount**Value in use calculations****Methodology**

The value in use calculations use cash flow projections based on the following financial year's budget approved by the Board, which is based on past performance and management's expectations of market developments. The key assumptions in the budget relate to revenue and profit margins. Budgeted revenue is based on management's knowledge of actual results from prior years, along with the existing committed and contracted workload, as well as management's future expectations of the level of work available within the market. Profit margins are based on current margins being achieved in conjunction with economic conditions in the market or country of operation.

The cash flow projections from that budget are extrapolated for the next four years using an estimated growth rate and projected margin. Growth rates of between 1.5% and 3.3% are based on the economic environment for the country in which the CGU operates. As required by IAS 36, cash flows beyond the five year period are extrapolated based on the long term average growth rate for the primary country in which the CGU operates of between 1.7% and 3.3%. The growth rates are derived from the International Monetary Fund's World Economic Outlook published Gross Domestic Product (GDP) growth rates. Projected margins reflect the historical and budgeted performance of the CGU. The projections do not include the impact of future restructuring projects to which the Group is not yet committed.

The cash flows have been discounted using the CGUs specific pre-tax discount rates of between 7.7% to 15.2%. The discount rates have been calculated based on the Group's weighted average cost of capital using the capital asset pricing model to determine the cost of equity and risks specific to the CGU. The discount rates are revised annually using updated market information.

Assumptions

The growth rate and discount rate assumptions used for the internal value in use calculations are as follows:

	2013	Group 2012
Five year growth rate	1.5% - 3.3%	0% - 5%
Post five year growth rate	1.7% - 3.3%	0% - 5%
Pre-tax discount rate	7.7% - 15.2%	14%

Sensitivities

Goodwill of £141.8m (2012: £136.4m) allocated to the North America operating segment includes £134.4m of goodwill arising on the acquisition of PBSJ. This goodwill has been allocated to the Atkins North America group of CGUs and is considered significant in comparison with the Group's total carrying amount of goodwill. The recoverable amount of this group of CGUs has been determined using an internal value in use calculation. The growth rate and discount rate assumptions used for this calculation are as follows:

	2013	2012
Five year growth rate	3.3%	3%
Post five year growth rate	3.3%	3%
Pre-tax discount rate	12.4%	12%



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The carrying amount of intangible assets with indefinite useful lives allocated to the Atkins North America group of CGUs for the purposes of the impairment test is £nil (2012: £2.4m).

Given the materiality of goodwill allocated to the Atkins North America group of CGUs, together with the relative headroom derived by the calculations, sensitivity analysis has been performed on the key assumptions used in the value in use calculations. The two assumptions to which these calculations are most sensitive are the projected profit margin and the discount rate. Specific sensitivity analysis with regard to these assumptions shows that, with respect to profit margin, it would need to fall by 160 basis points before any impairment would be triggered, and similarly the pre-tax discount rate would need to increase from 12.4% to 14.9%.

For the other CGUs, management has considered the level of headroom resulting from the impairment tests. Where appropriate, further sensitivity analysis has been performed by changing the base case assumptions applicable to each CGU. The analysis has indicated that no reasonably possible changes in any individual key assumption would cause the carrying amount of the business to exceed its recoverable amount.

As at 31 March 2013 and 2012, based on these internal valuations, the recoverable value of goodwill required no impairment.

16. Other intangible assets

	Acquired customer relationships £m	Corporate information systems £m	Trade names and trademarks £m	Software licences £m	Group Total £m
Cost at 1 April 2011	43.1	15.6	5.6	14.7	79.0
Additions	–	–	–	5.1	5.1
Acquisition of subsidiary undertakings	–	–	–	0.1	0.1
Disposals	–	(12.6)	–	(1.6)	(14.2)
Difference on exchange	0.5	–	–	(0.2)	0.3
Cost at 31 March 2012	43.6	3.0	5.6	18.1	70.3
Additions	–	–	–	6.3	6.3
Disposals	–	(2.8)	–	(0.3)	(3.1)
Difference on exchange	1.5	–	0.2	1.1	2.8
Cost at 31 March 2013	45.1	0.2	5.8	25.2	76.3
Amortisation and impairment at 1 April 2011	5.5	15.5	0.8	6.9	28.7
Amortisation charge for the year	4.8	0.1	–	4.6	9.5
Disposals	–	(12.6)	–	(1.5)	(14.1)
Difference on exchange	–	–	–	(0.1)	(0.1)
Amortisation and impairment at 31 March 2012	10.3	3.0	0.8	9.9	24.0
Amortisation charge for the year	2.6	–	–	4.0	6.6
Impairment charge for the year	2.6	–	4.8	–	7.4
Disposals	–	(2.8)	–	(0.2)	(3.0)
Difference on exchange	0.4	–	0.2	1.1	1.7
Amortisation and impairment at 31 March 2013	15.9	0.2	5.8	14.8	36.7
Net book value at 31 March 2013	29.2	–	–	10.4	39.6
Net book value at 31 March 2012	33.3	–	4.8	8.2	46.3

Included with trade names and trademarks are costs of £0.2m (2012: £0.2m) in respect of intellectual property rights. These costs were fully amortised at 31 March 2013 and 2012.



Included within acquired customer relationships are costs of £5.4m (2012: £5.4m) in respect of backlog orders, arising from the acquisition of PBSJ on 1 October 2010. At 31 March 2013, the net book value of these backlog orders is £0.1m (2012: £0.6m) and their remaining amortisation life is 0.5 years. The remaining amortisation life of the other assets included within acquired customer relationships is 16.5 years.

The carrying amounts of acquired customer relationships and trade names and trademarks relating to Peter R. Brown Construction, Inc., a wholly owned subsidiary of the Group, have been reduced to recoverable amounts of £nil following an impairment review. Impairment charges of £2.6m and £4.8m have been recognised respectively, as shown above. These impairment charges have been included in administrative expenses in the Consolidated Income Statement. Peter R. Brown Construction, Inc. is included within the Group's North America operating segment. The recoverable amounts of Peter R. Brown Construction, Inc.'s intangible assets were based on their value in use. The post-tax discount rate used in the value in use calculation was 9.3% (2012: 9.0%).

The amortisation charge for the year of £6.6m (2012: £9.5m) is included in administrative expenses in the Consolidated Income Statement.

17. Property, plant and equipment

	Freehold land and buildings £m	Short term leasehold property £m	Plant, machinery and vehicles £m	Group Total £m
Cost at 1 April 2011	19.3	28.0	75.9	123.2
Additions	1.5	2.3	13.2	17.0
Acquisition of subsidiary undertakings	–	0.2	0.1	0.3
Disposals	–	(1.5)	(13.2)	(14.7)
Difference on exchange	–	(0.1)	(0.6)	(0.7)
Cost at 31 March 2012	20.8	28.9	75.4	125.1
Additions	–	3.2	15.1	18.3
Disposals	–	(2.3)	(8.3)	(10.6)
Transferred to disposal group classified as held for sale (note 10)	–	(0.2)	(14.8)	(15.0)
Difference on exchange	0.4	0.5	1.8	2.7
Cost at 31 March 2013	21.2	30.1	69.2	120.5
Depreciation at 1 April 2011	7.4	15.4	47.6	70.4
Depreciation charge for the year	0.4	4.0	12.7	17.1
Disposals	–	(1.3)	(12.1)	(13.4)
Difference on exchange	–	–	(0.5)	(0.5)
Depreciation at 31 March 2012	7.8	18.1	47.7	73.6
Depreciation charge for the year	0.4	3.3	10.9	14.6
Disposals	–	(2.3)	(7.9)	(10.2)
Transferred to disposal group classified as held for sale (note 10)	–	(0.1)	(9.9)	(10.0)
Difference on exchange	–	0.3	1.5	1.8
Depreciation at 31 March 2013	8.2	19.3	42.3	69.8
Net book value at 31 March 2013	13.0	10.8	26.9	50.7
Net book value at 31 March 2012	13.0	10.8	27.7	51.5

The net book value of property, plant and equipment transferred to the disposal group classified as held for sale amounts to £5.0m and relates to assets that are used by the Group's UK highways services business, which forms part of the UK operating segment. See note 10 for further details regarding this disposal group.

The depreciation charge for the year of £14.6m (2012: £17.1m) is included in administrative expenses in the Consolidated Income Statement.

The market value of freehold land and buildings is estimated at £17.6m (2012: £16.5m).



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Included in plant, machinery and vehicles transferred to the disposal group classified as held for sale are equipment and vehicles used by the Group's UK highways services business that are held under finance leases as follows:

	2013 £m	2012 £m
Cost	12.8	13.8
Accumulated depreciation	(8.1)	(7.4)
Net book value	4.7	6.4

There were no additions to property, plant and equipment funded by finance leases during the year (2012: £2.0m).

18. Investments in subsidiaries

	Company Total £m
Cost at 1 April 2011	175.2
Additions	11.7
Disposals ¹	–
Cost at 31 March 2012	186.9
Additions	8.3
Cost at 31 March 2013	195.2
Impairment at 1 April 2011, 31 March 2012	0.8
Disposals	–
Impairment at 31 March 2013	0.8
Net book value at 31 March 2013	194.4
Net book value at 31 March 2012	186.1

1. In the prior year, the Company disposed of its £35,000 investment in AFML. Further details in respect of the disposal are given in note 9.

The Group's principal subsidiaries are disclosed in note 40.

During both the current and prior year, the Company increased its investment in Atkins Investments UK Limited to enable it to fulfil its obligation to make shareholder contributions to Connect Plus (M25) Intermediate Limited, see note 22.

19. Deferred income tax

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and there is a legally enforceable right to settle tax assets and liabilities on a net basis. The offset amounts are as follows:

	2013 £m	Group 2012 £m
Deferred tax assets:		
– deferred tax assets to be recovered after more than 12 months	91.7	79.6
– deferred tax assets to be recovered within 12 months	0.5	4.6
	92.2	84.2
Deferred tax liabilities:		
– deferred tax liabilities to be recovered after more than 12 months	(16.2)	(16.1)
– deferred tax liabilities to be recovered within 12 months	(3.9)	(2.7)
	(20.1)	(18.8)
Deferred tax assets (net)	72.1	65.4

Deferred income 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.



a) Net deferred tax assets/(liabilities)

	2013 £m	Group 2012 £m
Accelerated depreciation	10.9	11.2
Share-based payments	3.7	3.1
Goodwill	(1.8)	–
Intangible assets	2.3	1.1
Deferred tax asset on post-employment benefit liabilities	66.2	63.7
Deferred income	(8.1)	(8.1)
Amortisation of acquired intangibles	(12.5)	(14.8)
Other temporary differences	11.4	9.2
Total deferred income tax	72.1	65.4

b) Analysis of movements during the year

	2013 £m	Group 2012 £m
Deferred tax assets at 1 April	65.4	95.0
Deferred tax charged to the income statement (note 8)	(3.5)	(17.7)
Deferred tax on acquisitions	–	0.4
Deferred tax credited/(charged) to equity	10.3	(12.2)
Foreign exchange difference on deferred tax	(0.1)	(0.1)
Deferred tax assets at 31 March	72.1	65.4

Following the March 2012 Budget Statement, the main rate of UK corporation tax was reduced to 24% from 1 April 2012. The Finance Act 2012 also enacted a further reduction to the main rate of corporation tax to 23% from 1 April 2013. Further reductions to the main rate are proposed to lower the rate to 20% by 1 April 2015 but these later reductions had not been substantively enacted at the balance sheet date and, therefore, are not included in these Financial Statements.

