Brønnøysundregistrene

Årsregnskap for regnskapsåret 2012

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

Brønnøysundregistrene
05.09.2020

Brønnøysundregistrene – Regnskapsregisteret

VEDLEGG TIL ÅRSREGNSKAP 2012

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

Registrerte opplysninger per 04.10.2012		Eventuelle endringer dette regnskapsåret	
Startdato	Avslutningsdato	Startdato	Avslutningsdato
01.04.2011	31.03.2012		
Konsernforhold Foreninger som følger regler for frivillig virksomhet, kan ikke være morselskap	Morselskap NEI	Endret konsernforhold ☐ Morselskap	☐ Ikke morselskap

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**

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 26/6-2012 **Dato**

Sted/dato, Underskrift av representant for enheten

Oslo 3/10-2012 [signature]

Bare til bruk for Regnskapsregisteret fea

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

M ☒ Rets ☐ Ant.s 175

☐ ov.b ☐ årsb ☐ res ☐ bal ☐ e.bal ☐ gj.bal ☒ rev ☐ i-rev ☐ k-res ☐ k-bal ☐ k-n ☐ k-rev ☐ i-k-rev ☐ n

☐ k-regn ☐ kto ☐ d.k ☐ ik-fv ☐ konsf ☐ ifrs ☐ fr-rev ☐ ☐ ☐ ☐ ☐ funk u.off ☐ brev

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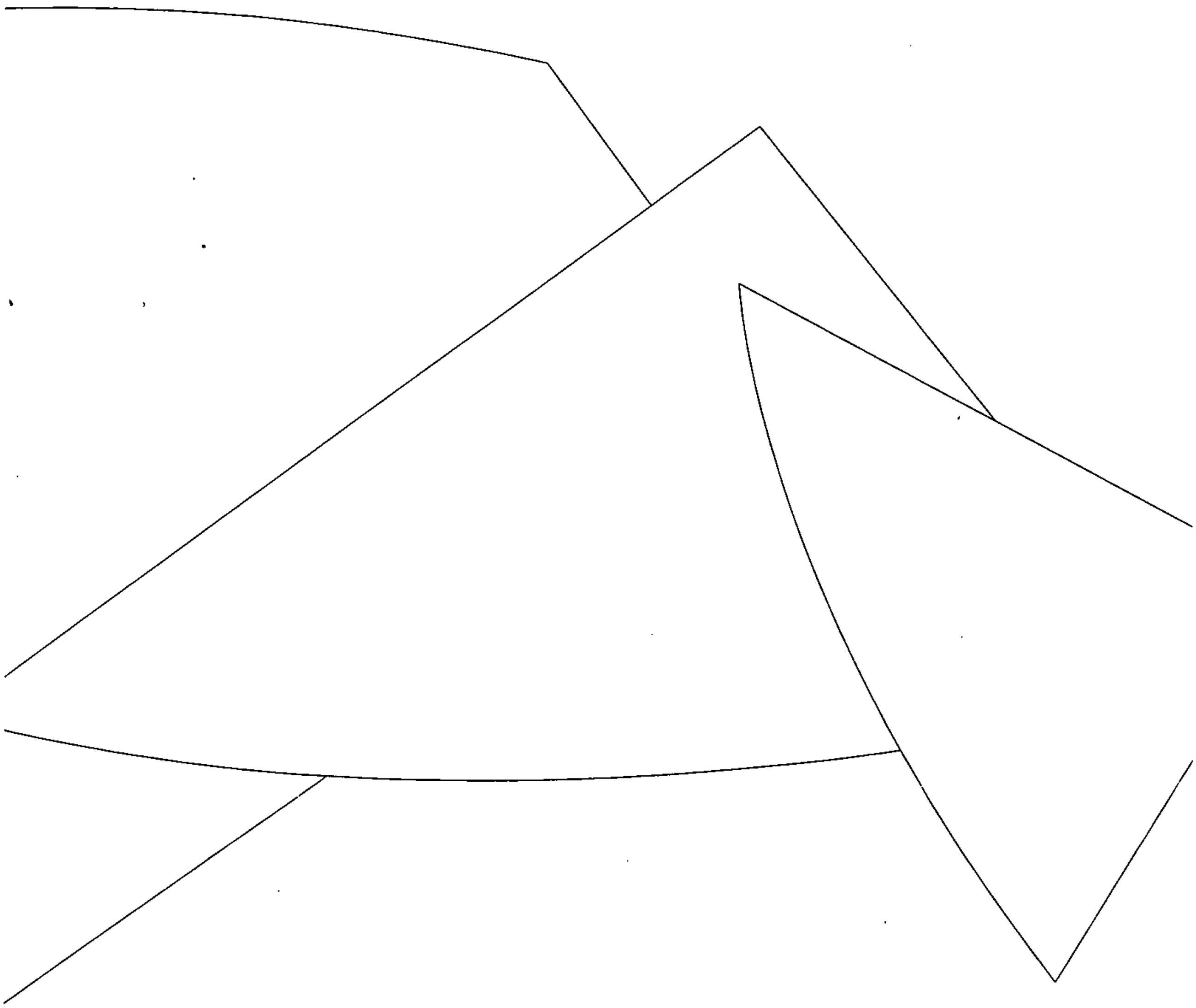
WS Atkins plc
Annual Report 2012

ATKINS



Plan Design Enable

Good results, with a return to headcount growth in an economic environment that continues to be challenging.

>

Investor information can also be viewed on your mobile phone at
www.atkinsglobal.mobi

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

Introduction

Reviews

Governance

Financial Statements

Investor Information

Group at a Glance

Atkins is one of the world's leading engineering and design consultancies.

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

We have the breadth and depth of expertise to respond to the most technically challenging and time critical infrastructure projects and to facilitate the urgent transition to a low carbon economy.
>

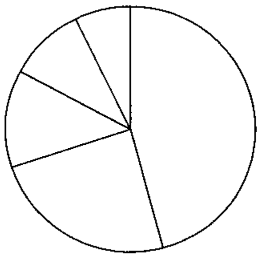
Our business segments
The Group is managed according to a regional model and this management structure is reflected in our segmentation.

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 water, environment, education, aerospace, defence and infrastructure design and we also have a significant presence in transportation.

Our business segments. Pages 16-19

Relative size of segment by revenue



Revenue
£859.9m

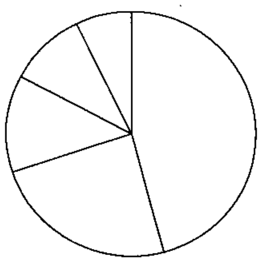
Employees
8,924

North America

In North America we provide infrastructure planning, engineering, construction management, environmental consulting, urban planning, architecture and programme management services to state and local government clients, federal agencies and private businesses.

Our business segments. Pages 20-23

Relative size of segment by revenue



Revenue
£421.9m

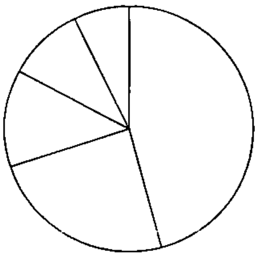
Employees
3,255

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.

Our business segments. Pages 24-27

Relative size of segment by revenue



Revenue

£171.4m

Employees

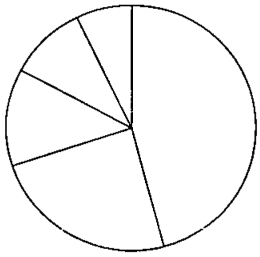
1,972

Asia Pacific and Europe

In our Asia Pacific business we provide engineering, planning, urban design, architectural and rail design services. In mainland China our focus is on urban planning, alongside architectural and landscape architectural 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.

Our business segments. Pages 28-31

Relative size of segment by revenue



Revenue

£163.5m

Employees

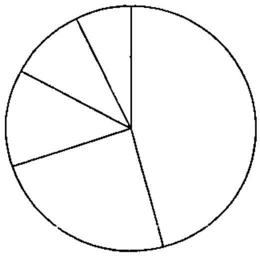
2,020

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.

Our business segments. Pages 32-35

Relative size of segment by revenue



Revenue

£128.4m

Employees

1,182

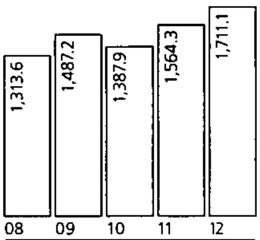
Notes

1. Full time equivalent staff at 31 March 2012 including agency staff.
2. There are an additional 67 staff undertaking Group functions.

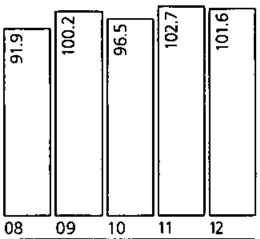
Results

Dividend increased by 5.2%, reflecting the Board's confidence in the Group's prospects.
>

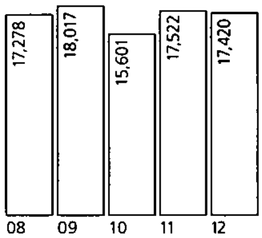
Revenue £m
+9.4%



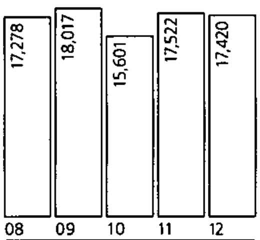
Underlying profit before taxation £m
-1.1%



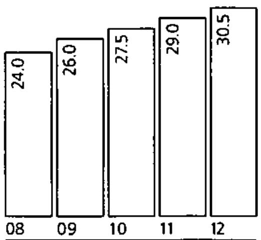
Headcount
-0.6%



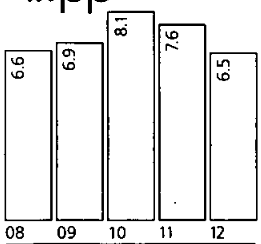
Headcount
-0.6%



Dividend Pence
+5.2%



Underlying operating margin %
-1.1pp



Notes
1. Revenue excludes the Group's share of revenue from joint ventures.
2. Underlying operating margin is before exceptional items, amortisation of intangible assets recognised on acquisition and material transaction costs associated with acquisitions, and relates to continuing operations.
3. Underlying profit before taxation additionally excludes any profits or losses from disposals.
4. Normalised diluted earnings per share (EPS) is based on underlying profit after tax (2011 underlying profit is adjusted to include the material transaction costs associated with acquisitions) 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.
7. 2008 figures are for continuing operations only.

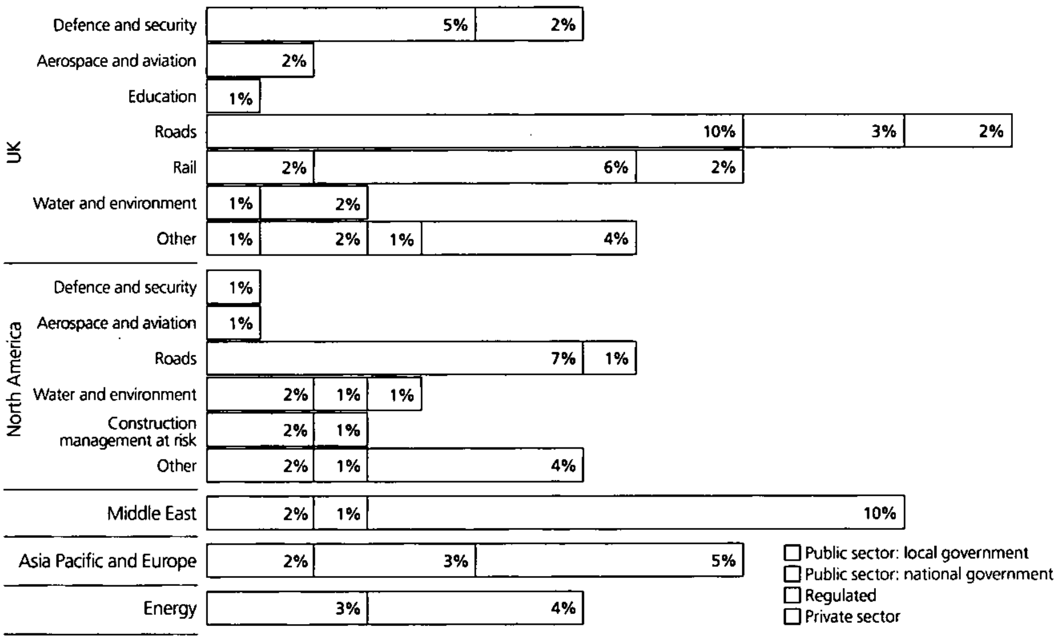
Further detail is given in our overview of the business and segmental performance

Business review. Pages 14-35

The Group's exposure to a variety of end markets provides resilience.

>

Approximate percentages of total Group revenue



We are a strong Group in several areas:

- **Scale** – the ability to deploy staff
- **Breadth** – our wide range of technical skills
- **Cash resources** – important in uncertain times
- **Higher end activity** – not commodity engineering
- **Adjacencies/skill transfer** – applying skills in related areas

Quality remains a key determinant in selling to our clients.

Chairman's Statement

Atkins is an international engineering consultancy company with strong leadership and management, delivering both an excellent service to our clients and a strong financial performance.
>

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

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Performance
I am pleased to report that the Group delivered good results for the year ended 31 March 2012 in an economic environment that continues to be challenging. This is testament to the breadth and depth of the services we offer across the world. It is our geographic presence and the broad mix of work that we do that have continued to give the Group resilience at a time when many of our markets still experience uncertainty.

We ended the year in line with expectations having improved turnover and maintained underlying profit before tax as we continue to balance our geographic footprint. It is particularly pleasing to report that we have successfully integrated our PBSJ acquisition – which is the largest in the Group's history. In the first full year that we report results for this new business in North America, we have achieved good margin progression in our consultancy business which confirms that our integration strategy and operational efficiency measures are working.

I remain confident that our multi local presence, together with the mix of skills and expertise that we provide to our clients' increasingly complex engineering challenges, places us in a strong position to provide effective solutions, as clients put greater emphasis on planning and design disciplines to optimise value from their infrastructure programmes.

We continue to work with governments around the world to offer expert opinion about how growth can be achieved through investment in infrastructure and securing vital energy supply for the future. We have worked with country leaders and their cabinets through one to one briefings and by attending a number of trade visits, in particular to the Middle East and Asia Pacific regions, where there continues to be strong growth potential for the Group.

People
Atkins is a people business, and I would like to thank our employees in all areas of the Group for their hard work and dedication over the past year. It is a combination of our colleagues' technical excellence and outstanding regional and sector capabilities that enables us to deliver these results, despite the challenging economic environment. I would also like to welcome new arrivals to the Group: those who are just starting their careers, those who have moved to Atkins for personal development and those who have joined us through acquisition.

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 72).

Dr Uwe Krueger succeeded Keith Clarke CBE as chief executive officer in August 2011. He has reviewed the Group's strategy and concluded that overall it remains appropriate. He has identified three strategic priorities to accelerate the growth of the Group: operational excellence, portfolio optimisation and sector focus. We are making good progress against these priorities.

Sir Peter Williams, non-executive director and chairman of the Remuneration Committee retired from the Board of Atkins in September 2011. I would like to thank personally Sir Peter, on behalf of the Board, for the seven years of dedicated service he gave to Atkins. I am pleased to report that our existing non-executive director, Dr Raj Rajagopal has taken over from Sir Peter as chairman of the Remuneration Committee.