The proposed reductions to the main rate of UK corporation tax to 20% by 1 April 2015 are expected to be enacted separately each year. The overall effect of the further changes from 23% to 20%, if these applied to the deferred tax balance at 31 March 2013, would be to reduce the net deferred tax asset by approximately £10.4m (being £6.9m recognised in 2014 and £3.5m recognised in 2015).

20. Available-for-sale financial assets

	2013 £m	Group 2012 £m
At 1 April	6.1	–
Additions	–	4.5
Disposals	(4.5)	–
Net gains transferred to other comprehensive income	–	1.6
Net gains transferred from other comprehensive income	(1.6)	–
At 31 March	–	6.1

Available-for-sale financial assets comprised unlisted corporate bonds with a fixed annual return of 10% and maturity date of 25 August 2016. The bonds were denominated in UAE dirham and were disposed of during the year. In addition to the net gain of £1.6m transferred from other comprehensive income to the Consolidated Income Statement, a gain on disposal of £0.8m has been included within administrative expenses in the Consolidated Income Statement in relation to this disposal. The fair value of the bonds at 31 March 2012 was based on recent market transactions. The maximum exposure to credit risk at 31 March 2012 was the carrying value of the corporate bonds classified as available-for-sale. At 31 March 2012, none of these financial assets were either past due or impaired.



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21. Derivative financial instruments

The table below shows the fair value of forward currency contracts at the year end, based on their market value:

	Assets £m	2013 Liabilities £m	Assets £m	Group 2012 Liabilities £m
Current	0.5	(1.4)	0.4	(1.7)
Later than one year and no later than two years	0.3	(1.3)	0.2	(1.2)
Later than two years and no later than five years	–	–	0.1	(1.3)
Non-current	0.3	(1.3)	0.3	(2.5)
Total	0.8	(2.7)	0.7	(4.2)

The notional principal amounts of the outstanding foreign exchange contracts at 31 March 2013 and 2012 are as follows:

	Sell £m	2013 Buy £m	Sell £m	Group 2012 Buy £m
Forward contracts to purchase GBP, sell USD	12.7	(13.1)	7.8	(7.9)
Forward contracts to purchase GBP, sell EUR	5.6	(5.4)	13.3	(14.0)
Forward contracts to purchase GBP, sell Other	4.6	(4.7)	1.3	(1.2)
Forward contracts to purchase INR, sell GBP	28.8	(29.0)	36.2	(33.3)
Forward contracts to purchase NOK, sell GBP	–	–	0.1	(0.1)
Forward contracts to purchase PLN, sell EUR	–	–	0.6	(0.6)

The hedged highly probable forecast transactions denominated in foreign currency are expected to occur at various dates during the next 12 months. Gains and losses recognised in the hedging reserve in equity on forward foreign exchange contracts as at 31 March 2013 are recognised in the Consolidated Income Statement in the period or periods during which the hedged forecast transaction affects the Consolidated Income Statement. This is within 12 months of the end of the reporting period.

Derivatives are classified as a current asset or liability. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.

The amounts disclosed in the table below are the contractual undiscounted cash flows of forward currency contracts at the year end.

	Inflow £m	Outflow £m	2013 Net £m	Inflow £m	Outflow £m	Group 2012 Net £m
Current	31.2	(32.1)	(0.9)	37.4	(38.6)	(1.2)
Later than one year and no later than two years	18.9	(19.9)	(1.0)	10.1	(11.2)	(1.1)
Later than two years and no later than five years	0.2	(0.2)	–	8.5	(9.7)	(1.2)
Non-current	19.1	(20.1)	(1.0)	18.6	(20.9)	(2.3)
Total	50.3	(52.2)	(1.9)	56.0	(59.5)	(3.5)

The Group used derivative instruments to hedge foreign currency receipts and payments on current contracts, as described in note 2. All of the Group's financial instruments are classified as Level 2 under amendments to IFRS 7, *Financial instruments: disclosures*. A definition of Level 2 financial instruments is included in note 2. The fair value of derivative financial instruments is calculated based on quoted forward currency rates at the balance sheet date.

The Group has reviewed all contracts for embedded derivatives and does not have any such instruments that are closely related to the host contract.

**22. Other receivables**

	Group 2013 £m	Group 2012 £m	Company 2013 £m	Company 2012 £m
Non-current assets:				
Loan notes receivable	29.6	26.4	9.6	8.2
Impairment of loan notes receivable	(9.6)	(8.2)	(9.6)	(8.2)
	20.0	18.2	-	-

During the year the Group acquired £1.8m of additional interest-bearing loan notes in Connect Plus (M25) Intermediate Limited (2012: £4.9m), a company in which the Group has a 10% shareholding. Under the terms of the Connect Plus M25 finance agreement, the Group is required to lend Connect Plus (M25) Intermediate Limited £20m over a period from May 2009 to October 2012. This funding is lent on by Connect Plus (M25) Intermediate Limited to Connect Plus (M25) Limited, the main trading entity for the Connect Plus M25 project and the company which holds the 30 year PFI contract with the Highways Agency to design, build, fund and then operate and maintain the M25. One of the subcontractors used by Connect Plus (M25) Limited to deliver its main obligations under this project is Connect Plus Services. The Group's interest in Connect Plus Services is disclosed in note 41 and Connect Plus (M25) Intermediate Limited is considered a related party of the Group.

At 31 March 2013 the Group held £20.0m of interest-bearing loan notes in Connect Plus (M25) Intermediate Limited (2012: £18.2m). In the prior year, the remaining £1.8m was covered by a letter of credit. These loan notes mature in 2039.

Loan notes receivable of £9.6m arising on the disposal of LSH (which have no fixed redemption date) have been provided against in full.

In the prior year, loan notes of £6.8m relating to RMPA Holdings Limited were reclassified from other receivables at 31 March 2012 and classified as an asset held for sale, see note 10.

None of the other receivables are past due.

23. Inventories

	2013 £m	Group 2012 £m
Raw materials and consumables	0.2	1.1

The directors consider that the carrying amount of inventories approximates their fair value. There were no amounts of inventories written off during the year (2012: £nil). Inventories of £0.8m relating to the Group's UK highways services business have been reclassified from inventories at 31 March 2013 and classified as an asset held for sale, see note 10.

24. Trade and other receivables

	Group 2013 £m	Group 2012 £m	Company 2013 £m	Company 2012 £m
Current assets:				
Trade receivables	314.9	310.9	-	-
Less: Provision for impairment of receivables	(24.3)	(24.6)	-	-
Trade receivables – net	290.6	286.3	-	-
Amounts recoverable on contracts	106.5	111.4	-	-
Amounts due from subsidiary undertakings (note 39)	-	-	165.2	159.9
Amounts due from joint ventures (note 39)	7.3	5.2	-	-
Other receivables	27.6	25.3	-	-
Prepayments and accrued income	17.2	17.1	-	-
	449.2	445.3	165.2	159.9

The directors consider that the carrying amounts of trade and other receivables approximate their fair value.

At 31 March 2013, £172.1m (2012: £160.0m) of Group trade receivables were within normal payment terms and considered to be fully performing.



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At 31 March 2013, £100.1m (2012: £89.8m) of Group trade receivables were past due and aged up to six months from invoice date and carried a provision for impairment of £0.4m (2012: £1.0m). The remaining Group trade receivables of £99.7m (2012: £75.9m) which were past due and aged up to six months from invoice date but not impaired relate to a number of independent customers for whom there is no recent history of default.

Group trade receivables aged beyond six months of invoice date totalled £42.7m (2012: £61.1m) and carried a provision for impairment of £23.9m (2012: £23.6m).

Movements in the Group provision for impairment of trade receivables were as follows:

	2013 £m	Group 2012 £m
Provision for impairment at beginning of year	(24.6)	(30.5)
Increase in provisions	(8.7)	(5.7)
Release of provisions	8.7	6.9
Receivables written off as uncollectable	1.2	4.7
Difference on exchange	(0.9)	–
Provision for impairment at end of year	(24.3)	(24.6)

None of the financial assets that are fully performing were renegotiated during the year. The other classes within trade and other receivables do not contain impaired assets.

At 31 March 2013, £0.5m of the Company's amounts due from subsidiary undertakings were fully provided against (2012: £9.5m), with an in year release of provisions of £9.0m (2012: £32.6m), see note 39.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

25. Financial assets at fair value through profit or loss

In accordance with IFRS 7, disclosure is required for financial instruments that are measured in the Consolidated Balance Sheet at fair value. This requires disclosure of fair value measurements by level.

The Group's financial assets that are measured and recognised at fair value through profit or loss include certificates of deposit, fixed interest securities, life insurance policies, floating rate notes and UK treasury bills. The Group's financial liabilities that are measured and recognised at fair value include derivative financial instruments.

The fair value of the Group's derivative financial instruments are disclosed in note 21.

The following table presents the Group's financial assets measured at fair value through profit and loss.

	Level 1 £m	Level 2 £m	2013 Total £m	Level 1 £m	Level 2 £m	Group 2012 Total £m
Certificates of deposit	–	16.7	16.7	–	16.0	16.0
Floating rate notes	4.4	–	4.4	2.8	–	2.8
Fixed interest securities	8.3	–	8.3	12.2	–	12.2
UK treasury bills	2.7	–	2.7	0.6	–	0.6
Life insurance policies	–	3.8	3.8	–	3.4	3.4
Marketable securities	15.4	20.5	35.9	15.6	19.4	35.0

A definition of Level 1 and Level 2 financial instruments is included in note 2. There have been no changes to the classification of financial assets between Level 1 and Level 2 financial instruments at 31 March 2013 or 2012.

Changes in fair values of financial assets at fair value through profit or loss include fair value gains of £0.3m (2012: £0.5m) and fair value losses of £0.2m (2012: £0.4m).