Also in September 2011, we welcomed Rodney Slater as a non-executive director. Mr Slater is based in the United States and was formerly the secretary of transportation under president Bill Clinton between 1997 and 2001. Mr Slater's full biography can be found in the Board of directors section (pages 58 to 59).

Dividend
The Board is recommending a final dividend of 20.75p per ordinary share in respect of the year ended 31 March 2012, making the total dividend for the year 30.5p (2011: 29.0p), an increase of 5.2%. If approved at the Company's annual general meeting, the dividend will be paid on 31 August 2012 to ordinary shareholders on the register on 27 July 2012. Further details regarding dividend payments can be found in Investor Information (page 158).

Outlook
The Group's geographic and sector diversification continues to provide resilience, which is reflected in the results we have reported for the year ended 31 March 2012. Atkins is positioned to deliver further growth in the year ahead.

Allan Cook CBE
Chairman
13 June 2012

Corporate Governance Report. Pages 64-72

Board of Directors. Pages 58-59

Introduction

Chief Executive Officer's Statement

Our strategy is clear and the Group is well positioned to deliver further growth in the year ahead.
>

We are proud to be engineering London for 2012

www.atkinsglobal.com/twenty-twelve

Business position
I am pleased to report that the year to 31 March 2012 was another good year in terms of our financial performance. Turnover grew by 9% to £1,711.1m. Reported profit before tax was £135.5m, with the benefit of £30.9m from pension gains, as we continue to actively manage our pension liabilities and £7.2m generated from the sale of our UK asset management business in November 2011. Excluding these benefits, together with amortisation of intangible assets on acquisition of £4.2m, gives a more representative underlying profit of £101.6m, which is comparable with last year. Taking into account the departure of around 550 staff following the sale of our UK asset management business in November 2011, underlying headcount increased through the year, with a closing headcount of 17,420 at the end of March 2012.

The Group profit after tax for the year of £106.8m (2011: £72.6m) is shown in the Consolidated Income Statement (page 96).

The Group's liquidity remains strong, driven by a good cash performance in the second half of the year as a result of our strategic focus on operational excellence and cash flow. Net funds at the end of the year were £122.6m.

These results include the first full year of our acquired North America business. Integration has gone well and we have started to share resources and knowledge across the Group which is improving our competitive and market share position in North America.

The UK region ended the year well and, as anticipated, saw modest growth in underlying headcount in the second half of the year. The North American region reported a slight margin improvement despite challenging market conditions and a small loss in our Peter Brown construction management at risk business in relation to some legacy issues. The Middle East region continued to enjoy strong market conditions while client relations remain challenging and the scale and complexity of the major projects require heightened attention with regard to change management and payment terms. With projects like the Central Planning Office in Doha we are positioning ourselves strategically as the key expert for integrated infrastructure consulting in the region. The Asia Pacific and Europe business continued to deliver a steady performance and Faithful+Gould traded well with tailored service solutions for major international corporations in Asia, Europe and North America. Our Energy business achieved strong organic growth, which was augmented by the strategically important acquisition of Pöyry's oil and gas business during the year.

Atkins continues to demonstrate the highest levels of technical excellence and expertise as it delivers the world's most challenging and time critical infrastructure projects. The London 2012 Olympic and Paralympic Games is a perfect example of Atkins at its best as we are the official engineering design services provider to the Games. This project showcases British engineering expertise on a world stage and demonstrates the breadth and depth of Atkins' capabilities. Atkins' engineering is considered to be some of the best in the world, and it is from this heritage, with engineering design excellence and our employees' passion to perform and exceed clients' expectations, that we will continue to grow internationally in the future.

We remain committed to safety in the workplace and on all of our project sites. Safety forms part of our commitment to quality and reliability. It is derived directly from the values of our Company and, as we push to improve productivity and profitability, we should never forget that safety must come first. The implementation of our safety standards worldwide is a leadership responsibility at all levels in the organisation.

We have formed a strong senior leadership team and with a highly skilled and motivated employee base we will continue to do what Atkins does best: listening carefully to the project needs of our clients and designing and engineering the best possible solutions for their requirements.

Priorities
Our objective is simple: to drive shareholder value with unrelenting focus on operational excellence and to implement our growth strategy with the priority on portfolio optimisation and focused sector, as well as regional, expansion.

Our medium term goal is to generate more than 75% of revenue from our non UK and Energy businesses and to generate a margin above 8%. We will grow organically and through acquisitions that add new skills or a regional presence.

Conclusion
We have made good progress in the last twelve months despite the challenging economic environment. During the second half we continued to diversify the business, improved cash flow, reduced our pension liabilities and are returning to growth. We remain focused on driving operational excellence throughout the business to improve margins, optimise our portfolio and meet the evolving needs of our clients. Our strategy is clear and the Group is well positioned to deliver further growth in the year ahead.

Dr Uwe Krueger
Chief Executive Officer
13 June 2012

Our Strategy

Profitable growth, shareholder value.
>

Our vision

Our vision is to be the world's best infrastructure consultancy.

We define infrastructure as the physical systems that are vital for any nation or community's productivity and development, including transportation, utilities, sewage, water, electricity and large scale built environments. Increasingly, we also define infrastructure as the information and technologies required to enable physical systems in areas such as security.

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, schools, bridges and highways.

Enable

Our clients trust us with the management of projects, people and issues, ensuring that deadlines are met, costs are controlled and success is delivered.

Our strategy

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

We are accelerating our delivery of the strategy through focusing on three priorities over the short to medium term: operational excellence, portfolio optimisation and sector focus.

Our priorities

1. Operational excellence

We are driving operational performance across the Group to improve our operating margin and cash conversion across all businesses and regions. Key initiatives include an increased focus on managing the Group's working capital requirements, with an emphasis on billing, cash collection and competitive payment terms; and a continuous review of utilisation to ensure we optimise client facing time. Operational excellence will provide a solid platform for future growth.

2. Portfolio optimisation

We will continue to review our portfolio and make appropriate decisions about our ongoing ownership as we seek to improve our margin and enhance the Group's growth prospects.

The UK asset management business was identified as a non core business within the Group. This divestment marked an important stage in strategically focusing the Group on higher growth, higher margin activities.

3. Sector focus

As we review our portfolio it is clear that a number of our existing sectors have attractive growth prospects. We will expand our offering primarily in geographic areas where we already have a presence through small to medium sized acquisitions that complement our organic growth as we balance our client and sector mix. We will also redirect and leverage resources and technical capabilities to address attractive market sectors. These may evolve over time, but currently include the following areas: Energy, aerospace, security, water.

Our Strategy
continued

Our sectors

Energy
Energy has been identified for investment and reported separately in our results for some time.

Increasing demand + ageing infrastructure + climate change imperative = increased investment in new and existing assets

Aerospace
Aerospace represents another key area, where we will grow from a relatively small base. We are targeting the North American aircraft manufacturing market as part of our regional growth plan and have recently opened an office in Seattle to support this.

Increasing demand + high fuel costs + carbon emissions pressure = investment in development of new technologies

Security
Security issues, particularly in regions such as the Middle East, are becoming more prevalent; we have outstanding capabilities in both this market and region.

Growing 'threat environment' + increasing use of technology = increased investment to secure physical and information assets

Water
Water is a very significant market for the Group. Our skills in the UK and North America can be marshalled and augmented to address this market worldwide, with an immediate focus on the southern states of North America.

Population growth + ageing infrastructure + resource scarcity = increased demand for comprehensive resource management strategies

Successful performance

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 over the last few years.

Our current geographic balance helps us to deliver sustainable results, proving that we can grow organically, in new areas and through acquisition. Today, more than 50% of the Group's revenue comes from clients outside of the UK.

Over the last year our strategic focus has enabled the Group to make excellent progress in a number of key areas:

+50%
more than 50% of the Group's revenue comes from clients outside of the UK.

Segmental performance. Pages 16-35

Our objective is simple: to drive shareholder value with unrelenting focus on operational excellence and to implement our growth strategy with the priority on portfolio optimisation and focused sector, as well as regional, expansion

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UK

In the UK we have pre-emptively repositioned our businesses to address ongoing market challenges through the active deployment of staff, recruitment in growth areas and the increasing use of our Bangalore operations to deliver a competitive cost base.

North America

In North America the integration of the acquisition of PBSJ in October 2010, together with operational efficiency initiatives, has delivered margin improvement in the consultancy business, as a platform for growth.

Middle East

In the Middle East we have achieved targeted geographic expansion in areas of high essential infrastructure spend, as well as sector diversification. We have added skills to address the buoyant infrastructure market, with headcount growing significantly during the year.

Asia Pacific and Europe

In Asia Pacific and Europe we have improved service quality and have gained access to increased opportunities through the addition of high profile resources.

Energy

In our Energy business we have invested for growth, particularly through acquisition and our n.triple.a joint venture.

Profitable growth, shareholder value

Future performance

We have the right leadership and organisational structure to deliver our growth strategy.

Our medium term margin target is to generate a margin above 8% across all our businesses and regions.

We are adjusting the geographic balance of the Group's operations and, in the medium term, aim to generate more than 75% of our revenue from our non UK and Energy businesses, resulting in less than 25% of our revenue being derived from the UK.

Atkins is a well managed organisation with strong leadership delivering good financial performance in all our markets and geographies. We will capitalise on growing organically and through acquisition, including larger, strategically focused transactions to drive our Group's growth and profit performance.

+8%

Our medium term margin target is to generate a margin above 8% across all of our businesses and regions.

Segmental performance. Pages 16-35

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 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. KPIs for the year ended 31 March 2012 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 on pages 36 to 39, this has been another good year in terms of Atkins' financial performance.

Turnover grew by 9% to £1,711.1m (2011: £1,564.3m). Reported profit before tax was £135.5m (2011: £91.0m) at an operating margin of 8.0% (2011: 6.8%). These results had the benefit of £30.9m from pension gains as we have continued to actively manage our pension liabilities and £7.2m profit generated from the sale of our UK asset management business in November 2011. Excluding these benefits, together with amortisation of intangible assets on acquisition of £4.2m (2011: £3.7m), gives a more representative underlying profit before tax of £101.6m (2011: £102.7m).

Reported operating profit was £137.2m (2011: £107.0m). The year on year increase in margin was primarily due to a one off pension event in relation to the Group's defined benefit scheme. Adjusting for the effect of this, together with amortisation of intangible assets on acquisition referred to above, provides a better view of the Group's underlying performance, showing operating profit of £110.5m (2011: £118.7m) and a margin of 6.5% (2011: 7.6%).

Headcount was 17,420 at the end of March 2012, 102 less than the same time last year. This figure includes the reduction of around 550 staff from the sale of our UK asset management business, offset by increases in staff from underlying growth in other regions, most notably the Middle East.

Normalised diluted EPS increased by 4.0p per share to 79.0p (2011: 75.0p), an increase of 5.3%.

The Group pension schemes have a net liability of £251.1m, a reduction year on year of £86.7m. The fair value of plan assets has increased to £1,078.7m (2011: £944.3m) and the liabilities have increased to £1,329.8m (2011: £1,282.1m).

Operating cash flow in the year was £68.6m (2011: £68.5m), representing 62.1% (2011: 57.7%) of underlying operating profit. The Group's liquidity remains strong with closing net funds of £122.6m (2011: £123.3m).

As at 31 March 2012, the Group had secured 60% (2011: 55%) of budgeted revenue for the coming financial year. The improvement, compared with the previous financial year, further demonstrates the effectiveness of our strategy, at a time when many of our markets remain difficult.

Segmental analyses of revenue, operating profit, work in hand and staff numbers follow. Staff turnover is discussed further in the Human Resources Review (pages 44 to 49).

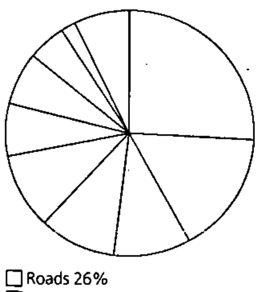
Key performance indicators

	Note	2012	2011	Change
Financial metrics				
Revenue	1	**£1,711.1m**	£1,564.3m	+9.4%
Operating profit		**£137.2m**	£107.0m	+28.2%
Underlying operating profit	2	**£110.5m**	£118.7m	-6.9%
Operating margin		**8.0%**	6.8%	+1.2pp
Underlying operating margin	2	**6.5%**	7.6%	-1.1pp
Underlying profit before tax	3	**£101.6m**	£102.7m	-1.1%
Operating cash flow		**£68.6m**	£68.5m	+0.1%
Normalised diluted EPS	4	**79.0p**	75.0p	+5.3%
Work in hand	5	**60%**	55%	5.0pp
People	6			
Staff numbers 31 March – continuing	7	**17,420**	16,978	+2.6%
Average staff numbers for year		**17,489**	16,582	+5.5%
Staff turnover	8	**10.6%**	10.4%	0.2pp

Notes

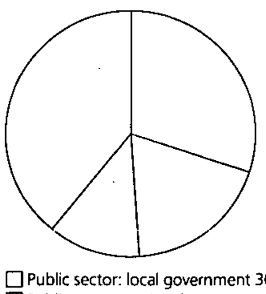
1. Revenue excludes the Group's share of revenue from joint ventures.
2. Underlying operating profit excludes amortisation of intangibles of £4.2m (2011: £3.7m) recognised on the acquisition of PBSJ and a pension curtailment gain of £30.9m (2011: nil). In addition, 2011 excludes £8.0m of transaction costs associated with the acquisition of PBSJ.
3. Underlying profit before tax additionally excludes profit on disposal of our UK asset management business of £7.2m (2011: nil).
4. Normalised diluted EPS is based on underlying profit after tax (2011: underlying profit is adjusted to add back the £8.0m of transaction costs associated with the acquisition of PBSJ referred to in note 2 above) and allows for the dilutive effect of share options.
5. 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.
6. Staff numbers are shown on a full time equivalent basis, including agency staff.
7. Continuing staff numbers removes from the 2011 comparative figures 544 members of staff who left the Group with the sale of the UK asset management business in November 2011.
8. Staff turnover is the number of voluntary staff resignations in the year, expressed as a percentage of average staff numbers.

Revenue by sector



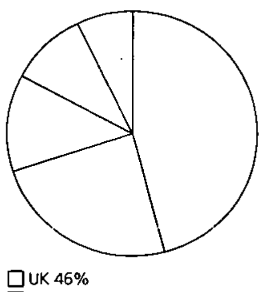
- Roads 26%
- Rail (inc. mass transit) 16%
- Buildings 10%
- Energy 10%
- Water and environment 10%
- Aerospace and aviation 7%
- Defence and security 7%
- Urban development 5%
- Education 2%
- Other 7%

Revenue by client type



- Public sector: local government 30%
- Public sector: national government 19%
- Regulated 12%
- Private sector 39%

Revenue by segment



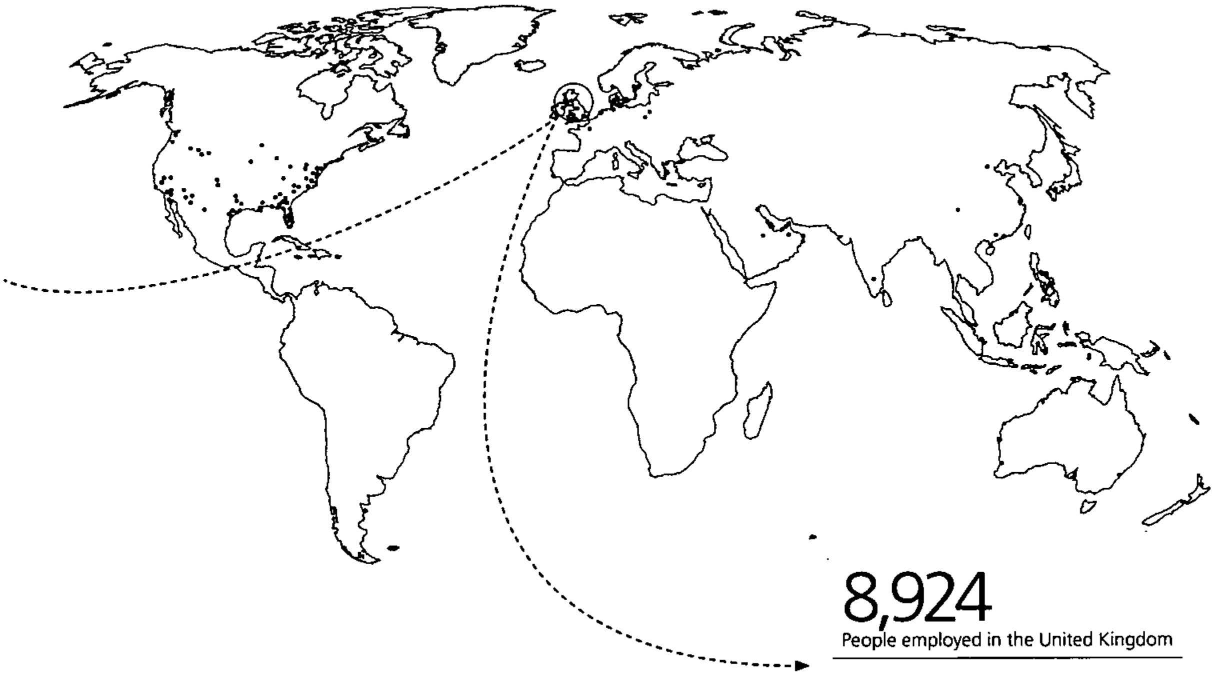
- UK 46%
- North America 24%
- Middle East 13%
- Asia Pacific and Europe 10%
- Energy 7%

Business Review
Segmental performance

Solid performance in
difficult market conditions.
>

United Kingdom

Key performance indicators	2012	2011	Change
Financial metrics			
Revenue	**£859.9m**	£926.5m	-7.2%
Operating profit	**£51.6m**	£61.4m	-16.0%
Operating margin	**6.0%**	6.6%	-0.6pp
Work in hand	**65.4%**	56.5%	+8.9pp
People			
Staff numbers at 31 March	**8,924**	9,640	-7.4%
Average staff numbers for the year	**9,260**	10,119	-8.5%

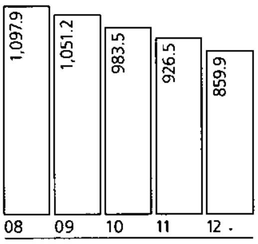


8,924
People employed in the United Kingdom

£859.9m
Revenue

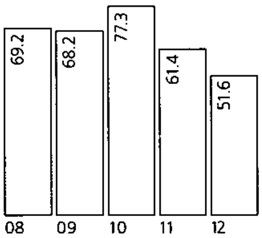
Revenue £m

-7%



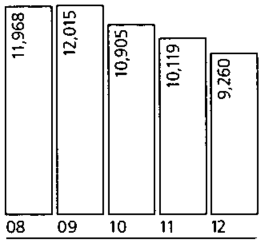
Operating profit £m

-16%

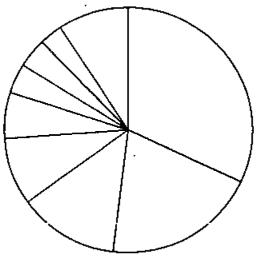


Average staff numbers

-8%

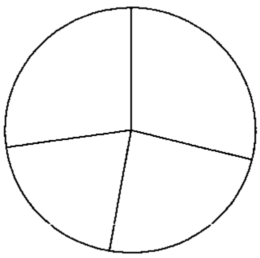


Revenue by sector



- Roads 32%
- Rail (inc. mass transit) 20%
- Defence and security 13%
- Water and environment 9%
- Aerospace and aviation 6%
- Education 4%
- Buildings 4%
- Urban development 3%
- Other 9%

Revenue by client type



- Public sector: local government 29%
- Public sector: national government 24%
- Regulated 20%
- Private sector 27%

Business Review
Segmental performance
continued

United Kingdom

Performance
The UK region performed in line with expectations as we continue to navigate difficult market conditions, notably in our rail business.

In October 2011 we announced the sale of our UK asset management business, which employed around 550 staff, to Sodexo for an initial cash consideration of £5m. This accounts for 29% of the reduction in revenue and the majority of the headcount reduction in the year. The disposal masks underlying growth in headcount since the half year when headcount, excluding asset management, was 8,870 and reflects our proactive management of the composition of the Group, focusing on core growth sectors.

Our broad multidisciplinary offering has helped to mitigate the impact of constrained public sector spending by providing competitive, cost effective, high quality expertise. In addition, added resilience is brought to the UK business through its support of projects for the Group's Middle East operations.

We are delighted with the progress on the London 2012 Olympic and Paralympic Games, for which we are the official engineering design services provider. This multiple award winning project is an excellent example of Atkins at its best as we demonstrate the breadth and depth of our skills while showcasing British engineering expertise on the world stage.

Business model
This region comprises businesses that 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 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
As we have previously identified, material growth in this segment will be difficult in the near term due to challenging market conditions. Therefore, our focus remains on driving operational efficiency through cost reductions and supplementing skills with niche acquisitions where appropriate. We continue to invest in developing our people, focusing on quality, technical excellence and innovation.

In addition, added resilience is brought to our UK business by its ongoing support on projects for our overseas businesses, together with the increasing use of our Bangalore operations to deliver a competitive cost base.

Business drivers
The economic environment significantly affects the opportunities available to the region, and we continue to reposition ourselves to address these challenges. Our diversified business provides some resilience to market fluctuations as does the fact that a number of our markets remain well funded.

Operations
Rail
As anticipated, our rail business had a difficult year as a consequence of major signalling work being slow to come to market. This had an impact on operating margins as we elected to maintain staffing levels in anticipation of project awards by Network Rail. The position has now improved, justifying the decision, as Atkins has been awarded work on two Network Rail signalling major project frameworks for Sussex/Wessex and Kent/Anglia, worth in excess of £400m over a seven year period. While projects are now beginning to be awarded out of these frameworks, there remain delays to work actually starting.

In addition to these two frameworks, we have secured a number of rail design projects in recent months. These include the Wolverhampton resignalling project and in April 2012 the contract to prepare preliminary designs for the high speed line through the Country South section of High Speed 2.

Highways and transportation
Following significant restructuring in the year ended 31 March 2011, the highways and transportation business had a good year with increased workload, helped by the UK government announcement in November 2011, which brought forward previously delayed projects.

The consultancy business had a number of significant wins, including the Highways Agency Specialist Project Support Framework and the related Department for Transport Technical Engineering Advice and Research Framework.

Atkins is the UK's largest engineering design consultancy

www.atkinsglobal.co.uk

The initial design work for the M25 widening is complete, with the first sections fully open to traffic in advance of the London 2012 Olympic and Paralympic Games. The M25 30 year operation and maintenance joint venture contract is progressing in line with our expectations. This joint venture brings together Balfour Beatty (52.5%), Egis (15%) and Atkins (32.5%) and provides services in network management, asset inspection, traffic management, tunnel operations, incident management and routine and winter maintenance for the entire M25, including over 250 miles of spur roads and junctions.

Our highway services business continues to operate with strong work in hand, helped by recent success with the Highways Agency Area 2 contract, which extends to 2017. The first of our other Highways Agency and local authority contracts is not scheduled for renewal until 2013.

Water and environment
In our water and environment business we are seeing volumes improving on the five year regulatory Asset Management Programme (AMP5) framework contracts we have with a number of the UK water companies, as their asset management investment programmes progress. Our geotechnical, environmental and planning businesses continue to support large projects such as High Speed 2, where we have been awarded the contract to carry out the environmental impact assessments for the Rural North section covering Warwickshire and Staffordshire. Other large projects include Crossrail and the London 2012 Olympic and Paralympic Games.

Faithful+Gould
Faithful+Gould has continued to perform well in a challenging but stable market, delivering project and cost management services to a wide range of clients across the public and private sectors.

Design and engineering
Our role as the official engineering design services provider for the London 2012 Olympic and Paralympic Games has progressed very well and will culminate with the Games in July, August and September. Our work on transforming the former industrial site, through a comprehensive integrated approach spanning many disciplines, not only provides the regenerated platform for the Olympics but will provide a lasting legacy once the Games have ended. We expect our work to continue when the Olympic Park transitions into the next phase of its life as the Queen Elizabeth Olympic Park.

Defence, aerospace and communications
Our defence, aerospace and communications businesses have performed well during the year, focusing on high technology industries, predominantly in the UK but also supporting Europe and the Middle East. Our aerospace business performed particularly strongly and we continue to expand our offering and geographic footprint with key clients such as Airbus and Rolls Royce. Communications and security remain strong market segments for our skills and capabilities within both the UK and the Middle East.

Management consultancy
Our management consultancy business performed well. We strengthened our position in the UK security and intelligence market and we continue to work on the BAA IT outsourcing contract in partnership with Capgemini, leveraging our position in aviation.

Outlook
The outlook for the UK is stable. Work in hand has improved and stands at 65% (2011: 56%) of next year's budgeted revenue.

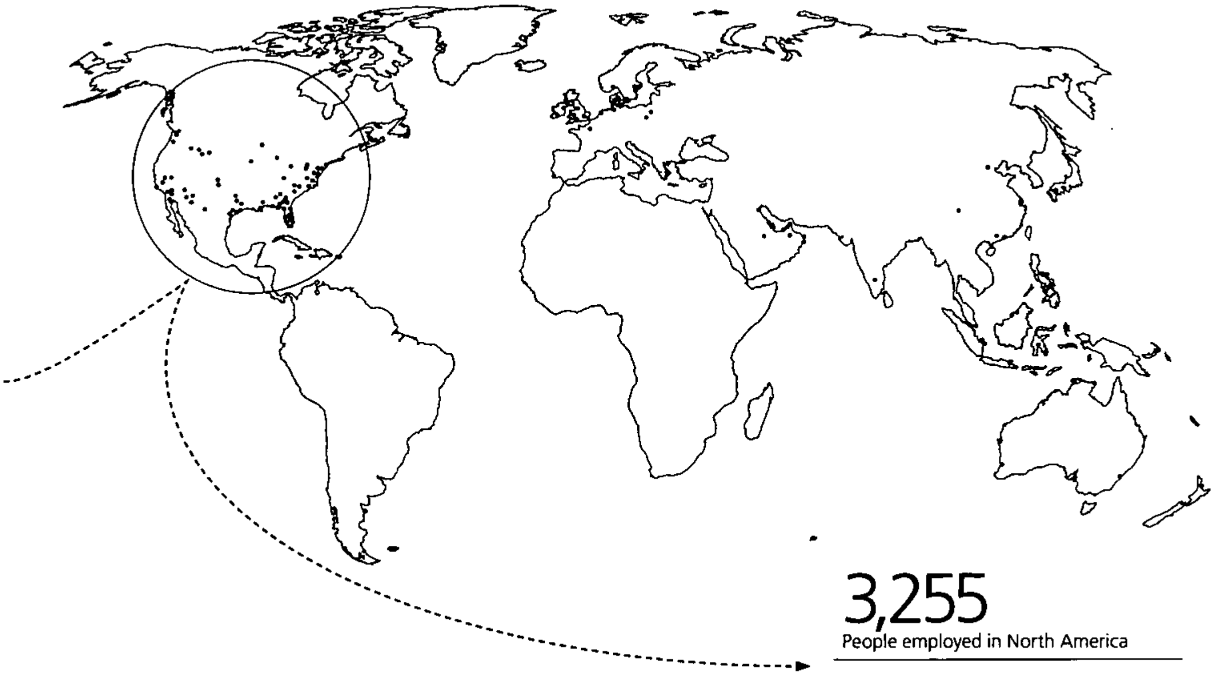
We are the market leader in UK engineering consultancy, with pre-eminent rankings in the roads, rail and defence sectors. This industry leading position, together with our diversified platform and breadth of quality expertise, enables us to navigate short term market challenges and will help us to exploit opportunities when growth returns in the medium term.

Business Review
Segmental performance
continued

Improving consultancy margins against a backdrop of challenging market conditions.
>

North America

Key performance indicators	2012	2011	Change
Financial metrics			
Revenue	**£421.9m**	£279.2m	+51.1%
Operating profit	**£21.2m**	£13.8m	+53.6%
Operating margin	**5.0%**	4.9%	+0.1pp
Work in hand	**59.5%**	46.7%	+12.8pp
People			
Staff numbers at 31 March	**3,255**	3,336	-2.4%
Average staff numbers for the year	**3,314**	1,858	+78.4%



3,255
People employed in North America

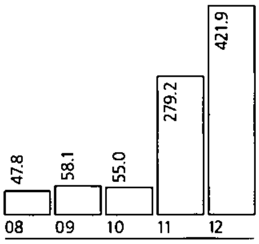
£421.9m
Revenue

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

Business Review. Pages 14-35

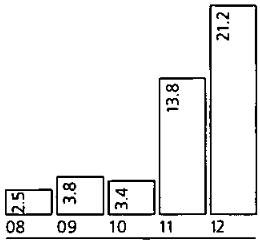
Revenue £m

+51%



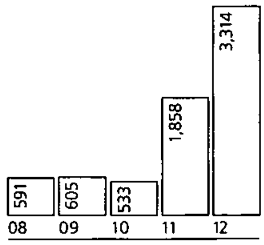
Operating profit £m

+54%



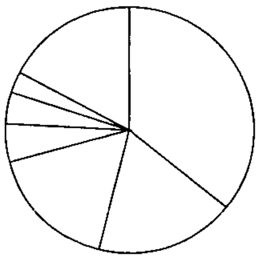
Average staff numbers

+78%



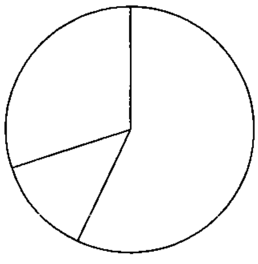
Reviews

Revenue by sector



- Roads 36%
- Water and environment 18%
- Buildings 17%
- Urban development 5%
- Aerospace and aviation 4%
- Defence and security 3%
- Other 17%

Revenue by client type



- Public sector: local government 57%
- Public sector: national government 13%
- Private sector 30%

Business Review
Segmental performance
continued

North America

Performance
The North American region performed well, delivering an operating profit of £21.2m. This is in line with our expectations, in what remains a slow market, and includes an increase in the consultancy margin to 6.6% (2011: 5.7%, six months only) as we have focused on operational efficiencies. Addressing weaker market demand in the second half of the year, we reduced our headcount by around 100 through the last quarter, closing the year at 3,255 (2011: 3,336).