26. Cash and cash equivalents

	Group 2013 £m	Group 2012 £m	Company 2013 £m	Company 2012 £m
Cash at bank and in hand	153.5	71.3	0.3	10.6
Short term bank deposits	48.0	95.7	–	–
	201.5	167.0	0.3	10.6

The effective interest rate on cash and cash equivalents was 0.7% (2012: 0.6%). Included within cash at bank and in hand is £0.1m (2012: £nil) held by the Company's EBTs.

27. Borrowings

	Borrowings	Liabilities held for sale (note 10)	Group 2013 Total £m	Group 2012 £m	Company 2013 £m	Company 2012 £m
Current						
Bank loans	59.8	–	59.8	104.0	59.8	104.0
Finance leases	1.4	(1.4)	–	1.7	–	–
	61.2	(1.4)	59.8	105.7	59.8	104.0
Non-current						
Private placement debt	49.3	–	49.3	–	49.3	–
Finance leases	3.9	(3.8)	0.1	4.9	–	–
	53.2	(3.8)	49.4	4.9	49.3	–

The directors consider that the carrying amount of current borrowings approximates their fair value.

The maturity profile of the carrying amount of the non-current borrowings was as follows:

	Private placement debt £m	Finance leases £m	Liabilities held for sale (note 10) £m	2013 Total £m	Group 2012 £m
Repayable:					
Later than one year and no later than two years	–	1.3	(1.3)	–	1.5
Later than two years and no later than five years	–	2.2	(2.1)	0.1	2.7
Later than five years	49.3	0.4	(0.4)	49.3	0.7
	49.3	3.9	(3.8)	49.4	4.9

The carrying amount of borrowings are denominated in the following currencies:

	Bank loans and private placement debt £m	Finance leases £m	Liabilities held for sale (note 10) £m	2013 Total £m	Bank loans £m	Finance leases £m	Group 2012 Total £m
Sterling	–	5.2	(5.2)	–	–	6.5	6.5
US dollar	109.1	0.1	–	109.2	104.0	0.1	104.1
	109.1	5.3	(5.2)	109.2	104.0	6.6	110.6



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The total present value of minimum lease payments under finance leases fall due as follows:

			2013	Group 2012
	Finance leases £m	Liabilities held for sale (note 10) £m	Total £m	£m
No later than one year	1.7	(1.7)	–	2.0
Later than one year and no later than five years	3.7	(3.6)	0.1	4.5
Later than five years	0.4	(0.4)	–	0.6
	5.8	(5.7)	0.1	7.1
Future finance charges on finance leases	(0.5)	0.5	–	(0.5)
Present value of finance lease payables	5.3	(5.2)	0.1	6.6

Finance leases are on a fixed repayment basis, with interest rates fixed at the contract date. The average effective borrowing rate for all finance leases, including those classified as held for sale, was 6.2% (2012: 6.1%) over a weighted average remaining period of 52 months (2012: 59 months).

Borrowing facilities

The Group has the following undrawn committed borrowing facilities available at 31 March expiring as follows:

	2013 £m	Group 2012 £m
Later than one year and no later than two years	113.3	–
Later than two years and no later than five years	–	35.4

All of the Group's undrawn committed borrowing facilities will be subject to floating rates of interest.

The Group's principal borrowing facilities of £150.0m, signed on 30 July 2010, are unsecured and include borrowings and letter of credit facilities. This facility will expire on 30 July 2014. The total letters of credit in issue under the committed facility at 31 March 2013 was £6.9m (31 March 2012: £10.6m).

On 4 October 2012, the Group agreed a new committed borrowing facility with the Bank of America, N.A., London Branch of £30m. As at the date of signing these Financial Statements, this facility was undrawn. This facility will expire on 30 July 2014.

The Group's borrowing facilities include a number of undertakings and financial covenants. Compliance with these covenants is monitored. As at 31 March 2013, and since, there have been no breaches.

During the year, the Group raised \$75m through the successful execution of its debut issue in the US private placement market. The proceeds were used to repay drawn funds under the Group's existing banking facilities. The private placement is due for repayment on 31 May 2019 and carries a nominal interest rate of 4.38%.

28. Trade and other payables

	Group 2013 £m	Group 2012 £m	Company 2013 £m	Company 2012 £m
Current liabilities:				
Trade payables	74.3	87.8	–	–
Fees invoiced in advance	165.9	173.1	–	–
Amounts due to subsidiary undertakings (note 39)	–	–	82.0	84.5
Social security and other taxation	41.3	32.5	–	–
Deferred PPP/PFI bid costs recovered and development fees	0.1	3.2	–	–
Accruals and deferred income	170.5	175.2	1.1	0.3
Other payables	34.6	34.3	–	–
	486.7	506.1	83.1	84.8

The directors consider that the carrying values of the Group's trade and other payables approximate their fair value.

**29. Provisions for other liabilities and charges**

	2013 Vacant property £m	Group 2012 Vacant property £m
Current	1.5	3.6
Later than one year and no later than two years	1.5	2.3
Later than two years and no later than five years	2.0	3.0
Later than five years	0.9	1.5
Non-current	4.4	6.8
Total	5.9	10.4

	Group Vacant property £m
Balance at 1 April 2012	10.4
Provisions charged to the income statement	2.2
Provisions released to the income statement	(3.3)
Provisions utilised	(3.5)
Unwinding of discount	0.1
Balance at 31 March 2013	5.9

The vacant property provision is discounted and is expected to be utilised over the next 13 years (2012: 11 years). No provision has been released or utilised for any purpose other than that for which it was established.

As at 31 March 2013, the Company held no provisions (2012: £nil).

30. Post-employment benefit liabilities

The Group's post-employment benefit liabilities are analysed below:

	2013 £m	Group 2012 £m
Retirement benefit liabilities	285.2	251.1
Other post-employment benefit liabilities	13.6	14.2
	298.8	265.3

a) Retirement benefit liabilities

The Group operates both defined benefit and defined contribution pension schemes. The two main defined benefit schemes are the Atkins Pension Plan (the Plan) and the Railways Pension Scheme, both of which are funded final salary schemes. The assets of both schemes are held in separate trustee-administered funds. Other pension schemes include the Atkins McCarthy Pension Plan in the Republic of Ireland, which is a final salary funded defined benefit scheme, and a range of defined contribution schemes or equivalent.

The Plan is closed to the future accrual of benefit; all defined benefit members of the Plan were transferred to a defined contribution section for future service where it was clear they did not benefit from a statutory or contractual right to a final salary pension.

In the prior year, Atkins Limited undertook an enhanced transfer value (ETV) exercise for deferred members of the Plan. The exercise gave rise to a settlement gain under IAS 19 in respect of those members who transferred out their benefits. The Plan recognised a net settlement gain of £0.1m in respect of the ETV exercise for the year ended 31 March 2013. This is to allow for the difference between the expected impact of the exercise already included in the 31 March 2012 disclosures and the actual impact of the exercise. The settlement gain of £0.1m is based on the transfer out of the plan of a further £1.3m of assets and corresponding liabilities of £1.4m in respect of those members.

Also in the prior year, on 1 February 2012 and following a consultation programme with employees who are members of the Plan, Atkins Limited (the Group's principal UK employing company) removed the link between individual employees' accrued pension and future increases in salary via contractual amendment. The reduction in the past service liability was £30.9m and this was recognised as a curtailment gain in the year ended 31 March 2012.



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The Railways Pension Scheme recognised a curtailment gain in the year ended 31 March 2013 in respect of the two new benefit bases that came into effect for certain members from 1 January 2013. The curtailment gain arose for members moving from the existing uncapped salary category or retail price index (RPI) capped salary category to the new consumer price index (CPI) capped category. The reduction in the past service liability for this curtailment is £4.3m and this has been recognised as a curtailment gain in the year ended 31 March 2013.

The Atkins McCarthy Pension Plan was closed to future accrual of benefits for members who do not benefit from a statutory or contractual right to a final salary pension on 31 March 2009. These members transferred to the Personal Retirement Savings Accounts – Ireland (PRSA – Irish Life) scheme with effect from 1 April 2009.

The defined benefit sections of all pension schemes are closed to new entrants, who are offered membership of the defined contribution section.

Membership of the Group's principal pension schemes is as follows:

	Defined benefit schemes				Defined contribution schemes			
	Atkins Pension Plan		Railways Pension Scheme		Atkins Pension Plan		Faithful+Gould	
	2013 No.	2012 No.	2013 No.	2012 No.	2013 No.	2012 No.	2013 No.	2012 No.
Members	10	17	216	236	7,207	6,579	886	760
Deferred pensioners	7,214	7,703	318	325	8,512	8,036	1,294	1,260
Pensioners	3,274	3,143	338	315	–	–	–	–
	10,498	10,863	872	876	15,719	14,615	2,180	2,020

The main assumptions used for the IAS 19 valuation of the retirement benefit liabilities for the Atkins Pension Plan and the Railways Pension Scheme are listed in the table below:

	2013	2012
Price inflation		
RPI	3.40%	3.30%
CPI	2.40%	2.30%
Rate of increase of pensions in payment		
Limited Price Indexation (RPI-based)	3.10%	3.30%
Limited Price Indexation (CPI-based)	2.40%	2.30%
Limited Price Indexation to 2.5%	2.50%	2.50%
Fixed	5.00%	5.00%
Rate of increase in salaries		
Atkins Pension Plan	4.90%	4.80%
Railways Pension Scheme (uncapped)	5.65%	5.55%
Railways Pension Scheme (RPI capped)	3.40%	3.30%
Railways Pension Scheme (CPI capped)	2.40%	n/a
Rate of increase for deferred pensioners		
Atkins Pension Plan	3.40%	3.30%
Railways Pension Scheme	2.40%	2.30%
Discount rate	4.60%	5.20%
Expected rate of return on plan assets	5.70%	6.30%
Longevity at age 65 for current pensioners		
Men	24.0 years	23.8 years
Women	25.9 years	25.7 years
Longevity at age 65 for future pensioners (current age 45)		
Men	26.2 years	26.1 years
Women	28.2 years	28.1 years

The actuarial tables used to calculate the retirement benefit liabilities for the Plan were the Self-Administered Pension Schemes (SAPS) tables, with medium cohort improvements from 2002 to 2009 and a scaling factor of 0.85/0.90 for males/females respectively. Future improvements are based on CMI improvements with a 1.5% per annum improvement trend, based on year of use application. The Railways Pension Scheme results have been adjusted on an approximate basis to be based on the same mortality tables.



The components of the pension cost are as follows:

	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
2013				
Current service cost	0.2	2.0	-	2.2
Curtailment gain	-	(4.3)	-	(4.3)
Settlement gain (net)	(0.1)	-	-	(0.1)
Total charge/(credit)	0.1	(2.3)	-	(2.2)
Finance costs/(income)				
Interest cost	57.3	10.5	0.3	68.1
Expected return on plan assets	(50.4)	(9.9)	(0.4)	(60.7)
Net finance costs/(income)	6.9	0.6	(0.1)	7.4
Total charge/(credit) to income statement for defined benefit schemes	7.0	(1.7)	(0.1)	5.2
Charge for defined contribution schemes	-	-	32.8	32.8
Total charge/(credit) to income statement	7.0	(1.7)	32.7	38.0
Statement of comprehensive income				
Gain on pension scheme assets	93.3	7.4	0.3	101.0
Changes in assumptions	(123.8)	(25.1)	(4.9)	(153.8)
Actuarial loss	(30.5)	(17.7)	(4.6)	(52.8)
Deferred tax credited to equity (note 19)	5.6	3.7	0.6	9.9
Actuarial loss (net of deferred tax)	(24.9)	(14.0)	(4.0)	(42.9)
2012				
Current service cost	0.4	2.9	-	3.3
Curtailment gain	(31.5)	-	-	(31.5)
Settlement gain (net)	(1.8)	-	-	(1.8)
Total (credit)/charge	(32.9)	2.9	-	(30.0)
Finance costs/(income)				
Interest cost	59.5	11.0	0.4	70.9
Expected return on plan assets	(48.9)	(10.6)	(0.5)	(60.0)
Net finance costs	10.6	0.4	(0.1)	10.9
Total (credit)/charge to income statement for defined benefit schemes	(22.3)	3.3	(0.1)	(19.1)
Charge for defined contribution schemes	-	-	31.0	31.0
Total (credit)/charge to income statement	(22.3)	3.3	30.9	11.9
Statement of comprehensive income				
Gain/(loss) on pension scheme assets	88.2	(4.1)	(0.3)	83.8
Changes in assumptions	(46.7)	1.5	(0.3)	(45.5)
Actuarial gain/(loss)	41.5	(2.6)	(0.6)	38.3
Deferred tax (charged)/credited to equity (note 19)	(13.5)	0.1	-	(13.4)
Actuarial gain/(loss) (net of deferred tax)	28.0	(2.5)	(0.6)	24.9

The expected return on plan assets is based on market expectations at the beginning of the year for returns over the entire life of the benefit obligation.

	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
2013				
Defined benefit obligation	(1,248.8)	(233.4)	(12.2)	(1,494.4)
Fair value of plan assets	1,027.9	173.8	7.5	1,209.2
Retirement benefit liabilities	(220.9)	(59.6)	(4.7)	(285.2)



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	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
2012				
Defined benefit obligation	(1,116.5)	(206.2)	(7.1)	(1,329.8)
Fair value of plan assets	911.9	160.2	6.6	1,078.7
Retirement benefit liabilities	(204.6)	(46.0)	(0.5)	(251.1)

Other includes the Atkins McCarthy Pension Plan and an unfunded pension obligation in relation to a former director, for £0.9m (2012: £0.8m).

The major categories of plan assets as a percentage of total plan assets are as follows:

	Expected asset return %	Atkins Pension Plan %	£m	Railways Pension Scheme %	£m
2013					
Equities	7.50	42.3	435.3	62.1	107.9
Bonds	4.10	53.4	548.6	28.1	48.8
Property	5.80	3.9	39.6	9.4	16.4
Other/cash	2.30	0.4	4.4	0.4	0.7
		100.0	1,027.9	100.0	173.8

	Expected asset return %	Atkins Pension Plan %	£m	Railways Pension Scheme %	£m
2012					
Equities	7.50	49.3	449.2	59.9	96.0
Bonds	4.70	46.1	420.4	29.4	47.1
Property	6.10	4.4	40.2	10.4	16.7
Other/cash	2.60	0.2	2.1	0.3	0.4
		100.0	911.9	100.0	160.2

The plan assets do not include any of the Group's own financial instruments or property occupied by the Group.

Movements in the present value of the defined benefit obligation are as follows:

	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
2013				
Defined benefit obligation at beginning of year	1,116.5	206.2	7.1	1,329.8
Service cost	0.2	2.0	–	2.2
Curtailment gain	–	(4.3)	–	(4.3)
Settlement gain	(1.4)	–	–	(1.4)
Interest cost	57.3	10.5	0.3	68.1
Change of assumptions	123.8	25.1	4.9	153.8
Employee contributions	0.1	1.4	–	1.5
Benefit payments	(47.7)	(7.5)	(0.2)	(55.4)
Difference on exchange	–	–	0.1	0.1
Defined benefit obligation at end of year	1,248.8	233.4	12.2	1,494.4



	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
2012				
Defined benefit obligation at beginning of year	1,074.4	201.0	6.7	1,282.1
Service cost	0.4	2.9	-	3.3
Curtailment gain	(31.5)	-	-	(31.5)
Settlement gain	(3.1)	-	-	(3.1)
Interest cost	59.5	11.0	0.4	70.9
Change of assumptions	46.7	(1.5)	0.3	45.5
Employee contributions	0.1	1.7	-	1.8
Benefit payments	(30.0)	(8.9)	-	(38.9)
Difference on exchange	-	-	(0.3)	(0.3)
Defined benefit obligation at end of year	1,116.5	206.2	7.1	1,329.8

Movements in the fair value of plan assets are as follows:

	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
2013				
Fair value of plan assets at beginning of year	911.9	160.2	6.6	1,078.7
Expected return on plan assets	50.4	9.9	0.4	60.7
Settlement gain	(1.3)	-	-	(1.3)
Employer contributions	21.2	2.4	0.3	23.9
Employee contributions	0.1	1.4	-	1.5
Benefits paid	(47.7)	(7.5)	(0.2)	(55.4)
Actuarial gain	93.3	7.4	0.3	101.0
Difference on exchange	-	-	0.1	0.1
Fair value of plan assets at end of year	1,027.9	173.8	7.5	1,209.2

	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
2012				
Fair value of plan assets at beginning of year	779.6	158.4	6.3	944.3
Expected return on plan assets	48.9	10.6	0.5	60.0
Settlement gain	(1.3)	-	-	(1.3)
Employer contributions	26.4	2.5	0.3	29.2
Employee contributions	0.1	1.7	-	1.8
Benefits paid	(30.0)	(8.9)	-	(38.9)
Actuarial gain/(loss)	88.2	(4.1)	(0.3)	83.8
Difference on exchange	-	-	(0.2)	(0.2)
Fair value of plan assets at end of year	911.9	160.2	6.6	1,078.7



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Movements in the retirement benefit liabilities are as follows:

	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
2013				
Retirement benefit liabilities at beginning of year	(204.6)	(46.0)	(0.5)	(251.1)
Service cost	(0.2)	(2.0)	–	(2.2)
Net finance costs	(6.9)	(0.6)	0.1	(7.4)
Curtailement gain	–	4.3	–	4.3
Settlement gain (net)	0.1	–	–	0.1
Contributions	21.2	2.4	0.3	23.9
Actuarial loss	(30.5)	(17.7)	(4.6)	(52.8)
Difference on exchange	–	–	–	–
Retirement benefit liabilities at end of year	(220.9)	(59.6)	(4.7)	(285.2)

	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
2012				
Retirement benefit liabilities at beginning of year	(294.8)	(42.6)	(0.4)	(337.8)
Service cost	(0.4)	(2.9)	–	(3.3)
Net finance costs	(10.6)	(0.4)	0.1	(10.9)
Curtailement gain	31.5	–	–	31.5
Settlement gain	1.8	–	–	1.8
Contributions	26.4	2.5	0.3	29.2
Actuarial gain/(loss)	41.5	(2.6)	(0.6)	38.3
Difference on exchange	–	–	0.1	0.1
Retirement benefit liabilities at end of year	(204.6)	(46.0)	(0.5)	(251.1)

Cumulative net actuarial losses recognised in equity are as follows:

	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
2013				
At beginning of year	(167.2)	(18.5)	(2.1)	(187.8)
Net actuarial loss recognised in the year	(30.5)	(17.7)	(4.6)	(52.8)
At end of year	(197.7)	(36.2)	(6.7)	(240.6)

	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
2012				
At beginning of year	(208.7)	(15.9)	(1.5)	(226.1)
Net actuarial gain/(loss) recognised in the year	41.5	(2.6)	(0.6)	38.3
At end of year	(167.2)	(18.5)	(2.1)	(187.8)

The return on plan assets is as follows:

	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
2013				
Expected return on plan assets	50.4	9.9	0.4	60.7
Experience gain on plan assets	93.3	7.4	0.3	101.0
Actual return on plan assets	143.7	17.3	0.7	161.7



	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
2012				
Expected return on plan assets	48.9	10.6	0.5	60.0
Experience gain/(loss) on plan assets	88.2	(4.1)	(0.3)	83.8
Actual return on plan assets	137.1	6.5	0.2	143.8

History of experience gains and losses:

	2013 Total	2012 Total	2011 Total	2010 Total	2009 Total
Experience gain/(loss) on scheme assets	£101.0m	£83.8m	£(2.5)m	£125.2m	£(194.2)m
Percentage of scheme assets	8.4%	7.8%	(0.3)%	14.2%	(27.5)%
Experience (loss)/gain on scheme liabilities	£(1.9)m	£4.4m	£43.8m	£(0.3)m	£9.1m
Percentage of defined benefit obligation	0.1%	(0.3)%	(3.4)%	—	(0.9)%
Defined benefit obligation	£(1,494.4)m	£(1,329.8)m	£(1,282.1)m	£(1,322.7)m	£(1,003.4)m
Fair value of plan assets	£1,209.2m	£1,078.7m	£944.3m	£882.7m	£705.0m
Retirement benefit liability	£(285.2)m	£(251.1)m	£(337.8)m	£(440.0)m	£(298.4)m

The Group expects employer contributions to be paid during the financial year to 31 March 2014 to be around £35.1m, of which £32.0m is in relation to the funding of the actuarial deficit, and employee contributions paid to be around £1.6m. Expected benefit payments made directly by the Group to pensioners in the financial year to 31 March 2014 are £nil.

The approximate effect on the liabilities from changes in the main assumptions used to value the liabilities are as follows:

	Change in assumption	Effect on plan liabilities	
		Atkins Pension Plan	Railways Pension Scheme
Discount rate	increase/decrease 0.5%	decrease/increase 10.0%	decrease/increase 8.0%
Inflation	increase/decrease 0.5%	increase/decrease 5.0%	increase/decrease 8.0%
Real rate of increase in salaries	increase/decrease 0.5%	increase/decrease 2.0%	increase/decrease 1.0%
Longevity	increase 1 year	increase 3.0%	increase 2.0%

The effect of the change in inflation on liabilities assumes a corresponding change in salary increases and inflation-related pension increases.

b) Other post-employment benefit liabilities

The Group operates unfunded schemes within certain of its non-UK businesses, including Gratuity schemes, Key Employee Supplemental Option Plans (KESOP) and post-retirement medical benefit schemes.