This is the first set of full year results for our North America segment, following the acquisition of PBSJ on 1 October 2010. This acquisition, which included the Peter Brown construction management business which employs just under 100 staff, transformed the scale of our operations in the region and augmented our established 500 person strong Faithful+Gould business.

Constraints on federal spending continue, with some uncertainty about the timing and funding of awarded projects due to budget restrictions and delays ahead of the US presidential elections in November 2012.

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 91 locations in 28 states plus Puerto Rico, Trinidad and Canada and serve a range of public and private sector clients. We currently focus on multidisciplinary design and engineering consultancy services in highways and transportation, water and environment and infrastructure related projects.

Strategy
The acquisition of PBSJ was a major step in our strategy to develop a number of home markets. It has increased our presence in North America to over 3,000 staff and provides us with access to the world's largest engineering consultancy market.

Our strategy in the region is consistent with the Group's strategy of combining technical excellence with regional multidisciplinary capability delivered through our local network of offices. 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. An example of this is our work in the Middle East on the Jeddah airport project, where we deployed world class airport planning and engineering expertise from within our North America business.

We expect to grow our operations in the region, both by extending our technical offering and by expanding geographically across North America. We are looking to expand our relationships with the US Air Force and the US Army Corps of Engineers (USACE); to position ourselves for private sector opportunities as we see increased activity in some regions; to expand regionally where well funded public markets exist; and to continue to grow in the energy, hospitality and water infrastructure markets.

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

Business drivers
Approximately 57% of our work currently comes from state and local government clients, with around a further 13% from federal contracts, providing a relatively stable underlying workload of repeat business. Our workload is therefore dependent on public sector funding, which remains under close political scrutiny and is subject to protracted negotiation within local and federal government, with consequent delays likely ahead of the US presidential elections.

The disaster response and emergency management aspects of our federal work arise as a consequence of natural disasters and emergencies and, as such, are unpredictable in nature and timing.

Operations
Consultancy
Highways and transportation
Our highways and transportation business, of around 1,150 staff, has had a good year and has achieved a number of successes. We have continued our work on the Florida turnpike toll system and have secured a new intelligent transport systems contract in Atlanta for traffic operations/management centres.
We continue as general engineering consultant for five Florida Department of Transport (FDOT) districts and for the state wide intelligent transportation system's general consultant contract. We are also general engineering consultant to FDOT's Florida Turnpike Enterprise, one of the nation's top toll road organisations overseeing nearly 500 miles of toll roads.

Our North America primary markets are in highways and transportation, water and environment and infrastructure related projects

The National Transportation Bill remains held up through Congress, which has reduced the volume of work coming to market. We expect this to remain the case until after the presidential elections, but once the Bill is passed, the significant backlog of infrastructure maintenance and upgrade work should begin to be addressed.

Design and engineering
Overall, our design and engineering business of around 700 staff performed in line with expectations. Recent key federal wins include new contracts with the Headquarters Air Combat Command, USACE Huntsville District and USACE Louisville District (jointly with Faithful+Gould).

Under a framework agreement with the National Park Service, Atkins continues to provide construction management, administration and oversight for safety upgrades and structural repairs to many of America's most treasured national parks. We have recently been selected for projects at the Statue of Liberty, Castillo de San Marcos in St Augustine and Alcatraz Island's famous penitentiary building.

Water and environment
We have been expanding our water and wastewater infrastructure expertise into the California and Arizona markets. We were recently selected by San Diego County and the City of Los Angeles, California, to provide wastewater services on an as needed basis. One of our signature projects, the Little Patuxent Water Reclamation Plant Addition No. 7 project in Howard County, Maryland recently opened. This state of the art project is designed to protect water quality in Chesapeake Bay by removing excess nutrients and to meet new effluent standards required for wastewater treatment plants discharging effluent into the Bay.

Our water and environment business of around 460 staff has had a challenging year, with a shortfall in workload in the second half of the year, which resulted in some restructuring. Currently, we are providing floodplain mapping and related technical services for approximately one third of the US with over 100 employees supporting the Federal Emergency Management Agency (FEMA). We continue to make progress in the energy market, providing environmental and National Environmental Policy Act (NEPA) services in shale gas and offshore wind farms, as well as feasibility and routing studies for gas and electric transmission lines. Our water resources staff and environmental scientists are pre-positioning for the upcoming $230bn Texas water market.

International
There has been no change in the view taken by management regarding the longstanding matter self reported by PBSJ in 2009 to the Department of Justice and the Securities and Exchange Commission that predates the acquisition by Atkins and relates to potential Foreign Corrupt Practices Act violations (see note 37). We are not able to estimate the extent, if any, of penalties that might be assessed and so have not, therefore, made provision for any penalties. The investigation by the government authorities continues.

Faithful+Gould
Our Faithful+Gould business continues to win work for public and private sector clients, providing project management and cost control services in a cost conscious market.

Peter Brown
Peter Brown's new leadership team has worked hard to address a number of project issues previously reported, limiting the loss for the year to £1.1m. The business operates in a very competitive sector and we face challenges securing workload at acceptable margins.

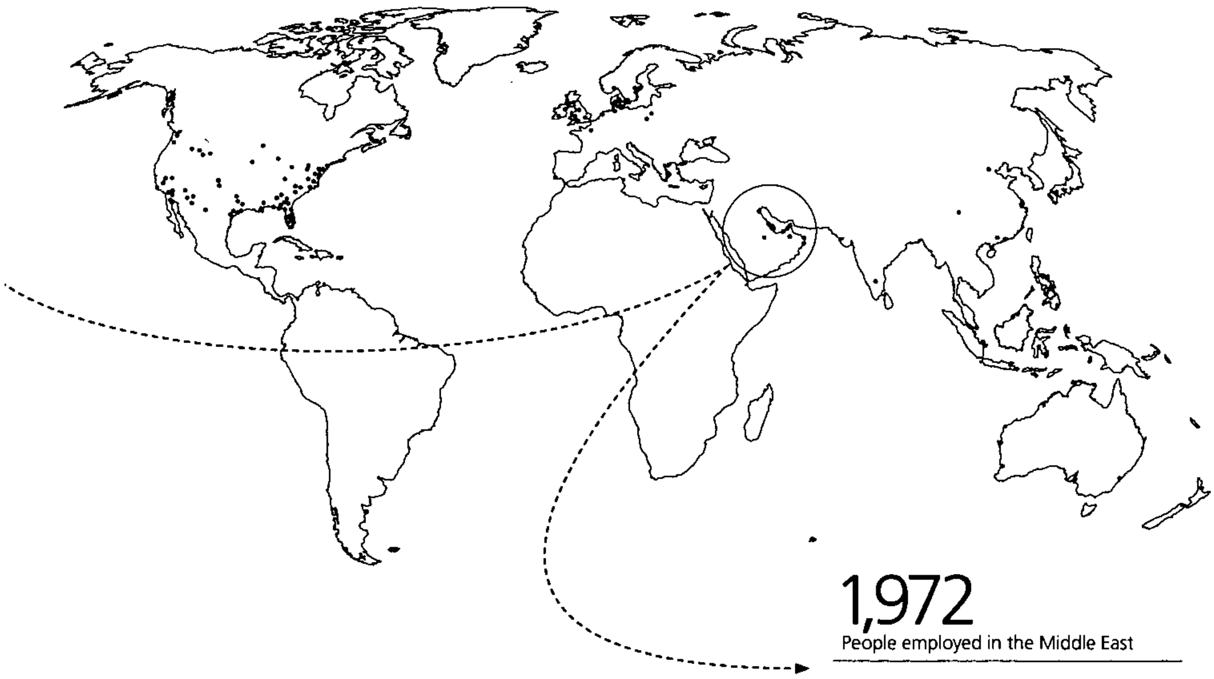
Outlook
The outlook for North America is stable with a future order book of 59% of next year's budgeted revenue (2011: 47%). However, continued uncertainty surrounding federal and local funding and the impact of the US presidential elections is causing a more cautious outlook, resulting in reduced market demand. In the medium term, the region's need to address its ageing infrastructure remains a key driver for future growth in which we expect to participate as we broaden our service offering and geographic presence.

Business Review
Segmental performance
continued

Our Middle East business had a good year, returning to growth in staff numbers.
>

Middle East

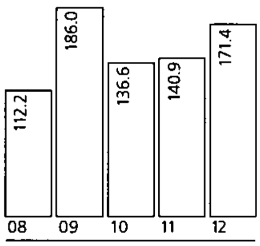
Key performance indicators	2012	2011	Change
Financial metrics			
Revenue	**£171.4m**	£140.9m	+21.6%
Operating profit	**£16.8m**	£23.8m	-29.4%
Operating margin	**9.8%**	16.9%	-7.1pp
Work in hand	**73.8%**	89.0%	-15.2pp
People			
Staff numbers at 31 March	**1,972**	1,555	+26.8%
Average staff numbers for the year	**1,758**	1,629	+7.9%



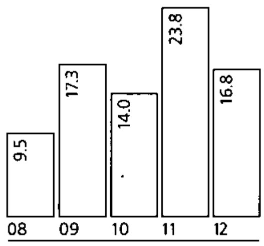
1,972
People employed in the Middle East

£171.4m
Revenue

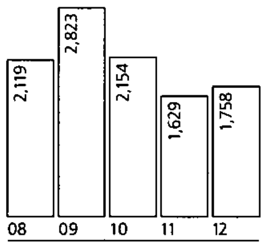
Revenue £m
+22%



Operating profit £m
-29%

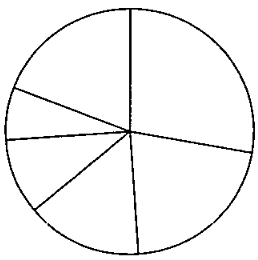


Average staff numbers
+8%



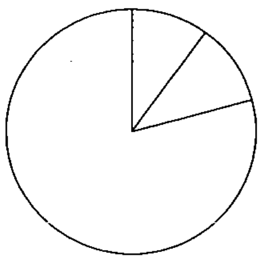
Reviews

Revenue by sector



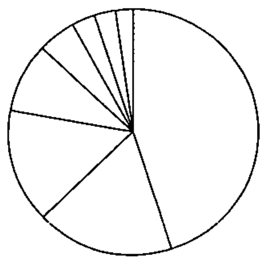
- Aviation 28%
- Buildings and property 21%
- Rail (inc. mass transit) 15%
- Roads 10%
- Urban development 7%
- Other 19%

Revenue by client type



- Public sector: local government 10%
- Public sector: national government 11%
- Private sector 79%

Revenue by geography



- Kingdom of Saudi Arabia 45%
- Abu Dhabi 18%
- Dubai 15%
- Qatar 9%
- Sultanate of Oman 5%
- Bahrain 3%
- India 3%
- Other 2%

Business Review
Segmental performance
continued

Middle East

Performance
The Middle East region had a good year, with 22% revenue growth and headcount up by more than 400 on the same time last year to 1,972 (2011: 1,555). We reported an operating margin of 9.8%, which is slightly down from last year's underlying margin after removing exceptional debt recoveries of around £8m in the year ended 31 March 2011.

We have demonstrated good progress against our strategy of sector and geographic diversification with some exciting and challenging projects, drawing on multidisciplinary expertise from across the Group.

Business model
We have an established presence in seven Gulf locations, 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 our permanent establishment and local partnership allow us to deliver significant resources and expertise to the Kingdom to meet the demand for our services. This adds to our well established businesses in Abu Dhabi, Dubai, Qatar, the Sultanate of Oman, Bahrain, India and Kuwait.

Strategy
Our strategy in the Middle East continues to be one of sector diversification and geographic expansion as we develop a multidisciplinary business across the region. This strategy focuses on serving the broad infrastructure market, by securing work in rail, urban development, property, defence, airports and programme and cost management. In addition, local resources support our Energy business in the region.

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.

Operations
We have a well balanced workload across the region following our expansion in Qatar, having secured government contracts advising on infrastructure planning and design projects to meet Qatar's ambitious 2030 vision and to support the 2022 FIFA World Cup.

In KSA we are completing the design of the King Abdulaziz International Airport in Jeddah, where we are the lead designer and programme manager for this challenging new 30 million passenger per annum terminal, as well as associated buildings and infrastructure. This project is an excellent example of how technical expertise from around the Group has been leveraged to support a large and complex design project. Also in KSA we are progressing the design and supervision of the Makkah Metro, where there are good opportunities for additional work. This adds to our portfolio of successful rail design projects in the region, including the concept design of the 1,300km Etihad Rail project in the United Arab Emirates, the Dubai Metro, where the Green line was opened in September 2011, Lusail Light Rail in Qatar, the Kuwait Metro and support for India's Kolkata Metro.

We have an established presence in seven Gulf locations

www.atkinsglobal.com/locations

We have secured government contracts to support the 2022 FIFA World Cup in Qatar

We remain active in the property design market, working on projects such as the Central Market in Abu Dhabi, although we expect this sector to represent a reducing proportion of our workload going forward.

Outlook

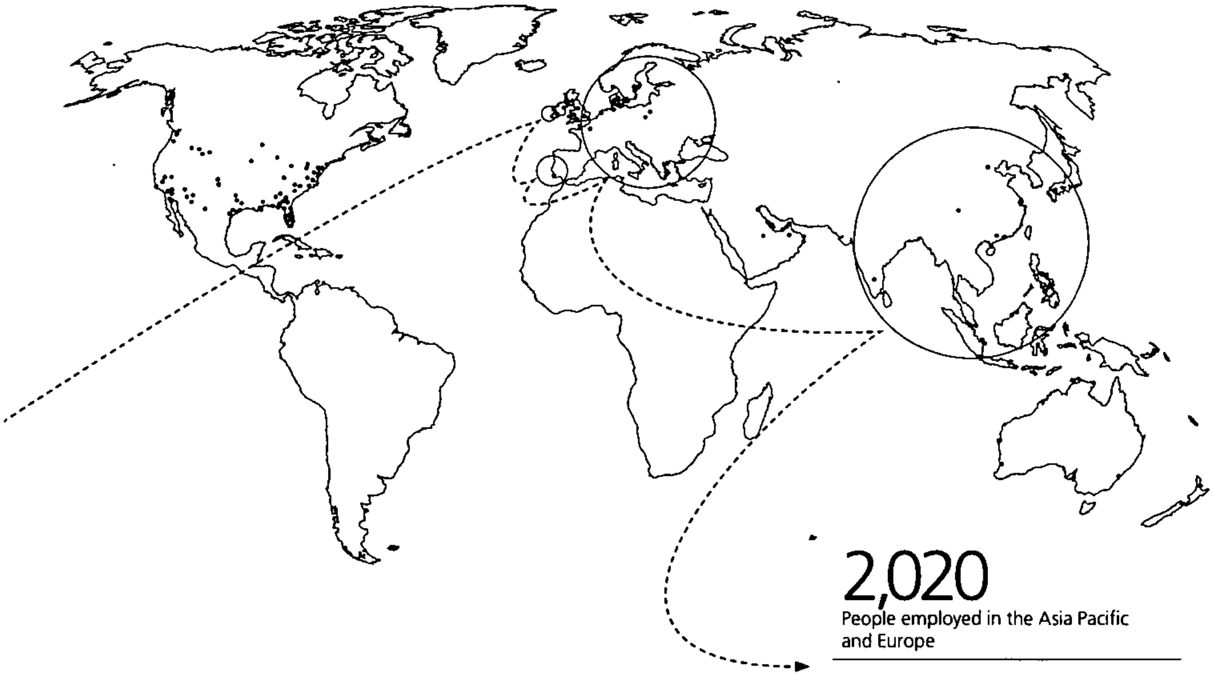
Market sentiment continues to improve. We have a good order book and are looking confidently towards the future in this region. We will need to manage the ebb and flow of major projects where timing remains unpredictable and resource planning challenging, and where the close management of ongoing variation orders will be critical to our financial success.