Members of the Gratuity schemes are entitled to receive a cash gratuity on leaving the business which is dependent on their length of employment and final salary. Valuation of the gratuity obligation is carried out in line with the principles of IAS 19, *Employee benefits*.

The Group operates a KESOP providing some key officers and employees in its North American business (the business) with post-retirement benefits, known as the Supplemental Income Program (SIP). The SIP is an unfunded plan that provides participants with retirement income for a specified period of between 5 and 15 years upon retirement, death or disability. The plan fixes a minimum level for retirement benefits to be paid to participants based on the participant's position in the business, their age and length of service at retirement. Additionally, certain executive agreements have been amended to provide post-retirement medical benefits to those employees and their spouses, at a level substantially similar to those medical and hospitalisation benefits paid and provided to senior executives currently employed by the business. The insurance benefits will be provided without any further or additional services from the employee to the business and they will be paid for and provided for as long as the employee and their spouse shall live.



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	2013 £m	Group 2012 £m
Other post-employment obligations at beginning of year	14.2	12.5
Service cost and other comprehensive income	2.0	3.5
Interest cost	0.7	0.6
Net actuarial loss recognised in the year	0.2	–
Benefit payments	(4.2)	(2.5)
Difference on exchange	0.7	0.1
Other post-employment obligations at end of year	13.6	14.2

The main assumptions used for the IAS 19 valuation of other post-employment benefits are listed in the table below.

	2013	2012
Gratuity scheme		
Discount rate	5.00%	5.00%
Salary inflation	3.00%	3.00%
Average remaining service period	2 years	2 years
KESOP scheme		
Discount rate	1.05%	2.05%
Medical plan		
Discount rate	3.75%	4.60%
Healthcare cost trend rate for next year	7.50%	8.00%
Rate to which the cost trend rate is assumed to decline	5.00%	5.00%
Year that rate reaches ultimate trend rate	2021	2018

31. Other non-current liabilities

	2013 £m	Group 2012 £m
Deferred PPP/PFI bid costs recovered, maturing:		
Later than one year and no later than two years	0.1	0.1
Later than two years and no later than five years	0.2	0.2
Later than five years	1.2	1.3
	1.5	1.6

As at 31 March 2012, £3.0m of success fees were redisclosed as current following the agreement to sell the Group's minority interest in RMPA Holdings Limited, resulting in the acceleration of the release during the financial year ended 31 March 2013.

32. Ordinary shares

	No. shares	2013 £m	Group and Company No. shares	2012 £m
Issued, allotted and fully paid ordinary shares of 0.5p each				
At 1 April	104,451,799	0.5	104,451,799	0.5
At 31 March	104,451,799	0.5	104,451,799	0.5

At the 2012 annual general meeting (AGM) shareholder authority was obtained for the Company to purchase up to a maximum of 10,011,000 of its own ordinary shares (representing approximately 10% of the issued share capital of the Company on 13 June 2012) for a period ending on the earlier of the next AGM or 1 November 2013, provided that certain conditions (relating to the purchase price) are met. The notice of meeting for the AGM to be held at 1100 hours on Wednesday 31 July 2013 proposes that shareholders approve a resolution updating and renewing this authority. Shares in the Company may also be purchased by the Company's EBTs.

As at the date of this report there were 4,341,000 ordinary shares of 0.5 pence each (nominal value £21,705) held as treasury shares. No shares were purchased during the year ended 31 March 2013 (2012: nil). The 4,341,000 treasury shares, which represent approximately 4.2% of the total (2012: 4.2%) of the called up share capital as at the date of this report, have not been cancelled and represent a deduction from shareholders' equity.



33. Share-based payments

Long Term Incentive Plans

WS Atkins plc Long Term Growth Unit plan (LGU) August 2012 onwards

A share plan for senior executives where units are granted at a base price which is normally based on the six month average share price calculated at the date of grant. The vesting of units occurs in three equal tranches on the fourth, fifth and sixth anniversaries of the date of grant. Vesting is subject to a financial underpin which is considered by the Remuneration Committee. On exercise, the value of each unit is equal to the increase, if any, in the average share price of one notional Company share between the grant date and the exercise date.

Any such increase will normally be calculated using the six month average share price. No more than 50% of a participant's total number of units subject to a single award may be exercised in any 12 month rolling period. The increase will usually be delivered in the form of a nil cost option except in the US, where awards are granted as market value options and are scaled back on exercise to allow only the exercise of options equivalent to the gain that would have been made under a non-US award. The units will generally be settled in equity.

As a general rule, awards granted to participants who leave employment prior to vesting will be forfeited. In the event a participant leaves as a result of a qualifying reason, they receive a pro rated entitlement.

WS Atkins plc Long Term Incentive Plan (LTIP) August 2012 onwards

A share plan for senior executives used to grant awards that are settled in equity or, in limited circumstances, in cash. Subject to the Company's real growth in absolute EPS over the performance period. The growth target requires the increase to be more than 12% per annum in the three year performance period to allow full vesting. If the increase is less than 5% per annum, there will be no vesting. If the increase is 5% per annum, vesting will be at 25%, and a sliding scale operates between 5% and 12% per annum.

As a general rule, awards granted to participants who leave employment prior to vesting will be forfeited. In the event a participant leaves as a result of a qualifying reason, they receive a pro rated entitlement.

Subject to vesting, participants are entitled to receive the benefit of dividends declared following grant, without interest.

Atkins Long Term Incentive Plan (LTIP) September 2006 to July 2012

A share plan for senior executives and key employees used to grant awards to employees that are settled in equity or, in limited circumstances, in cash. There are different performance targets for different categories of management. Grants made to executive directors and senior employees have 50% of the grant subject to the Company's total shareholder return (TSR) performance relative to the constituents of the FTSE 250 Index (excluding investment trusts) at the start of the performance period. Full vesting of this portion of the grant will take place if the Company is ranked in the upper quartile and 30% vesting will be achieved with a median ranking, with pro rata vesting for intermediate performance. No vesting will occur for a ranking below median.

The remaining 50% of the grant made to executive directors and senior employees is subject to the Company's real growth in underlying EPS over the performance period. For the 2006 and subsequent grants, the growth target requires the increase to be more than 10% per annum above the UK RPI in the three year performance period to allow full vesting. If the increase is less than 4% per annum above the UK RPI, then there will be no vesting. If the increase is 4% per annum above the UK RPI, vesting will be at 30%, and a sliding scale operates between 4% and 10% above the UK RPI.

Awards granted to other participants are subject solely to the EPS condition. As a general rule, awards granted to participants who leave employment prior to vesting will be forfeited. In the event a participant leaves as a result of a qualifying reason, they receive a pro rated entitlement.

Subject to vesting, participants are entitled to receive the benefit of dividends declared following grant without interest.

Atkins Long Term Incentive Plan (LTIP) September 2003 to August 2006

A share plan for senior executives and key employees used to grant awards to employees that are settled in equity or, in limited circumstances, in cash. The performance condition was TSR with an EPS growth underpin measured over three financial years starting with the financial year beginning immediately after the award was granted. Full vesting of any award took place for a TSR performance where the Company ranked in the top 20% in a group of up to 16 comparator companies, 30% vesting for median ranking and no vesting if TSR fell below the median. The EPS underpin was the UK RPI plus 2% per annum. As a general rule, awards granted to participants who left employment prior to vesting were forfeited. In the event a participant left as a result of a qualifying reason, they received a pro rated entitlement. All awards have now vested.



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Deferred Share Plans

Atkins Deferred Bonus Plan (DBP)

A share plan for senior executives and key employees used to grant awards to employees that are settled in equity or, in limited circumstances, in cash. There is no performance condition but awards are restricted for at least three years from the date of grant. As a general rule, awards granted to participants who leave employment prior to vesting will be forfeited. In the event a participant leaves as a result of a qualifying reason, they will receive their award in full. Subject to vesting, participants are entitled to receive the benefit of dividends declared following grant without interest. All awards have now vested.

Atkins Deferred Share Plan (DSP)

A share plan for senior executives and key employees used to grant awards to employees that are settled in equity or in cash. There is no performance condition but awards are restricted for a set period from the date of grant, fixed by the Remuneration Committee at grant. As a general rule, awards granted to participants who leave employment prior to vesting will be forfeited. In the event a participant leaves as a result of a qualifying reason, they will receive their award in full. Subject to vesting, participants are entitled to receive the benefit of dividends declared following grant without interest. Awards granted to executive directors in relation to the executive bonus scheme are restricted for three years from the date of grant.

The Group's share-based payments charge for the year of £7.5m (2012: £7.4m) has been included in administrative expenses in the Consolidated Income Statement.

The effect of the share-based payment transactions on the Group's results and financial position is as follows:

	2013 £m	Group 2012 £m
Total expense recognised for equity settled share-based payment transactions	6.5	6.4
Total expense recognised for cash settled share-based payment transactions	1.0	1.0
	7.5	7.4
Closing balance of liability for cash settled share-based payment transactions	2.5	2.1

As at 31 March 2013 the following awards were outstanding:

	LTIPs		LGU		DBP/DSP	
	No.	Weighted average exercise/transfer price	No.	Weighted average exercise/transfer price ¹	No.	Weighted average exercise/transfer price
Awards outstanding at 1 April 2011	1,100,613	0.30p	–	–	2,864,086	–
Granted	202,648	–	–	–	875,259	–
Exercised/transferred	(102,645)	–	–	–	(660,682)	–
Lapsed	(359,996)	–	–	–	(303)	–
Forfeited	(95,053)	–	–	–	(91,544)	–
Awards outstanding at 1 April 2012	745,567	–	–	–	2,986,816	–
Granted	284,215	–	209,768	207.19p	1,215,077	–
Exercised/transferred	(61,226)	–	–	–	(753,101)	–
Lapsed	(250,221)	–	–	–	(4,000)	–
Forfeited	–	–	–	–	(112,390)	–
Awards outstanding at 31 March 2013	718,335	–	209,768	207.19p	3,332,402	–

The weighted average exercise price of LGU awards is calculated by reference to both non-US awards, where the increase in value is delivered in the form of a nil cost option, and US awards, where the awards take the form of market value options.

The weighted average share price at the date of exercise was 743.93 pence (2012: 711.00 pence).



A summary of awards outstanding as at 31 March 2013 is as follows:

Scheme	Award date	Exercise price	Scheme maturity	Maximum term	Weighted average remaining contractual life	Awards outstanding at 31 March 2013	Awards exercisable at 31 March 2013
LGUs							
LGU (August 2012 onwards non-US)	13/08/2012	0.0p	4 to 6 years	10 years	9.38 years	144,609	–
LGU (August 2012 onwards US)	13/08/2012	667.0p	4 to 6 years	10 years	9.38 years	65,159	–
LTIPs							
LTIP (August 2012 onwards)	13/08/2012	0.0p	3 years	3 to 10 years	8.16 years	284,215	–
LTIP (September 2006 to July 2012 TSR/EPS)	03/08/2007 to 20/06/2011	0.0p	3 years	3 to 10 years	7.33 years	349,627	5,259
LTIP (September 2006 to July 2012 EPS)	11/09/2006 to 30/11/2007	0.0p	3 years	3 to 10 years	4.09 years	80,293	80,293
LTIP (September 2003 to August 2006)	17/09/2003 to 25/06/2004	0.0p	3 to 4 years	10 years	1.07 years	4,200	4,200
DSPs							
DBP	25/06/2004 to 30/11/2007	0.0p	3 years	10 years	3.28 years	65,276	65,276
DSP	29/06/2007 to 19/11/2012	0.0p	1.5 to 3 years	2 to 10 years	6.93 years	3,267,126	441,515

On 2 July 2012 the Company issued awards over 1,074,227 shares to employees under the DSP.

On 13 August 2012 the Company issued awards over 284,215 shares to employees under the LTIP and 209,768 units to employees under the LGU.

On 19 November 2012 the Company issued awards over 140,850 shares to employees under the DSP.

At 31 March 2013 the Company's EBTs held a beneficial interest in 2,831,737 shares (2012: 2,589,261 shares) at a nominal value of £0.0m (2012: £0.0m) and market value of £25.8m (2012: £19.0m).

The weighted average fair value of awards granted during the year was 689.36 pence (2012: 723.04 pence).

Fair value of awards with market performance conditions

WS Atkins plc Long Term Growth Unit plan August 2012 onwards

The Black Scholes Model was used for the purposes of valuing LGU awards granted in the current year. The model calculated the fair value of awards granted, upon which the share-based payments charge is based. The assumptions used in the model are as follows:

	LGU 2013		
Exercise price (six month average) at grant date	718.32p	718.32p	718.32p
Risk-free interest rate	0.330%	0.537%	0.711%
Volatility of share price	35.0%	35.0%	35.0%
Share price at grant	670.00p	670.00p	670.00p
Base value (six month average) share price at grant date	718.32p	718.32p	718.32p
Expected term	4 years from grant date	5 years from grant date	6 years from grant date



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Atkins Long Term Incentive plan September 2006 to July 2012

The Monte Carlo model was used for the purposes of valuing LTIP awards with the TSR market performance condition which were granted in the prior year. The model calculated the fair value of the awards granted, upon which the share-based payments charge is based in the prior year, current year and through the future year(s) until vesting. The assumptions used in the model are as follows.

	LTIP 2012
Exercise price	£nil
Risk-free interest rate	n/a
Discount in respect of dividend yield	0%
Volatility of share price	38.0%
Share price at grant date: – 20/06/2011	760.0p
Expected term	3 years from grant date

No awards granted in the current year contained a TSR market performance condition.

Volatility was determined based on the movement in share price over a period prior to the grant date equal in length to the period over which the TSR condition applies, which equated to a three year share price history. The fair value of share plans involving market performance conditions takes into account market information.

In accordance with the rules of the plan, the Monte Carlo model simulates TSR for the Company and a comparator group. In 2012 the comparator group consisted of the FTSE 250 excluding investment trusts at the start of the performance period. The model takes into account historic dividends and share price volatilities for the Company and the comparator group to produce a predicted distribution of relative share performance.

Awards that do not contain market performance conditions are valued at market value at the date of award and discounted in the event that the award does not benefit from dividend equivalents during the vesting period.

34. Cash generated from continuing operations

	Note	Group 2013 £m	Group 2012 £m	Company 2013 £m	Company 2012 £m
Profit for the year		88.4	106.8	23.4	42.7
Adjustments for:					
Income tax	8	14.9	28.7	–	–
Finance income	7	(3.4)	(4.1)	(2.2)	(1.9)
Finance costs	7	12.5	14.9	4.4	2.5
Share of post-tax profit from joint ventures	4	(3.8)	(1.9)	–	–
Other non-cash costs/(income)		4.5	(2.9)	–	–
Depreciation charges	17	14.6	17.1	–	–
Profit on disposal of businesses/non-controlling interests	9	(4.5)	(7.2)	(0.5)	(9.2)
Amortisation and impairment of intangible assets	16	14.0	9.5	–	–
Release of deferred income	28	(3.1)	(0.2)	–	–
Share-based payment charge	33	6.5	6.4	–	–
Pensions settlement and curtailment gain	30	(4.4)	(33.3)	–	–
Loss on disposal of property, plant and equipment		–	0.5	–	–
Gain on disposal of available-for-sale financial assets	20	(0.8)	–	–	–
Dividends received		–	–	(16.1)	(2.2)
Movement in provisions	29	(4.7)	(5.7)	–	–
Movement in inventories	23	0.1	(0.3)	–	–
Movement in trade and other receivables	24	4.4	(19.5)	(5.7)	(2.2)
Movement in payables	28	(31.5)	(11.3)	10.3	5.4
Movement in non-current payables		0.2	(2.9)	–	–
Actuarial deficit funding	30	(21.0)	(26.0)	–	–
Cash generated from continuing operations		82.9	68.6	13.6	35.1

WS Atkins plc Annual Report 2013

**35. Analysis of net funds**

	1 April 2012 £m	Cash flow £m	Other non- cash changes £m	Exchange movement £m	At 31 March 2013 £m
Cash and cash equivalents	167.0	31.0	–	3.5	201.5
Loan notes receivable	25.1	1.8	(6.9)	–	20.0
Financial assets at fair value through profit or loss	35.0	(0.4)	1.3	–	35.9
Available-for-sale financial assets	6.1	(6.9)	0.8	–	–
Borrowings due no later than one year	(104.0)	47.5	–	(3.3)	(59.8)
Borrowings due later than one year	–	(47.5)	–	(1.8)	(49.3)
Finance leases	(6.6)	1.8	(0.5)	–	(5.3)
Net funds	122.6	27.3	(5.3)	(1.6)	143.0

36. Contingent liabilities

The Group has given indemnities in respect of performance and contractual-related bonds, as well as letters of credit issued on its behalf. The amount outstanding at 31 March 2013 includes £6.9m letters of credit issued as a result of the acquisition of PBSJ.

During the year ended 31 March 2011, the Group acquired PBSJ. Prior to the acquisition, the Audit Committee of the board of directors of PBSJ undertook an internal investigation to determine whether any laws, including the Foreign Corrupt Practices Act (FCPA), had been violated in connection with certain projects undertaken by PBS&J International, Inc. (one of PBSJ's subsidiary undertakings). The investigation suggested that FCPA violations may have occurred but did not extend beyond this company and that none of PBSJ's executive management were involved in criminal conduct. PBSJ voluntarily disclosed this matter to the Department of Justice and to the securities and exchange commission (SEC) and is cooperating fully with their review. The FCPA provides for penalties, criminal and civil sanctions and other remedies. Neither at the date of acquisition nor at subsequent year ends has management been able to estimate the potential penalties that may be imposed and therefore no provision had been made. It is not considered possible to determine an accurate estimate of the fines and penalties imposed as they are not formula driven or in any way the result of a predefined calculation. The Group does not have an estimate of when this will be resolved but it is considered unlikely to be within the next financial year.

Group companies are from time to time involved in claims and litigation. The Group carries significant professional indemnity insurance cover for such claims.

37. Operating lease arrangements

The Group leases various offices under operating lease arrangements. The leases have various terms, escalation clauses and renewal rights. The Group also leases vehicles, plant and equipment under operating lease arrangements.

At the end of the reporting period, the future aggregate minimum lease payments under non-cancellable operating leases are payable as follows:

Group	Property £m	2013 Vehicles, plant and equipment £m	Property £m	2012 Vehicles, plant and equipment £m
No later than one year	44.1	8.9	43.6	7.5
Later than one year and no later than five years	94.9	12.6	111.3	12.0
Later than five years	38.3	–	47.7	–
	177.3	21.5	202.6	19.5

Included within vehicles, plant and equipment are future aggregate minimum lease payments under non-cancellable operating leases of £0.3m and £0.1m expiring no later than one year and later than one year but no later than five years respectively, relating to the Group's UK highways services business. This business has been disclosed as an asset held for sale in these Financial Statements and further information regarding the transaction is provided in note 10.

The Company had no operating lease commitments as at 31 March 2013 (2012: none).



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At the end of the reporting period, the future minimum lease payments under non-cancellable operating leases are receivable as follows:

Group	Property £m	2013 Vehicles, plant and equipment £m	Property £m	2012 Vehicles, plant and equipment £m
No later than one year	2.5	–	2.0	0.4
Later than one year and no later than five years	4.3	–	5.1	0.5
Later than five years	0.5	–	0.8	–
	7.3	–	7.9	0.9

The Company had no operating lease receivables as at 31 March 2013 (2012: none).

38. Capital and other financial commitments

	2013 £m	Group 2012 £m
Capital expenditure contracted for but not incurred – property, plant and equipment	2.9	1.4

At 31 March 2013 the Group was committed to make payments for equity and debt into SPCs under PFI contracts of £nil (2012: £1.8m), see note 22.

39. Related party transactions

Details of the directors' shareholdings, share options and remuneration are given in the Remuneration Report (page 95), which forms part of these Financial Statements.

Transactions with the retirement benefit schemes are shown in note 30.

Details of the Company's principal subsidiaries are shown in note 40 and its principal joint ventures in note 41.

Provision of goods and services to and purchases of goods and services from related parties were made at the rates charged to external customers. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provision has been made for doubtful debts in respect of amounts owed by related parties and £nil charged to income and expense (2012: £nil).

a) Group sales and purchases of goods and services

	2013 £m	Group 2012 £m
Sales of goods and services to joint ventures	40.0	40.5
Purchases of goods and services from joint ventures	–	–

b) Group year end balances arising from sales/purchases of goods and services to/from joint ventures and loans provided to joint ventures

	2013 £m	Group 2012 £m
Receivables from joint ventures (note 24)	7.3	5.2

Receivables from joint ventures are shown net of contract-related provisions of £nil (2012: £nil).