Business Review
Segmental performance
continued

Good performance despite difficult trading conditions in parts of Europe.
>

Asia Pacific and Europe

Key performance indicators	2012	2011	Change
Financial metrics			
Revenue	**£163.5m**	£155.3m	+5.3%
Operating profit	**£11.9m**	£12.1m	-1.7%
Operating margin	**7.3%**	7.8%	-0.5pp
Work in hand	**49.8%**	53.3%	-3.5pp
People			
Staff numbers at 31 March	**2,020**	1,926	+4.9%
Average staff numbers for the year	**1,993**	1,929	+3.3%

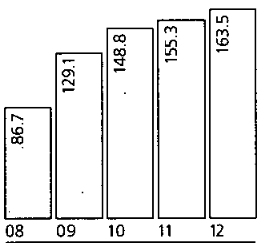


2,020
People employed in the Asia Pacific and Europe

£163.5m
Revenue

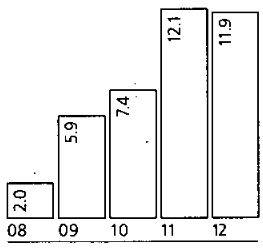
Revenue £m

+5%



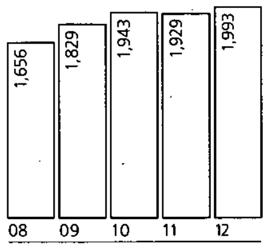
Operating profit £m

-2%



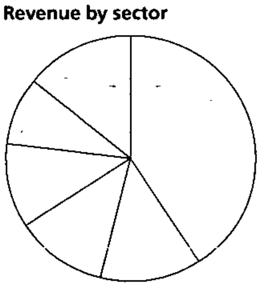
Average staff numbers

+3%



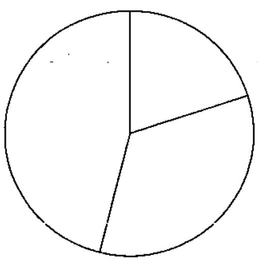
Reviews

Revenue by sector



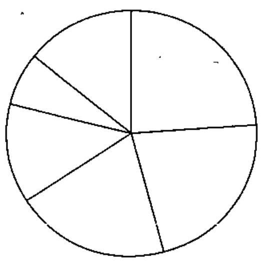
- Rail (inc. mass transit) 41%
- Urban development 13%
- Buildings 12%
- Roads 11%
- Water and environment 9%
- Other 14%

Revenue by client type



- Public sector: local government 20%
- Public sector: national government 34%
- Private sector 46%

Revenue by geography



- Hong Kong 24%
- Mainland China 22%
- Denmark 20%
- Sweden 13%
- Norway 7%
- Other 14%

Business Review
Segmental performance
continued

Asia Pacific and Europe

Performance
Overall this segment has performed well, increasing turnover by 5% as the business has benefited from the improved quality, diversity and profile of our service offering. Nevertheless, despite our operating margins having improved from 5% at the half year, profit and margin are lower year on year, reflecting continued difficult trading conditions in parts of Europe.

Our businesses in Asia Pacific and Scandinavia are performing well and continue to grow, but operations in Ireland and Portugal, with a combined staff of 90, continue to struggle due to general economic conditions and government austerity measures.

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.

Strategy
In China, we continue to invest in order 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, which we strengthened last year, has improved our service offering and this, coupled with our Hong Kong infrastructure design skills, provide added value to our customers.

In Hong Kong, we have been building on our core competencies of rail design work (notably for MTRC) and civil, highway and bridge engineering by broadening our service offering and applying Group skills 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.

We continue to develop our core Scandinavian businesses, broadening the services we offer through organic growth and targeted acquisitions.

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

Business drivers
The two regions in this operating segment are at different stages of the economic cycle. Asia Pacific, and more specifically China, is growing – albeit at a reducing rate of late – and investment in public and private sector infrastructure is giving us good growth potential.

In a number of areas of Europe, especially Scandinavia, investment is also underway in critical infrastructure in both the public and private sectors, providing good growth potential. However, government austerity measures in Ireland and Portugal are reducing the available work in these markets, which is having an impact on future opportunities and increasing pricing pressure.

Operations
Asia Pacific
In the Asia Pacific region we have 1,233 staff (2011: 1,217). Our Chinese business continues to improve margins and has a strong order book, particularly in Hong Kong where the market remains buoyant and our design work for MTRC is progressing well. Our order book has been further increased from the reported figure by the recent award of a £7m design consultancy contract for the Hong Kong Link Road.

Our businesses in Asia Pacific and Scandinavia are performing well

The business has benefited from the improved quality, diversity and profile of our service offering

We continue to invest in building quality resources in mainland China, where we operate out of three primary locations, focusing on the development of our architectural and urban masterplanning businesses. Our growing capability and reputation have been recognised and we have secured increasingly sizeable and complex projects with better quality earnings. Excellent examples of this are our ongoing design work on the 200 metre high headquarters tower for the Bank of China and our success with the MIPIM Asia Gold award for the Intercontinental Shimao Quarry hotel.

Faithful+Gould, which has 156 (2011: 150) staff in the Asia Pacific region, is seeing stable pharmaceutical and oil and gas sector work, with additional opportunities in the industrial and property sectors.

Europe
We have approximately 580 (2011: 550) staff in our Scandinavian businesses, which are performing well. We continue to broaden our service offering to capitalise on critical public and private sector infrastructure investment. An example of this is the award by Rail Net Denmark, as part of a consortium with Vössing, EKJ consulting engineers and Sweco, to design the first phase of Denmark's high speed enabled rail line. This flagship project is the first Danish line designed for high speed operation.

We are progressing well with Denmark's European Rail Traffic Management System project (ERTMS), a significant resignalling design contract extending over 15 years and we continue to work on the preliminary studies and design work for several new and existing bridge structures as part of a widening programme on Denmark's Køge Bay motorway.

In Poland, we continue work as the owner's engineer for the Polish liquefied natural gas (LNG) project.

Outlook
Overall, the outlook for this segment remains good. There are good prospects for our rail design and infrastructure businesses in Hong Kong. While GDP growth forecasts for mainland China suggest some slowing, there remains strong demand for urban planning and architectural design services. Our Scandinavian businesses continue to grow steadily, although our other European businesses face challenging market conditions.

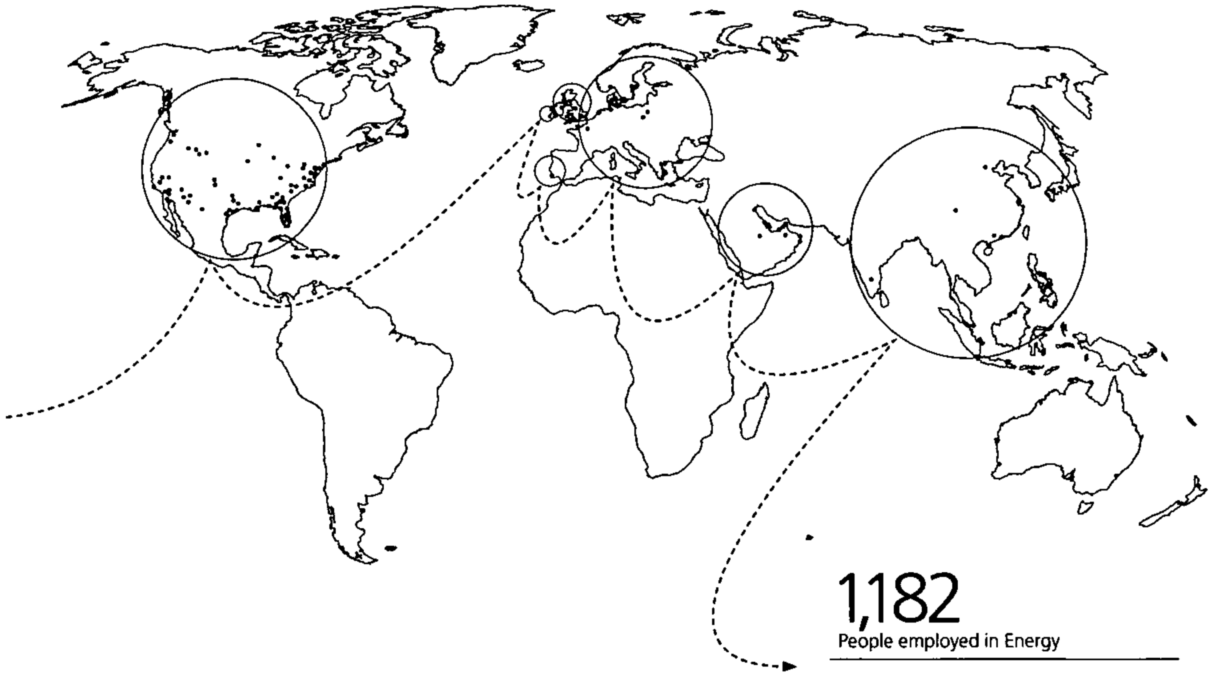
We have secured work in hand of 50% of budgeted revenue (2011: 53%), which provides a good platform for continued growth.

Business Review
Segmental performance
continued

Our Energy business continues to perform well with revenue up more than 30% year on year.
>

Energy

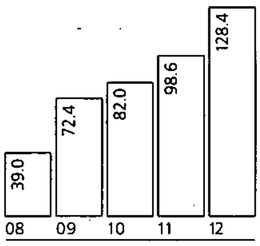
Key performance indicators	2012	2011	Change
Financial metrics			
Revenue	**£128.4m**	£98.6m	+30.2%
Operating profit	**£11.4m**	£8.5m	+34.1%
Operating margin	**8.9%**	8.6%	+0.3pp
Work in hand	**32.4%**	28.5%	+3.9pp
People			
Staff numbers at 31 March	**1,182**	993	+19.0%
Average staff numbers for the year	**1,095**	970	+12.9%



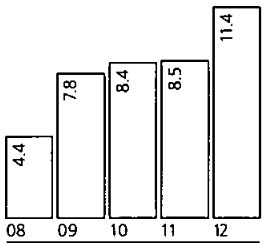
1,182
People employed in Energy

£128.4m
Revenue

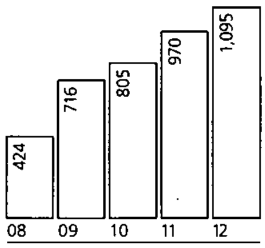
Revenue £m
+30%



Operating profit £m
+34%

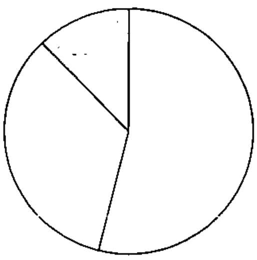


Average staff numbers
+13%



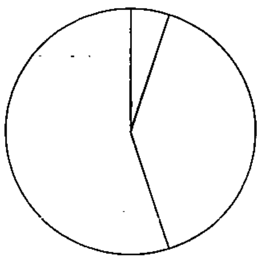
Reviews

Revenue by sector



☐ Oil and gas 54%
☐ Nuclear 34%
☐ Power (inc. renewables) 12%

Revenue by client type



☐ Public sector: national government 5%
☐ Regulated 40%
☐ Private sector 55%

Business Review
Segmental performance
continued

Energy

Performance
Our Energy business continues to perform well, with revenue and profit up more than 30% year on year, operating at a margin of 8.9%. The margin reflects ongoing investment in the strategic growth of this sector through acquisitions and joint ventures.

In June 2011 we acquired Pöyry's 130 people strong oil and gas business for a cash consideration of £15.0m and we are delighted with its performance and integration.

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 engineering skills to assure the integrity of existing operational facilities and design new facilities.

We continue to look at investment opportunities, selectively extending our geographic footprint and service offering through organic growth, partnering arrangements and targeted acquisitions.

Successful integration of the Pöyry teams, the resulting enhanced geographic footprint and the ability to deliver process led multidisciplinary projects have all helped us to secure significant framework contracts in the Middle East, Norway and the UK.

In February we extended our strategic nuclear alliance, n.triple.a, with French engineering consultancy Assystem, to support EDF's nuclear new build programme in the UK.

Business drivers
Our business in the energy market is underpinned by the requirements of a sector that is dealing with increasing demand in areas of high population and income growth, dwindling natural resources and an imperative to decarbonise.

High oil prices drive demand to keep existing facilities operating longer, drawing on our safety and integrity services. At the same time, with the industry seeking to maximise more challenging 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 new build of nuclear power plant as part of their long term solutions for decarbonisation, despite the Fukushima Daiichi power station incident. Our valuable nuclear skills are in high demand across the entire nuclear lifecycle.

Across the whole of our Energy business, the limitation on growth is the availability of skills. We therefore continue to invest in our in house training academy, which this year welcomed more than 300 staff on to its courses.

Operations
Nuclear
Our nuclear business remains busy on existing nuclear generation and decommissioning work, continuing to build on its established base in the UK. We continue to support EDF Energy as a strategic partner, providing engineering, safety and environmental services on the existing UK fleet as well as support to its Japanese Earthquake Response programme.

Work won in the year includes the design contract for the proposed plant extension for Urenco's largest plant in the UK, the technical advisor role for the United Arab Emirates' peaceful nuclear energy programme and support for EDF's nuclear new build programme in the UK.

Our Energy performance reflects ongoing investment in the strategic growth of this sector

Our role as architect engineer, as part of the Engage consortium, continues on the €3bn International Thermonuclear Experimental Reactor (ITER) programme in the south of France. ITER is the next step in a global research and development programme to harness nuclear fusion to generate electricity.

We have also continued our work across all the UK Magnox sites for the design of facilities for the retrieval and processing of solid intermediate level radioactive waste.

Oil and gas
Our oil and gas business has experienced strong demand for its services within a buoyant sector. In addition to our existing major framework agreements with Chevron, BP, Shell and Talisman, we have added Nexen, Statoil and Maersk as clients, and strengthened relationships with Apache and Premier Oil.

Our work on liquefied natural gas (LNG) projects in Singapore and Poland continues with the addition in the year of work on Australia's largest LNG development, Ichthys, through the Pöyry acquisition, as well as a two year design contract of an onshore gas processing plant for Block 60 in the Sultanate of Oman. We are also leading on safety for a major operator who is pioneering floating LNG (FLNG), which positions us well for further opportunities in the developing FLNG market.

A significant part of our design 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. Allied to this, we successfully completed the subsea front end engineering design for the Chevron Alder high pressure, high temperature (HPHT) field and recently won a similar study for the HPHT Culzean development for Maersk.

Power
Our power business remains busy following the successful integration of the Technical Services Scotland consultancy acquired in the last financial year. This has led to significant expansion in our client base – for example, becoming lead technical provider to both Drax and Eggborough, and an increasing role in biomass projects.

In addition, our five year contract renewal to play a key role in National Grid's complex construction programme further strengthens our position in the UK energy sector.

Renewables
We have continued to build on our previous successes in the offshore renewables sector by securing multidisciplinary technical support frameworks with Forewind, E.ON and RWE on developments across the UK, as well as individual contracts with Dong Energy on its portfolio of projects across Northern Europe. These contracts are in addition to design commissions undertaken on meteorological mast, wind turbine generator and offshore substation structures for developers, vendors, fabricators and installation contractors.

We continue to provide expert engineering design advice as part of the high profile Beatrice Offshore Wind Alliance supporting Scottish and Southern Energy plc in its drive to boost marine renewable energy provision.

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 32% (2011: 28%).

Business Review
Financial performance

Performance summary
Turnover grew by 9% to £1,711.1m (2011: £1,564.3m). Reported profit before tax was £135.5m (2011: £91.0m), with the benefit of £30.9m from pension gains arising from steps taken to actively manage our pension liabilities and £7.2m profit generated from the sale in November 2011 of our UK asset management business. Excluding these benefits, together with amortisation of intangible assets on acquisition of £4.2m (2011: £3.7m), gives a more representative underlying profit before tax of £101.6m (2011: £102.7m).

Reported operating profit was £137.2m (2011: £107.0m), at a margin of 8.0% (2011: 6.8%). The year on year increase in margin was primarily due to the one off pension gains referred to above. Adjusting for the effect of this, together with amortisation of intangible assets on acquisition of £4.2m (2011: £3.7m), provides a better view of the Group's underlying performance, showing operating profit of £110.5m (2011: £118.7m) and a margin of 6.5% (2011: 7.6%).

Net finance cost
Net finance cost was £10.8m (2011: £14.1m). The year on year reduction was primarily the result of a reduction in net pension interest.

Taxation
The Group's income tax expense for the year was £28.7m (2011: £18.4m), giving an effective tax rate of 21.2% (2011: 20.2%). The Group's normalised effective tax rate was 22.0% (2011: 21.0%). This rate is lower than the UK statutory rate (26%) due to 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 109.0p (2011: 74.3p). Normalised diluted EPS on continuing operations was 79.0p (2011: 75.0p), an increase of 5.3%.

Pensions
Funding
During the year the Group's principal UK employing company commenced a consultation process with those of its employees who are members of the Atkins Pension Plan (the Plan) relating to a proposal to remove the link between an employees' accrued pension and future increases in salary. On 1 February 2012, following the completion of the consultation process, the link was removed. The resultant reduction in the past service liability of £30.9m has been recognised as an exceptional curtailment gain in the year ended 31 March 2012.

In addition, and primarily to reduce the future volatility of any deficit, the Group's principal UK employing company undertook an enhanced transfer value (ETV) exercise for deferred members of the Plan. Notwithstanding this objective, the exercise resulted in a slight reduction in the deficit of £1.8m, offset by costs of £1.8m incurred in relation to the exercise.

As a result of the sale of the UK asset management business during the year, certain active members left the building management section of the Plan on 30 November 2011. The individuals retain their past service accrued benefits in the Plan. However, as the link to future salary increases for these members was broken upon the sale, there was a reduction in past service liability. This reduction of £0.6m resulted in a curtailment gain being recognised in the year ended 31 March 2012.

Cash contributions of £26.0m (2011: £32.0m) were made to the Plan during the year. Under the latest agreed recovery plan the Group will contribute £26m in the year ending 31 March 2013 and £32m for the following seven years ending 31 March 2020.

Charges
The Group accounts for pension costs under IAS 19, *Employee benefits*. The total credit to the income statement in respect of defined benefit schemes was £19.1m (2011: charge of £20.4m), comprising service cost of £3.3m (2011: £5.7m), curtailment and settlement gains of £33.3m (2011: £nil) and a net finance cost of £10.9m (2011: £14.7m). The charge relating to defined contribution schemes decreased to £31.0m (2011: £32.1m).

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 a reduced retirement benefit liability of £251.1m at 31 March 2012 (2011: £337.8m) due to the impact of the one-off pension events described above, coupled with a strong asset performance.

The assumptions used in the IAS 19 valuation are detailed in note 31 to the Financial Statements (pages 140 to 147).

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 ending 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. Had the standard been applied to next year's financial statements the combined estimated net finance cost for the Group's defined benefit schemes would increase from approximately £10m to £15m as a result of the reduction in the expected rate of return on plan assets.

Cash
Net funds as at 31 March 2012 were £122.6m (2011: £123.3m), made up as follows:

	2012 £m	2011 £m
Cash and cash equivalents	**167.0**	121.5
Loan notes receivable	**25.1**	20.1
Financial assets at fair value through profit or loss	**35.0**	34.7
Available for sale financial assets	**6.1**	–
Borrowings due within one year	**(104.0)**	(46.3)
Finance leases	**(6.6)**	(6.7)
Net funds	**122.6**	123.3

Cash generated from continuing operations was £68.6m (2011: £68.5m), representing 62.1% of underlying operating profit, and can be summarised as follows:

	2012 £m	2011 £m
EBITDA	**172.9**	129.3
Outflow relating to pensions	**(26.0)**	(31.9)
Movement in working capital	**(31.1)**	(37.2)
Movement in long term payables	**(2.9)**	(0.5)
Movement in provisions	**(5.7)**	(3.8)
Other non cash items	**(38.6)**	12.6
	68.6	68.5

The movement in non cash items of £(38.6)m (2011: £12.6m) consists primarily of pension curtailment and settlement gains totalling £33.3m, along with the profit on disposal of the UK asset management business of £7.2m. During the year to 31 March 2011 the Group charged the income statement with £6.5m for the impairment of loan notes receivable.

Net tax paid amounted to £11.0m (2011: £12.3m).

Net capital expenditure in the year, including the purchase of computer software licences, amounted to £19.2m (2011: £11.6m). The year on year increase was due to the full year effect of our US acquisition, increased purchases of equipment to support the highways and transportation operational services business, and a reduction in proceeds on sale of assets no longer required by the Group.

Capital structure
As at 31 March 2012, the Group had shareholders' funds of £119.4m (2011: £16.3m) and the Company had shareholders' funds of £167.8m (2011: £147.4m).

The Company had 104.5m fully paid ordinary shares in issue at 31 March 2012 (2011: 104.5m). For further details, refer to note 33 to the Financial Statements (pages 147 and 148).

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.

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.

Business Review
Financial performance
continued

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 28 to the Financial Statements (pages 138 and 139). Utilisation of the Group's facilities is a consequence of prior year acquisitions. As at 31 March 2012 the Group had £35.4m of undrawn committed borrowing facilities available (2011: £88.8m).

Post balance sheet events
After the balance sheet date, but before the date of signing these Financial Statements, the Group raised US$75m (£46.7m) through the successful execution of its debut issue in the US private placement market. The proceeds are intended to be used to repay drawn funds under the Group's existing banking facilities and for general corporate purposes.

On 4 May 2012 the Group completed the sale of its minority interest in RMPA Holdings Limited (which delivered the Colchester Garrison PFI project). The investment has been disclosed as an asset held for sale in these Financial Statements and further information regarding the transaction is provided in note 10.

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 (pages 102 to 111). The Financial Statements for the year ended 31 March 2012 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 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 when 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 percent 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.

The projected outcome of any given project is necessarily based on estimates of revenues and costs to completion. Whilst 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 of 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 retirement 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 31 to the Financial Statements (pages 140 to 147).

Goodwill impairment
Goodwill is stated at cost less 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 subject to annual impairment review.

On acquisition of a business, fair values are attributed to the assets, liabilities and contingent liabilities of the acquired business at the date of acquisition. Goodwill arises when the fair value of the consideration given for a business exceeds the fair value of the identifiable net assets. In accordance with IFRS 3, *Business combinations*, goodwill arising on acquisitions is capitalised and 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 the 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.

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.

Business Review
Principal risks and uncertainties

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

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 framework supports the systematic identification, assessment and management of risk at all levels, and seeks 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 within the organisation that ensures:

- the management of risk is clearly driven from business strategy and objectives
- group functions assist management in setting minimum standards across the Group
- the ownership and management of risk is not just the exclusive responsibility of senior management, but is passed down to appropriate staff members
- all significant risks have mitigating strategies and action owners are identified
- operational risks are fully articulated and subject to regular review across the organisation as part of our normal management process
- we operate in a culture that encourages disclosure of issues or concerns, so that timely and appropriate action can be agreed and implemented as necessary.

It is intended that these principles be adopted throughout the Group, without exception, to achieve progressive improvement in the effectiveness of risk management processes.

We have 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 assess them under two main categories of strategic and operational.

Effective risk management is embedded in our governance framework, which is explained in the Corporate Governance Report (pages 64 to 72).

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, debt and work in progress.	We have already reshaped our business to achieve more than 50% of our revenue outside the UK. Our medium term goal is to generate more than 75% of revenue from our non UK and Energy businesses. We have added resilience to our UK business through its ongoing support for overseas 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.	We have 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 a consultation with members of the defined benefit section of the Atkins Pension Plan (the Plan) who had prior accrued rights that were revalued annually in line with changes in salary. As a result of the changes agreed with each member during the consultation process, these staff have become deferred members of the Plan. We also undertook an enhanced transfer value exercise for deferred members of the Plan. **Human resources review. Pages 44-49**
Geo-political Political instability in the regions within which we operate negatively impacts our ability to deliver contractual services, receive payment and endangers the safety of our staff.	We have focused 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.	
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 increases pricing pressure and reduces our operating margins.	We have robust 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.	We are driving operational performance across the Group to improve our margins. Our operational excellence programme, together with increasing use of our Bangalore 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 as to new and/or changing trading restrictions, communicating these changes across our business. We continue to invest in staff training and communication.	

Nothing is more urgent or more important than safety and security on our project sites and in our workplaces

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 causes reputational damage to our business.	We have a robust Group crisis management plan in place to respond quickly to such events.	During the year we tested the robustness of our plan with a simulated incident involving our senior leadership.
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 awareness programme, Safe by Choice, is just one example of our commitment to creating a leading health and safety culture. **Corporate responsibility. Pages 50-57**
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. 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.	We use appropriate physical security, secure networks and encryption 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.	During the year we launched a new information assurance training module for UK based staff.
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 continued to augment our Business Management Systems by the introduction of a new online project management system to drive consistently high standards across the Group. We invest in ongoing project management training for our staff. We continue to improve project controls which include regular financial reviews of project performance.	We have increased our investment in project management capabilities. **Human resources review. Pages 44-49**
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 business reviews evaluate a number of metrics including headcount, retention, vacancy levels and employees engagement.	We are targeting an intake of over 500 graduates in 2012, the largest in our history. Engagement is essential in a people based business. We use a variety of channels including our annual Viewpoint survey. **Human resources review. Pages 44-49**
Technical delivery Design errors or omissions lead to client dissatisfaction, financial losses, damage to our technical reputation and market position.	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. Appointment of network chairs to provide technical centres of excellence across the Group.	

Human Resources Review

Making Atkins a great place to work is not just a desirable objective – it is central to our shareholder proposition.
>

Overview
Making Atkins a great place to work is not just a desirable objective – it is central to our shareholder proposition. By providing an environment in which engineers, planners, architects and a myriad of related professionals flourish, we support our clients both in meeting their current needs and in addressing tomorrow's challenges.

Achieving this goal relies on our ability to attract and retain the most talented, motivated professionals in their respective fields. To this end, people performance is an important element of Atkins' business performance and is managed via a structured process of business reviews which evaluate metrics such as headcount, retention, vacancy levels and employee engagement alongside broader assessments of our future skill and resource needs to meet future client and market needs.

While the three years to 2011 witnessed significant restructuring across the Group, 2012 was largely a year of stability, during which we concentrated our efforts on supporting growth in our Middle East and Energy businesses alongside initiatives to support other businesses in meeting changing market conditions.

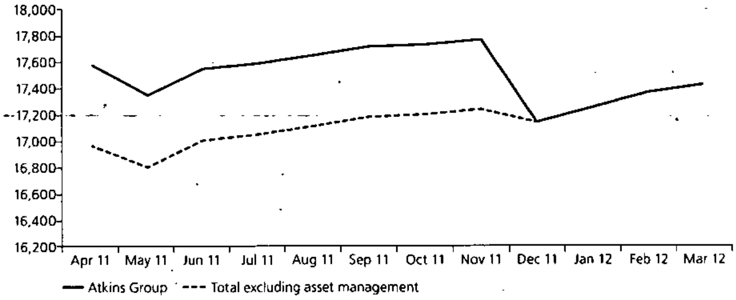
Headcount
Underlying headcount increased by approximately 600 people to 17,420 after allowing for the divestment of our UK asset management business and the departure of some staff in April as a result of restructuring actions implemented at the end of the previous financial year. This is an encouraging result, reflecting our view that the significant headcount reductions of recent years are over.

Our main areas of growth were the Middle East (+25%), which benefited from important contract wins in Qatar, and Energy (+19%), which experienced strong organic growth and benefited from the Pöyry acquisition. These increases were partly offset by reductions in North America (-2.4%), as this region improved efficiency and underlying staff utilisation.

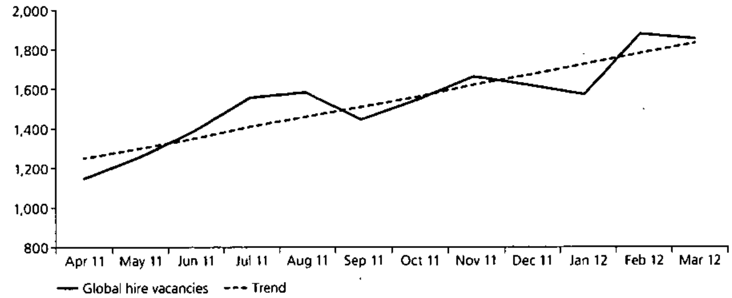
Vacancy levels continued to increase steadily throughout the year from around 1,100 at the start of the year to 1,850 at the end of March 2012, reflecting increased confidence in many of our businesses.

Recruitment performance was good, although there are a number of areas where competition for people remains high – notably Energy and aerospace.

Figure 1: FTE headcount growth



Global experienced hire vacancies



We track progress in filling vacancies across the Group. At the year end, 27% of open positions were at offer stage, 32% were at interview stage and the remaining 41% at sourcing stage, confirming that we are keeping pace with the growth in demand.

Globally we have increased our use of internet search capabilities to raise the profile of Atkins' vacancies using both well-established channels such as job boards and newer ones such as LinkedIn, Google and Facebook. Our regional recruitment teams work closely together to ensure knowledge and candidates are shared across the Group. We continue to improve internal mobility to support growth and leverage capability between regions to develop new client and market opportunities.

Human Resources Review
continued

Our UK recruitment team was voted 'Recruitment Team of the Year' by Recruiter magazine for the second year running.

We are targeting a graduate intake of 540 for 2012. This is a significant increase on recent years, particularly in the UK where the graduate intake has increased by 50% to 325 and where we remain one of the biggest and most popular recruiters of newly graduated engineers.

We are seeking over 100 more new graduates in India and will also be recruiting graduates in North America, the Middle East and Asia. We have also increased our intake of apprentices, recognising that this is becoming an increasingly attractive entry route for young people.