Payables to joint ventures	–	–
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c) Group year end balances arising from loans provided to other related parties

	2013 £m	Group 2012 £m
Receivables from related parties (note 22)	20.0	18.2



d) Company sales/purchases of goods and services to/from subsidiaries

The Company did not sell any goods or services to subsidiaries during the year (2012: £nil). The Company did not purchase any goods or services from its subsidiaries during the year (2012: £nil).

e) Company year end balances with subsidiaries

	2013 £m	Company 2012 £m
Receivables from subsidiaries (note 24)	165.2	159.9
Payables to subsidiaries (note 28)	82.0	84.5

Receivables from subsidiaries are shown net of impairment of £0.5m (2012: £9.5m), see note 24.

f) Key management compensation

Key management comprises the executive and non-executive directors, and certain senior managers who are members of the senior leadership team (SLT).

	2013 £m	Group 2012 £m
Salaries and other short term employment benefits	6.3	5.2
Post-employment benefits	0.1	0.2
Share-based payments	1.8	1.9
	8.2	7.3

The deferred share award element of any bonus paid to key management is not included in the salaries and other short term employment benefits number as it is included in the share-based payment charge in subsequent years.

40. Subsidiary undertakings

The following companies were the principal subsidiary undertakings as at 31 March 2013:

	Country of registration/ incorporation	Class and percentage of shares held	Nature of business
Atkins Australasia Pty Ltd ¹	Australia	100% ordinary	Consulting engineers
Atkins Beta Limited	England and Wales	100% ordinary	Investment holding company
Atkins China Limited	Hong Kong	100% ordinary	Consulting engineers
Atkins Consultants (Shenzhen) Co Ltd ¹	China	100% ordinary	Consulting engineers
Atkins Danmark A/S ¹	Denmark	100% ordinary	Consulting engineers
Atkins Gamma Limited	England and Wales	100% ordinary	Investment holding company
Atkins Limited ¹	England and Wales	100% ordinary	Consulting engineers
Atkins Investments UK Limited	England and Wales	100% ordinary	Investment holding company
Atkins North America, Inc ¹	USA	100% ordinary	Consulting engineers
Faithful+Gould, Inc ¹	USA	100% ordinary	Project and programme management consultants
Faithful+Gould Limited ¹	England and Wales	100% ordinary	Quantity surveyors and cost estimators
Faithful+Gould Saudi Arabia Limited ¹	Kingdom of Saudi Arabia	100% ordinary	Project and programme management consultants
Peter R Brown Construction, Inc ¹	USA	100% ordinary	Construction management services
The Atkins North America Holdings Corporation ¹	USA	100% ordinary	Investment holding company
WS Atkins & Partners Overseas ¹	Gibraltar	100% ordinary	Consulting engineers
WS Atkins (India) Private Limited ¹	India	100% ordinary	Consulting engineers
WS Atkins, Inc ¹	USA	100% ordinary	Consulting engineers
WS Atkins Insurance (Guernsey) Limited ¹	Guernsey	100% ordinary	Insurance
WS Atkins International & Co LLC ¹	Oman	100% ordinary	Consulting engineers
WS Atkins International Limited ¹	England and Wales	100% ordinary	Consulting engineers

1. Owned by a subsidiary undertaking other than WS Atkins plc.



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The percentage of the issued share capital held by the Group is equivalent to the percentage of voting rights held. The Group holds the whole of all classes of issued share capital.

All the above operate in the country of registration, except for WS Atkins & Partners Overseas, which operates in the Middle East.

A full list of subsidiary companies will be filed at Companies House with the Company's Annual Return.

41. Joint ventures

The following represents the principal joint ventures in which the Group participated during the year:

Name	Nature of business	Proportion of shares/ interest held ²	Date of last audited financial statements	External auditors
Connect Plus Services (unincorporated) ¹	Joint venture undertaking operation and maintenance work on the M25, London's orbital motorway.	32.5%	n/a	n/a
Engage SNC ¹	A French General Partnership providing architect engineering services for the ITER programme, a nuclear fusion reactor in France.	25.0%	31 Dec 2012	KPMG S.A.
Nuclear Atkins Assystem Alliance SNC ¹	A French General Partnership providing consultancy and engineering services to the international nuclear new-build market, operating internationally from offices in France.	50.0%	31 Dec 2012	KPMG S.A.

1. Owned by a subsidiary undertaking other than WS Atkins plc.

2. Proportion of shares held (where incorporated) is in respect of ordinary share capital. There are no special rights or constraints on the shares. There are no restrictions on distributions from any of these joint ventures.

42. Events after the balance sheet date

Sale of the Group's UK highways services business

The Group expects to complete the sale of its UK highways services business to Skanska Construction UK Limited, a wholly owned subsidiary of Skanska AB, in the summer. This business has been disclosed as an asset held for sale in these Financial Statements and further information regarding the transaction is provided in note 10.



Five-year Summary

Consolidated Income Statements for years ended 31 March

	2013 £m	2012 £m	2011 £m	2010 £m	2009 £m
Gross revenue (Group and share of joint ventures)	1,775.5	1,769.8	1,612.0	1,418.0	1,532.4
Revenue	1,705.2	1,711.1	1,564.3	1,387.9	1,487.2
Cost of sales	(1,088.7)	(1,097.1)	(975.2)	(854.6)	(941.9)
Gross profit	616.5	614.0	589.1	533.3	545.3
Administrative expenses	(512.4)	(476.8)	(482.1)	(420.3)	(442.2)
Operating profit	104.1	137.2	107.0	113.0	103.1
Profit on disposal of businesses, non-controlling interests and joint ventures	4.5	7.2	–	0.1	2.5
Share of post-tax profit/(loss) from joint ventures	3.8	1.9	(1.9)	(1.9)	0.2
Profit before interest and tax	112.4	146.3	105.1	111.2	105.8
Finance income	3.4	4.1	3.9	3.8	6.7
Finance costs	(12.5)	(14.9)	(18.0)	(18.4)	(9.8)
Net finance (costs)/income	(9.1)	(10.8)	(14.1)	(14.6)	(3.1)
Profit before tax	103.3	135.5	91.0	96.6	102.7
Income tax expense	(14.9)	(28.7)	(18.4)	(19.3)	(18.5)
Profit for the year from continuing operations	88.4	106.8	72.6	77.3	84.2
Profit for the year from discontinued operations	–	–	–	25.0	–
Profit for the year	88.4	106.8	72.6	102.3	84.2
Profit/(loss) attributable to:					
Owners of the parent	88.7	106.7	72.6	102.3	84.2
Non-controlling interests	(0.3)	0.1	–	–	–
	88.4	106.8	72.6	102.3	84.2
Basic earnings per share					
– continuing operations	91.0p	109.0p	74.3p	79.5p	86.1p
– discontinued operations	–	–	–	25.7p	–
	91.0p	109.0p	74.3p	105.2p	86.1p
Diluted earnings per share					
– continuing operations	88.8p	106.6p	72.7p	77.9p	84.8p
– discontinued operations	–	–	–	25.2p	–
	88.8p	106.6p	72.7p	103.1p	84.8p



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Five-year Summary

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Consolidated Balance Sheets as at 31 March

	2013 £m	2012 £m	2011 £m	2010 £m	2009 £m
Assets					
Non-current assets					
Goodwill	211.4	205.0	192.0	62.1	62.3
Other intangible assets	39.6	46.3	50.3	4.7	9.0
Property, plant and equipment	50.7	51.5	52.8	38.9	46.6
Investments in joint ventures	7.1	3.5	1.5	1.8	3.9
Deferred income tax assets	92.2	84.2	115.3	151.0	101.7
Derivative financial instruments	0.3	0.3	0.2	0.9	–
Other receivables	20.0	18.2	20.1	21.2	12.9
	421.3	409.0	432.2	280.6	236.4
Assets of disposal group classified as held for sale	5.8	6.9	–	–	–
Current assets					
Inventories	0.2	1.1	0.8	0.9	0.3
Trade and other receivables	449.2	445.3	433.6	300.7	353.7
Financial assets at fair value through profit or loss	35.9	35.0	34.7	32.4	28.7
Available-for-sale financial assets	–	6.1	–	–	–
Cash and cash equivalents	201.5	167.0	121.5	260.3	209.7
Derivative financial instruments	0.5	0.4	0.2	2.3	–
	687.3	654.9	590.8	596.6	592.4
Liabilities					
Current liabilities					
Borrowings	(59.8)	(105.7)	(48.4)	(4.4)	(7.6)
Trade and other payables	(486.7)	(506.1)	(521.4)	(434.3)	(478.7)
Derivative financial instruments	(1.4)	(1.7)	(0.5)	(1.0)	(0.8)
Current income tax liabilities	(40.5)	(34.3)	(36.2)	(34.6)	(31.2)
Provisions for other liabilities and charges	(1.5)	(3.6)	(6.4)	(5.6)	(9.9)
	(589.9)	(651.4)	(612.9)	(479.9)	(528.2)
Liabilities of disposal group classified as held for sale	(5.2)	(0.1)	–	–	–
Net current assets/(liabilities)	98.0	10.3	(22.1)	116.7	64.2
Non-current liabilities					
Borrowings	(49.4)	(4.9)	(4.6)	(7.0)	(9.5)
Provisions for other liabilities and charges	(4.4)	(6.8)	(12.7)	(17.0)	(17.8)
Post-employment benefit liabilities	(298.8)	(265.3)	(350.3)	(450.5)	(311.5)
Derivative financial instruments	(1.3)	(2.5)	(0.6)	(0.3)	(0.4)
Deferred income tax liabilities	(20.1)	(18.8)	(20.3)	(1.6)	(0.1)
Other non-current liabilities	(1.5)	(1.6)	(5.3)	(5.8)	(4.8)
	(375.5)	(299.9)	(393.8)	(482.2)	(344.1)
Net assets/(liabilities)	143.8	119.4	16.3	(84.9)	(43.5)
Capital and reserves					
Ordinary shares	0.5	0.5	0.5	0.5	0.5
Share premium account	62.4	62.4	62.4	62.4	62.4
Merger reserve	8.9	8.9	8.9	8.9	8.9
Retained earnings/(accumulated losses)	72.2	47.5	(55.5)	(156.7)	(115.3)
Equity attributable to owners of the parent	144.0	119.3	16.3	(84.9)	(43.5)
Non-controlling interests	(0.2)	0.1	–	–	–
Total equity	143.8	119.4	16.3	(84.9)	(43.5)

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Consolidated Cash Flow Statements for the years ended 31 March