Retention
Staff turnover remains at a relatively low level in most regions, reflecting both market conditions and the appeal of Atkins as an employer. Turnover by region was:

Business area	2012 Turnover	2011 Turnover
UK	**9.20%**	8.53%
North America	**8.70%**	10.65%
Middle East	**11.10%**	13.87%
Asia Pacific and Europe	**17.50%**	16.55%
Energy	**16.80%**	13.33%
Atkins	**10.60%**	10.40%

The reduction in Middle East turnover was encouraging, as this was set against a backdrop of improving market conditions. The increase in the UK reflects growing demand for staff in several areas, notably aerospace and water. Similarly, the increase in Energy reflects high demand for staff in oil and gas in the UK and North America.

We also monitor the stability of our workforce using an index which calculates the proportion of current employees with one or more years' service as a proportion of the total workforce employed 12 months ago. This allows us to assess our performance in retaining more experienced employees. The stability index by region and for the Group was:

Business area	2012	2011
UK	**85.0%**	81.6%
North America	**75.0%**	84.8%
Middle East	**79.3%**	68.2%
Asia Pacific and Europe	**82.7%**	77.8%
Energy	**88.9%**	90.1%
Atkins	**80.1%**	81.3%

Although the overall index has fallen slightly, an index of 80.1% represents good performance.

In several regions of our business, we track feedback from colleagues who have left the Group via an online process which guarantees anonymity. Of those who completed a questionnaire, 87.6% said they would work for Atkins again and 85.8% said they would recommend Atkins as a place to work.

Engagement
In a people based business, it is essential that we maintain regular and open communications with staff at all levels on information ranging from the Group's strategy and performance through to changes in policy and process affecting their daily work. We achieve this through a variety of channels that include regular chief executive officer letters to all staff, management briefings and the Group's intranet. In particular, following the announcement of the Company's full and half year results, we issue updates on the Company's performance via our staff intranet, and online presentations from our chief executive officer and Group finance director, which are also available in transcript form and as recorded telephone messages. The chief executive officer and Group finance director also conduct pre- and post-results briefing teleconferences with our worldwide management team.

We ask Atkins people around the world to complete our annual Viewpoint employee engagement survey to help us understand their views on working for Atkins.

This year we refreshed the survey with a new questionnaire to address the most important issues across the Group. We also launched the survey in September, rather than April, which has aligned it with our corporate calendar and ensured that staff in North America had been part of the Group for a full year by the time they took the survey.

We are targeting an intake of over 500 graduates in 2012, the largest in our history

Atkins is ranked at number 53 in The Times Top 100 Graduate Employers

This year's survey also incorporated a new engagement model measuring our peoples' alignment (relationship with management); involvement (relationship with their jobs); and loyalty (relationship with the organisation).

Our results showed that we are ahead of global sector averages on engagement (see scorecard below). Our overall employee engagement score is also ahead of the professional services sector benchmark: Atkins 64% positive, average 58% positive.

The results provide very positive feedback that our people care about Atkins' success, feel treated with fairness and respect, have the necessary knowledge to perform their roles and feel that we value the diversity of our people.

The results also indicate where we need to improve to make Atkins an even better place to work. Over the next year we will take action to improve collaboration across our businesses and our approach to personal development and career planning.

We remain committed to fully discussing survey results in our teams to create an ongoing dialogue through which we can sustain our strengths and continuously improve our employee engagement.

On a less positive note, we were disappointed not to be ranked among The Sunday Times Top 25 Best Big Companies, something we have achieved for six of the last eight years. The feedback from this survey is being used alongside our Viewpoint results to focus our improvement actions.

Investment in people

Developing the skills and capabilities of our people is a strategic imperative for driving our performance and growth.

At £15m, this year's Group training spend during the year was slightly up on previous years, reflecting heightened spend in key areas such as Energy. We also increased our investment in project management and leadership capabilities, which are critical in achieving our growth strategy; over 1,000 project managers and 2,000 line managers attended these development programmes.

Technical development remains at the heart of our learning and development strategy, accounting for over 60% of our training spend. We use our Technical Network Chairs continuously to drive excellence in key skill areas by capturing and promulgating best practice, and by encouraging cross-regional collaboration. This year our Network Chairs met in Bangalore for a three-day workshop to set the agenda for technical development across Atkins. A key output from this was the requirement for common design principles and core project delivery tenets that recognise the evolutionary stages of a design from concept to final delivery.

Project management is a core capability in successfully delivering our clients' engineering solutions. We continued to improve project management using Enterprise Advantage, our project management tool. A competency framework based on the Association of Project Managers' (APM) framework has been launched, supported by a range of development tools, including an e-learning portal, to support our project managers' development.

Employee engagement scorecard

The bars depicting 'super' alignment/involvement/loyalty show the percentage of respondents ticking 'strongly agree' at each of the engagement questions. The bars beneath these are the combination of strongly agree/agree (%positive).

Alignment		Involvement		Loyalty	
Relationship with management Norm 57%		**Relationship to my job** Norm 61%		**Relationship with my organisation** Norm 57%	
Super aligned	13	Super involved	20	Super loyal	18
Overall alignment	63	Overall involvement	67	Overall loyalty	63

Human Resources Review

continued

Significant progress was also made in our people development and leadership programmes, with several of our business units launching bespoke people management programmes. We also redesigned our career development centres and senior management development programme to embed the leadership capabilities that will drive our growth strategy.

We are improving the balance between classroom and online learning to provide an efficient, engaging experience. Our North American virtual university delivered over 2,000 online courses this year, with investment planned for an online learning portal and online performance and development review process in 2012/13.

Reward

Although some of our markets are experiencing higher levels of wage inflation than in recent years, we continued to exercise pay restraint across the Group. Salary increases were targeted to focus on promotion candidates, instances where individual salaries fell below market rates and regions and business units experiencing high market demand and associated salary inflation, for example China, India and our Energy business.

An extensive remuneration benchmarking review was conducted across all our key talent markets – the UK, North America, the Middle East, Asia Pacific and Europe – to ensure that we provide remuneration in line with our international markets.

We also conducted an extensive review of the remuneration framework for senior staff to provide a reward structure to attract high-calibre senior managers and reward them for delivering stretching growth objectives aligned with our strategy. Key elements include an increased element of bonus paid for meeting demanding personal objectives and restructured long-term share awards to reward long-term profits and share price growth. These proposals will be subject to shareholder approval at the annual general meeting.

Employee share ownership is encouraged to facilitate alignment of employee and shareholder interests. In the UK, employees are given the opportunity to become shareholders through the Company's Share Incentive Plan (SIP). Approximately 12% of eligible employees participate in the SIP. In addition, at its annual general meeting in August, the Company will be seeking approval of further all-employee share plans with the potential for operation in countries where the Group has a significant presence. Further details are provided in the Directors' remuneration report (pages 73 to 93).

Approximately 1,000 senior leaders across the Group participate in our executive bonus scheme (EBS). This provides an incentive to deliver above-average results and rewards staff to the extent that their business and the Group meet stretching targets. Under the terms of the EBS they are required to defer one third of any bonus paid into a share award. This deferral further aligns the interests of senior employees with those of shareholders. A discretionary bonus scheme covers the wider Atkins population; this year, we expect to pay a bonus to around one-third of staff, recognising individual contribution and performance.

Good progress has been made in implementing the Group's UK pension strategy. The objectives are to de-risk the defined benefit sections of the Atkins Pension Plan (the Plan) and the Atkins section of the Rail Pension Scheme whilst improving engagement for the members of the defined contribution sections of the Plan.

In January we completed a consultation with approximately 1,300 members of the defined benefit section who had prior accrued rights under the Plan, which were revalued annually in line with changes in salary. As a result of the changes agreed with each member during the consultation process, these staff will now become deferred members of the Plan but will benefit from revaluation in line with RPI subject to a cap of 5% per annum. They will also benefit from transitional relief for a period of six years whilst they remain in employment with Atkins.

Concurrently, we reviewed how best to respond to the projected need to significantly increase contributions for staff who are members of the Atkins section of the Rail Pension Scheme. Following consultation, proposals have been submitted to the Trustees to provide lower cost options for members of the Atkins section.

We aspire to have one third of our Board members as women by 2015

Our UK defined contribution membership includes almost 10,000 staff; in common with many large organisations we are concerned that the majority do not take an active interest in managing their retirement funds. We are working with the Trustee to rectify this by providing a better investment platform for managing their pensions, supported by an extensive communications programme.

In North America, we have been working with our insurers to mitigate significant projected increases in the cost of medical insurance by offering the option of high deductible health plans, supported by health improvement programmes. These encourage employees to minimise health claims and share the costs and benefits more equitably between the Company and employees.

Diversity
The Group is committed to eliminating discrimination and encouraging diversity amongst its workforce. The aim is for the Group's employees to be representative of all sections of society and for each employee to feel respected and able to give their best. The Group believes this supports the attraction and retention of the best people, improves effectiveness, promotes excellence in delivery and enhances the success of the Company.

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 partnership status, pregnancy, parental obligations and 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. It is also committed to retaining and retraining as necessary employees who become disabled during the course of their employment.

Focusing particularly on gender diversity, while we have seen some improvement at a senior level in recent years, with female representation of 22.2% at Board level and 15% within the senior leadership team, the proportions within the wider senior management population and the organisation as a whole remain largely unchanged at 11% and 27% respectively. This is despite significant effort across the Group, where we have implemented regional action plans, including establishing women's networks and participation by a number of women in a targeted career development programme.

This remains a concern, as we believe that Atkins will fail to realise its potential unless we are able to attract, retain and develop talented individuals from a broader range of backgrounds than we traditionally have.

We will continue to challenge our performance and make changes to improve the diversity of our business, particularly regarding gender and ethnicity.

Corporate Responsibility Review

We are committed to sustainable, responsible business practices. This report summarises our key achievements.
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This report summarises our key achievements; more detailed information is available on our website

www.atkinsglobal.com/cr

Leadership vision
"Nothing is more urgent, nor important, than safety in the workplace and on our project sites. Safety forms part of our commitment to quality and reliability. It is derived directly from the values of our Company. As we push to improve productivity and profitability we should never forget that safety must come first. The implementation of our safety standards is a leadership responsibility at all levels, worldwide and locally. I count on your support, so we can manage growth and change in Atkins in a safe and secure manner. It is our shared responsibility."

Uwe Krueger
Chief Executive Officer
September 2011

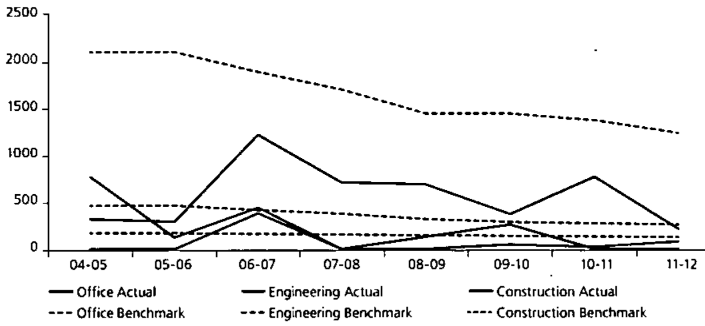
Safety performance
Comprehensive, transparent accident and near miss reporting is fundamental to our worldwide safety culture.

Our accident incident rate (AIR) measures our peoples' and our contractors' accident performance. Our peoples' AIR performance remains better than industry norms (cf HSE Labour Force Survey), with a decrease in major injury accidents and a slight increase in minor accidents. Similarly, contractor AIR performance achieved a decrease in major accidents, although there was an increase in minor accidents and a greater number of incidents and near misses.

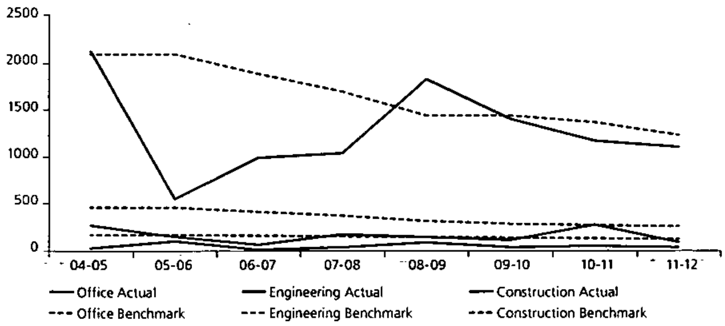
Raising awareness of the importance of recording unsafe behaviours has driven an increase in near miss reporting. We will intensify our efforts in 2012/13 to improve our already strong performance in this area.

There was an accident in Diego Garcia in 2011, when a fishing boat was hit by a wave and capsized. The captain, who was employed by the Diego Garcia 21 joint venture in which Atkins had a 24.5% equity stake, together with a member

Accident Incidence Rate (AIR) – Contractors



Accident Incidence Rate (AIR) – Staff



of the US Navy, died, while two other personnel managed to swim ashore. This is an ongoing investigation by the US Navy.

Regulatory activity
Occupational Safety and Health Administration (OSHA) issued two citations following its investigation into the fatality in 2010 at Houston Airport. In 2011 an appeal was upheld and OSHA voluntarily withdrew the citation related to a safety procedure for ensuring that dangerous machines are properly shut off and not started up again prior to the completion of maintenance or servicing work because Atkins was not in operational control of the site.

OSHA also adjusted the second citation, which had no relation to the accident (fall protection), to the lowest severity level, 'other than serious', and reduced the associated penalty from US$7,000 to US$6,500.

Unrelated to the investigation of the fatality, there were further legal proceedings in 2011 regarding the three citations issued to PBSJ by OSHA following their visit in August/September 2010. Two of the three citations were withdrawn by OSHA at the start of the hearing, but in a judicial decision the third citation was upheld as issued, with a severity level of 'Serious' and an associated penalty of US$6,300.

Reviews

Corporate Responsibility Review
continued

Safety awards and recognition
As part of ACKtiv Nuclear, a joint venture with Carillion and Jacobs, Atkins' nuclear business won a RoSPA Gold Award for the continued safe delivery of nuclear projects to the highest standards.

The UK Environmental Agency awarded Atkins the Health and Safety/Managing Environmental Risk award for its work on the Shaldon and Ringmore tidal defence scheme.

Atkins' Safe by Choice campaign won the Engineering & Safety Award at the UK Railway Industry Innovation Awards. Steve Wiskin, the UK rail business' Safe by Choice manager, was named Rail Safety Person of the Year in the annual RailStaff Awards, which are run by Network Rail, London Underground and the Rail Alliance, while our Safe by Choice programme achieved a second consecutive RoSPA Gold Award.

Atkins in China joined a partnership programme and signed a Safety Charter with the Occupational Safety & Health Council in Hong Kong, demonstrating our commitment to occupational health and safety in our workplaces and operations.

In North America, Peter Brown Construction was awarded a 2012 Safety Star Award from the Associated Builders & Contractors, Florida Gulf Coast Chapter, which recognises members whose companies maintain outstanding safety programmes that increase awareness of the importance of a safe working environment within the commercial construction industry. This is the third time we have been honoured with the Safety Star Award; we also received this award in 2008 and 2010.

Behavioural programmes
Our goal is for safety to become a natural part of our organisational culture, where we naturally prioritise safety in everything we do. Our worldwide awareness programme, Safe by Choice, aims to raise our people's awareness of safety issues and foster an innate safety culture through three pathways: safe by choice, safe by design and safe by leadership. All are supported and developed through lessons learned from proactive work with colleagues, clients and our supply chain to improve safety, ensuring that it is fully integrated into our decision making processes and is valued as highly as commercial and financial results.