	2013 £m	2012 £m	2011 £m	2010 £m	2009 £m
Cash generated from operations					
Profit for the year	88.4	106.8	72.6	77.3	84.2
Adjustments for:					
Income tax	14.9	28.7	18.4	19.3	18.5
Finance income	(3.4)	(4.1)	(3.9)	(3.8)	(6.7)
Finance costs	12.5	14.9	18.0	18.4	9.8
Share of post-tax (profit)/loss from joint ventures	(3.8)	(1.9)	1.9	1.9	(0.2)
Other non-cash costs/(income)	4.5	(2.9)	5.1	0.1	—
Depreciation charges	14.6	17.1	15.9	15.3	20.7
Profit on disposal of businesses, non-controlling interests and joint ventures	(4.5)	(7.2)	—	(0.1)	(2.5)
Amortisation and impairment of intangible assets	14.0	9.5	8.3	7.5	12.7
Release of deferred income	(3.1)	(0.2)	(0.3)	(0.2)	(0.1)
Share-based payment charge	6.5	6.4	5.7	6.8	8.9
Pensions settlement and curtailment gain	(4.4)	(33.3)	—	(6.7)	—
Loss on disposal of property, plant and equipment	—	0.5	0.2	1.4	0.7
Gains on disposal of available-for-sale financial assets	(0.8)	—	—	—	—
Movement in provisions	(4.7)	(5.7)	(3.8)	(5.9)	9.2
Movement in working capital	(26.8)	(34.0)	(37.7)	31.5	10.9
Actuarial deficit funding	(21.0)	(26.0)	(31.9)	(36.3)	(40.6)
Cash generated from operations	82.9	68.6	68.5	126.5	125.5
Cash flows from operating activities					
Cash generated from operating activities	82.9	68.6	68.5	126.5	125.5
Interest received	2.6	3.9	3.1	3.4	6.3
Interest paid	(3.2)	(2.5)	(2.4)	(1.1)	(2.2)
Income tax paid	(7.1)	(11.0)	(12.3)	(18.0)	(12.8)
Net cash generated from operating activities	75.2	59.0	56.9	110.8	116.8
Cash flows from investing activities	(5.4)	(35.9)	(196.5)	(21.1)	(32.8)
Cash flows (used in)/generated from financing activities	(38.8)	22.5	7.3	(40.5)	(45.8)
Net increase/(decrease) in cash, cash equivalents and bank overdrafts	31.0	45.6	(132.3)	49.2	38.2
Cash, cash equivalents and bank overdrafts at beginning of year	167.0	121.5	260.3	209.7	154.5
Exchange movements	3.5	(0.1)	(6.5)	1.4	17.0
Cash, cash equivalents and bank overdrafts at end of year	201.5	167.0	121.5	260.3	209.7
Financial assets at fair value through profit or loss	35.9	35.0	34.7	32.4	28.7
Loan notes receivable	20.0	25.1	20.1	21.2	12.9
Available-for-sale financial assets	—	6.1	—	—	—
Borrowings due no later than one year	(59.8)	(104.0)	(46.3)	(0.7)	(2.8)
Borrowings due later than one year	(49.3)	—	—	—	(0.6)
Finance leases	(5.3)	(6.6)	(6.7)	(10.7)	(13.7)
Net funds	143.0	122.6	123.3	302.5	234.2



Investor Information

For more investor
information visit:



www.atkinglobal.com/investors

WS Atkins plc

Registered in England
Company no. 1885586

Company secretaries and registered office

Richard Webster/Helen Baker
WS Atkins plc
Woodcote Grove
Ashley Road
Epsom
Surrey KT18 5BW
England

Financial calendar

Ex-dividend date	17 July 2013
Record date	19 July 2013
Last day to elect for DRIP	24 July 2013
Annual General Meeting	31 July 2013
Final dividend payment date	23 August 2013

Shareholder services

Registrar

Enquiries and notifications concerning
dividends, share certificates, transfers and
address changes should be sent to the
registrar, whose address is:

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Telephone: 0871 664 0300 if calling from
the UK (calls cost 10p per minute plus
any additional network charges) or
+44 (0)20 8639 3399 if calling from outside
the UK; lines are open 0900 to 1730
Monday to Friday.

Other shareholder enquiries should be
addressed to Atkins' company secretary
at the registered office.

American Depositary Receipts (ADRs)

The Company has a Level 1 ADR
programme. This enables US investors
to purchase the Company's American
Depositary Shares (ADSs). Each ADS
represents one ordinary share.

JPMorgan Chase Bank N.A. acts as an
ADR depositary bank.

For the issuance and management of
ADRs, and any general ADR questions,
please contact:

JPMorgan Chase Bank N.A.
P.O. Box 64504
St. Paul
Minnesota 55164-0504
USA

Investor helpline: 800-990-1135 if calling
from the US (toll free) or +1-651-453-2128
if calling from outside the US.

Website: www.adr.com

Investor relations website

Many commonly asked shareholders'
questions are addressed in the investor
relations section of our website:
www.atkinglobal.com/investors.

E-communications

Shareholders can choose to receive all
Company communications electronically.
This environmentally friendly way of
receiving information has a number of
advantages including speedier delivery of
documents and the ability to access reports
and results on the internet wherever you are.
To register please visit our share portal at
www.myatkinsshare.com.

International payment service for dividends

Capita Registrars offers shareholders
a service to convert sterling dividends into
certain local currencies. This service provides
faster access to funds and will generally
cost less than the fees charged by your
local bank. For further information,
please contact the registrar (address above).
Telephone: +44 (0)20 8639 3405
if calling from outside the UK or
0871 664 0385 if calling from the
UK (calls cost 10p per minute plus any
additional network charges); lines are
open 0900 to 1730 Monday to Friday,
or email: IPS@capitaregistrars.com
or visit the registrar's website:
www.international.capitaregistrars.com.

Dividend reinvestment plan (DRIP)

The Company offers a dividend reinvestment
plan to shareholders as a cost-efficient
way of increasing their shareholding in the
Company. Should you wish to participate
in the DRIP please contact the registrar on
the telephone number given above to
request a mandate form and an explanatory
booklet. Your completed mandate form
must be received by the registrar no later
than 24 July 2013 if you wish your final
dividend for the year to be reinvested to
buy additional shares.

Amalgamation of accounts

Shareholders who receive duplicate sets
of Company mailings owing to multiple
accounts in their name should contact
the registrar to have their accounts
amalgamated.



Unsolicited mail

The Company is obliged by law to make its share register available to third parties who may then use it for a mailing list. If you are a UK shareholder and you wish to limit receipt of unsolicited mail you may do so by registering with the Mailing Preference Service (MPS). Registration can be made online at www.mpsonline.org.uk or via telephone on 0845 703 4599.

Giving your shares to charity

If you only have a small number of shares whose value makes it uneconomic to sell them, you may wish to consider donating them to charity through ShareGift, an independent share donation scheme. The relevant share transfer form can be obtained from the registrar. ShareGift is administered by The Orr Mackintosh Foundation, registered charity number 1052686. Further information may be obtained on +44 (0)20 7930 3737 or from www.sharegift.org.

Identity theft

Identity theft is on the increase. Criminals may steal your personal information, putting your Atkins shareholding at risk.

Tips for protecting your Atkins shares:

- ensure all your certificates are kept in a safe place or hold your shares electronically in CREST via a nominee
- keep all correspondence from the registrar that shows your shareholder reference number in a safe place, or destroy your correspondence by shredding it
- if you change address inform the registrar in writing or via our share portal at www.myatkinsshare.com

- know when dividends are paid and consider having your dividend paid directly into your bank account. This will reduce the risk of the cheque being intercepted or lost in the post. If you change your bank account, inform the registrar of the details of your new account. You can do this by post or online using our share portal at www.myatkinsshare.com. Respond to any letters the registrar sends you about this
- if you receive a letter from the registrar regarding a change of address or a dividend instruction but have not recently moved or requested a change to how you receive your dividends please contact them immediately as you may have been a victim of identity theft
- if you are buying or selling shares only deal with brokers registered in your country of residence or the UK.

Warning to shareholders

Share fraud includes scams where investors are called out of the blue and offered shares that often turn out to be worthless or non-existent, or an inflated price for shares that they own. These calls come from fraudsters operating in 'boiler rooms' that are mostly based abroad.

While high profits are promised, those who buy or sell shares in this way usually lose their money. The Financial Services Authority found most share fraud victims are experienced investors who lose an average of £20,000, with around £200m lost in the UK each year.

If you are offered unsolicited investment advice, discounted shares, a premium price for shares you own, or free company or research reports, you should take these steps before handing over any money:

1. get the name of the person and organisation contacting you
2. check the Financial Services Register (FSR) at www.fca.org.uk/firms/systems-reporting/register/search to ensure they are authorised
3. use the details on the FSR to contact the firm
4. if you are based in the UK, call the Financial Conduct Authority (FCA) Consumer Helpline on 0800 111 6768 if there is no telephone number on the FSR or you are told it is out of date
5. search the FCA's list of known unauthorised firms and individuals to avoid doing business with
6. remember: if it sounds too good to be true, it probably is.

If you use an unauthorised firm to buy or sell shares or other investments, you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme (FSCS) if things go wrong.

If you are approached about a share scam you should tell the FCA using the share fraud reporting form at www.fca.org.uk/consumers/scams, where you can find out about the latest investment scams. If you are based in the UK, you can also call the FCA Consumer Helpline on 0800 111 6768.

If you have already paid money to share fraudsters you should contact Action Fraud online at www.actionfraud.police.uk or, if you are based in the UK, by telephone on 0300 123 2040.

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You can help us to reduce our environmental impact by opting to receive shareholder communications online at www.atkinsglobal.com/investors

To help you find the information you're looking for, the key features of our investor relations website are highlighted below.

>

Reports

Our reports can be accessed and/or downloaded from here.

Investor presentations

Links to results presentations, videos, press releases and webcasts.

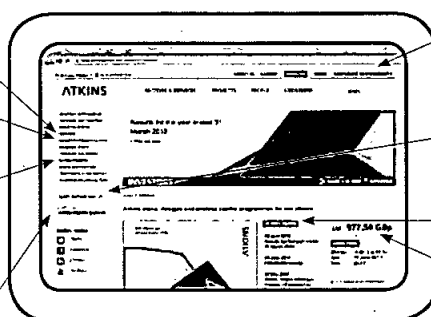
Shareholders' queries

We provide a number of services to help our shareholders manage their holdings, keep up to date with our progress and communicate with us.

Register for ecomms

You can help us to reduce our environmental impact by opting to receive electronic versions of shareholder communications (ecomms).

We will donate £1 to RedR (Register for Engineers for Disaster Relief) for each shareholder who chooses this method of communication.



Corporate responsibility

Find out more about our Corporate Responsibility strategy and performance by visiting this section of our website.

Alerts

Receive automated announcements and news by signing up to our alerting service.

Latest financial news

Access our latest financial press releases here.

Share price

Charts showing share price activity.



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WS Atkins plc Annual Report 2013



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