We continually refine our behavioural safety model to reduce the number of accidents and injuries and to increase near miss reporting. Safe by Choice has a measurable impact when it is implemented: in one business unit, minor incidents fell by 50% while near miss reporting increased dramatically, indicating a greater awareness of safe and unsafe behaviours.

Behavioural safety model
Our behavioural safety model is tripartite: safe by leadership, safe by design and safe by choice – with each element addressing different business risks.

Our safety priorities

Objectives	Actions	Measure of success
To embed behavioural safety within Atkins.	Refine strategy and programme, deploy worldwide.	Reduced accidents and injuries; increased near-miss reporting.
To create a culture that promotes safe, sustainable driving.	Deploy driver safety programme worldwide.	Reduced accidents and collision-related costs.

Our progress
Safety in design: a RAG (red, amber, green) list for designing water operations and tunnels was developed and distributed.

Measuring Atkins' safety culture: a Group health and safety assessment was conducted, benchmarking each business against the 'Natural Safety' maturity model. The North American SHE culture survey results reflected this year's improvements.

Driver assessment programme
Driving remains a significant risk for our business. Driver assessment and training was deployed in the UK and North America to reduce driving related risks and costs associated with accidents and vehicle damage. In North America this resulted in a 45% year on year reduction in moving vehicle accidents.

Industry involvement
Atkins in Denmark is represented on the Danish Association of Consulting Engineers' health and safety committee. During the last year we have co-authored a publication on health and safety in construction management, chaired workshops and presented at a variety of industry events.

We achieved a certified absolute carbon reduction of just over 7%

We launched our Raising Awareness Cutting Energy (RACE) campaign in 2009

Carbon management

Verification of greenhouse gas emissions
Lloyd's Register Quality Assurance (LRQA) Ltd has provided limited assurance of our direct and indirect greenhouse gas (GHG) emissions data for financial year 2011/12 in line with ISO 14064-1. This process covers our scope 1, 2 and 3 (business travel) emissions in Asia Pacific, Europe, India, the Middle East, China and the UK. 'Limited assurance' means nothing has come to the auditor's attention that would indicate that the data is not correct.

Our technical excellence is demonstrated through our delivery of the biggest, most challenging and time critical infrastructure projects in the world, our low carbon solutions and our great client relationships. Our industry leading stance on carbon drives our commitment to design and develop carbon efficient infrastructure and services for our clients.

Carbon Disclosure Project Leadership Index
The Carbon Disclosure Project's (CDP's) Leadership Index showcases those FTSE 350 companies with the most professional approach to corporate governance and information disclosure on climate change. Atkins appeared in this Index for the second consecutive year.

Legal
Atkins is one of the top three civil engineering companies in the UK Department of Energy and Climate Change's CRC Energy Efficiency Scheme, reflecting our commitment to best practice in managing our properties' carbon emissions.

UK Carbon Trust Standard
Atkins was recertified under the UK Carbon Trust Standard for the period from 2009 to 2011, including both scope 1 and 2 emissions for all UK operations. We achieved a certified absolute carbon reduction of just over 7%.

Carbon emissions
We have gained a more detailed understanding of our worldwide carbon emissions over the last four years and have invested in the CRedit360 sustainability performance reporting tool, resulting in our 2011/12 emissions being verified to ISO 14064 by the LRQA.

We continue to report on gas, electricity and liquid fuel consumption for our operations in Asia Pacific, Europe, the Middle East, India, the UK and North America. We also report on business travel emissions for all our worldwide operations. Table 1 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.

We launched our Raising Awareness Cutting Energy (RACE) campaign in 2009 to raise awareness and cut energy consumption in our offices and depots, with 70 locations worldwide participating to date. Establishing a positive energy culture reduced our consumption by 11.2% from 2009 to 2011.

Reviews

Our carbon priorities

Objectives	Actions	Measure of success
More efficient carbon data collection.	Deploy CRedit360 to gather carbon/ sustainability data.	Reduction in improvement actions resulting from LRQA 14064 audit.
Improve energy efficiency through employee teamwork.	Develop and deploy the next evolution of RACE.	Reduced carbon emissions.

Achievements

We attained an outstanding RACE medal winning performance in key offices in the Sultanate of Oman, the UK and Beijing.

Table 1: Total emissions by source, region and scope in tonnes of CO_2 for 2011/12

Region	Scope 1				Scope 2		Scope 3		
Source	Gas	Liquid fuels	Refrigerants[1]	Road[2]	Electricity	Heat	Rail	Air	Regional total
UK	2,194	20	82	13,679	9,916	0	1,121	4,488	31,500
Europe	12	0	0	424	650	85	102	298	1,571
Asia Pacific	0	7	0	78	1,707	0	0	1,274	3,066
Middle East	0	15	0	595	2,549	0	0	2,632	5,791
North America[3]	0	0	0	16,472	11,134	0	0	1,370	28,976
Source totals	**2,206**	**42**	**82**	**31,248**	**25,956**	**85**	**1,223**	**10,062**	**70,904**
Scope totals				**33,578**		**26,041**		**11,285**	

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.

Corporate Responsibility Review
continued

Respect for the environment
We maintain high levels of environmental stewardship.

Waste
We continued to halve our waste to landfill. In the UK our highways and transportation business recycled over 85% of its waste, representing a 5% year on year increase, while our Gloucestershire highways contract developed a cold mixing technique with reused coal mix tar, recycling approximately 8,000 tonnes of material and generating a potential client saving of over £1m in disposal costs.

In Denmark, Sweden and Norway waste is used as fuel in district heating plants and is also recycled.

Water
Atkins in China actively reduces water waste by using sustainable drainage systems for client projects. The tourism consultancy and conceptual plan developed by our Shanghai office for Swan Lake in Dongying, China is an example of eco friendly water reduction design.

Ecology and biodiversity
Atkins' ecology experts run annual colleague seminars to raise awareness of biodiversity and ecological issues, ecological constraints and opportunities to increase project site biodiversity.

Atkins recently created the first estuary specific water quality goals for the Collier County Coastal Zone Management Department in south west Florida to protect the Clam Bay estuary's water quality and natural resources. Our teams used a variety of scientific assessments to determine water quality.

Performance
There was one reportable environmental incident in 2011/12: an oil leak from a hydraulic hose went into a UK river. The Environment Agency was notified and was satisfied with our response in containing the oil. There were 12 other low level incidents, largely related to minor spills in the UK and North America.

Safecall is a worldwide independent, confidential telephone hotline, available to all Atkins people wherever they work.

Safecall received a report in May from an anonymous North American employee concerned about the use, storage and disposal of hazardous materials in the Atkins laboratory, Houston. The investigation found that hazardous materials were not being stored or disposed of correctly and did not meet current legal requirements, while the risks of using hazardous materials had not been correctly communicated and employees had not been trained. A corrective action plan was issued, with all of the actions swiftly closed out.

Excellence in delivery
Business management system
Our business management system is being embedded throughout our UK operations, establishing common processes to improve performance. Work to harmonise business controls supporting technical delivery is ongoing.

Technical excellence – worldwide design principles
Our goal is for Atkins to be *the* world-class design company. We must deliver world class design to be competitive and profitable, adding superior value and outperforming the competition as we evolve to become the world's best infrastructure consultancy.

World class design requires professionals with vision, creativity, intuition and technical ability working in a framework that systematises the design journey and processes, enabling our professionals to freely apply their creative abilities to meet and exceed client requirements.

The most experienced designers in our organisation have developed universally accepted design principles to help us achieve our vision and support our drive for worldwide operational excellence.

Our environmental priorities

Objectives	Actions	Measure of success
Improve waste data collection processes.	Review centralised waste recording system usage and benefits.	Comprehensive data for worldwide waste and recycling footprint.

Achievements
A partnership project between Faithful+Gould and the WRAP partnership is developing resource efficiency metrics, including, in addition to waste, embodied carbon, embodied water, scarcity, lifespan and construction energy use.

Atkins is a patron of RedR, an international disaster relief charity which trains aid workers

These core project delivery tenets recognise the evolutionary stages of a design from concept through to final delivery, targeting operational excellence, risk management, continuous improvement and customer focus – the drivers for Atkins' industry leadership and success.

The Atkins design principles are now incorporated in the business management system as a directive, making them mandatory for all of our businesses and subject to audit, as are other parts of our business management system.

We continue to deliver award winning projects; for details please see our website: www.atkinsglobal.com/projects.

Assurance
All Atkins operations retained their management approvals for quality, health and safety and the environment, meeting the ISO 9001, ISO 14001 and OHSAS 18001 requirements. Atkins in North America continues in their efforts to achieve QSE management approvals.

UK sustainable procurement
Our sustainable procurement strategy, certified by the Chartered Institute of Purchasing and Supply, ensures that our supply chain considers social, environmental and economic issues, the triple bottom line.

Worldwide community engagement
Atkins in China's IDEA
A team of young professionals at Atkins in China launched our IDEA (Involve in Design, Empower with Action) charity project 2008, in partnership with local charities Humanity in Focus, the Hong Kong Outstanding Tertiary Students' Services Association and the Shower Talent Exclude Prejudice Design Team.

Every year the IDEA team coordinates, designs and builds preschools with unique identities and sustainable designs in places like India and Cambodia.

This year, Atkins' 24 strong IDEA team is designing and building a school in Cambodia; they will also organise fundraising activities, seminars and exhibitions to encourage knowledge transfer and share their experiences with colleagues throughout the region.

Educational support
Atkins is committed to positive stakeholder engagement in the communities in which we operate, with a particular focus on supporting local education initiatives by deploying our broad range of skills and expertise as appropriate.

This year's highlight projects include:

- Working in partnership with the Institution of Civil Engineers and Hong Kong's Caring Engineering Group, we launched a one year voluntary waste project in Qing Yuan, China. This project provided support and advice on managing and recycling waste to a school in a remote village
- 16 Atkins people participated in a house building programme for underprivileged gardeners in Kothanur, Bangalore. Our volunteers participated in making soil blocks, building foundations and site clearing
- Atkins is a patron of RedR, an international disaster relief charity which trains aid workers and provides skilled professionals to humanitarian programmes worldwide, helping to save and rebuild the lives of people affected by natural and man made disasters. Our support includes raising and donating money and encouraging our employees to make themselves available in response to major global disasters
- Atkins also supports educational establishments around the world: for example we sponsor university programmes aimed at developing expertise like rail signalling at the KTH Royal Institute of Technology in Stockholm, Sweden.

Our excellence in delivery priorities

Objectives	Actions	Measure of success
Implement common processes to improve performance.	Deploy the business management system globally; support collaboration.	Business management system globally operational.

Achievements

The business management system's global rollout continues.

Corporate Responsibility Review

continued

- In the US, we are promoting equal learning opportunities through targeted programmes and services delivered through Atkins' STEM (science, technology, engineering and maths) Digital Learning Initiative, which is run in partnership with Learning Ally. Founded in 1948 as Recording for the Blind, Learning Ally serves more than 300,000 primary and secondary school students, university and graduate students, veterans and lifelong learners who cannot read standard print due to blindness, visual impairment, dyslexia or other learning disabilities. Learning Ally – with support from Atkins – is creating as many as 200 STEM digital audio textbooks and promoting STEM educational achievement through continued advocacy, awareness and outreach activities
- Atkins in North America sponsored the Emerald Coast Regional Envirothon in Panama City, Florida. This event is associated with North America's largest high school environmental education competition. Reaching more than 500,000 students across North America annually, the Envirothon's mission is to develop knowledgeable, skilled and dedicated citizens who are willing and prepared to work toward achieving balance between quality of life and environmental quality. Atkins employees helped students learn about environmental professions they might wish to pursue to help ensure that the Florida Panhandle continues to be a biologically diverse region
- Atkins in North America is active in the Future City competition, which is sponsored by the National Engineers Week Foundation, professional and technical societies and companies in the US. This programme is geared to students in grades 6 to 8 (aged 11 to 14) who, with guidance from an educator and an engineer-mentor, compete against other teams as they plan cities, problem-solve and build models using recycled materials. Winning regional teams move on to participate in the national finals. Atkins' support encourages students to consider engineering and technical career opportunities at regional and national levels.

London 2012 sustainability achievements

Our selection as provider to the London 2012 Olympic and Paralympic Games demonstrates our people's technical excellence, our ability to deliver world class infrastructure projects and our leadership position, creating prime opportunities to showcase our market-leading sustainability strategy.

Our experience and commitment to sustainability are now being shared by partnering the UK-Green Building Council London 2012 Sustainability Lessons Learned series, part of the Olympic Delivery Authority's London 2012 Learning Legacy.

Community impact

Atkins has designed and overseen the installation of a new culvert that intercepts the overland flood route, reducing the risk of flooding for almost 4,000 properties.

Sustainable sourcing

In May 2009 the Olympic Board agreed that London 2012 will employ and maintain a clear and consistent policy for mitigating the impacts of manufacture, supply, use and disposal of all materials for the London 2012 Games. As a significant number of temporary facilities and materials (or 'overlay') will be required for London 2012 – more so than at previous Games – so the selection of the materials and components used to create overlay and where they go afterwards is crucial in respect of sustainability.

Our community priorities

Objectives	Actions	Measure of success
Develop Group principles on community engagement, investment and education support.	Activate the principles worldwide through a strategically focused programme of activity.	Community engagement and support is increasing year on year.

Delivering excellence as provider to the London 2012 Olympic and Paralympic Games

Short term usage
In general, most sustainability assessments on materials tend to focus on permanent or long term use rather than short term use. However, as a temporary organisation the London Organising Committee of the Olympic Games and Paralympic Games (LOCOG) looks to minimise any spend which may present issues in respect of reuse and recycling.

Procurement framework
Developed in collaboration with Atkins, the 'Temporary Materials Handbook' provides a framework on how to manage the sustainability impacts of materials selection in a temporary context. The Handbook has been developed for the procurement, design and engineering teams in LOCOG and other key partners and stakeholders for the Games.

Carbon
Carbon reduction has been achieved by the reuse of materials across a wide range of projects. Our designers, engineers and specialists have worked to transform 2.5km² of derelict urban wasteland to create the Olympic Park for London 2012. During the design process, Atkins had a number of carbon tools at hand, supporting the teams in maximising the effectiveness of Carbon Critical Design.

Waste
When Atkins designed the Olympic Park soil was reused and waste minimised to ensure a positive ecological legacy. In addition, 4,000 smooth newts, 100 toads and 300 common lizards were relocated. We managed the demolition of over 200 buildings and cleared over 1,300,000m² of land, with over 97% of the material being reclaimed, reused or recycled on site.

Ecology and biodiversity
Atkins prepared the Olympic Park site for construction work and created the ecology for the largest new urban park in the UK for a century, relocating 1km² of open land, wet woodlands, wetlands, reed beds and ponds. Our ecologists rescued local plants and wildlife ahead of the site clearance to ensure that local habitats were retained. There are a number of waterways on this 2.5km² site. We developed a wetlands habitat at the core of North Park, which is a significant area surrounded by open space and the hockey, basketball and velodrome venues.

Delivery excellence
Two wetland bridges link the east and west areas of the Olympic Park. Bridge design reflects the Olympic Delivery Authority's objective of aligning high quality design with a consistent approach to sustainability, inclusivity and security. The permanent sections of the wetland bridges are designed to meet legacy requirements, while the temporary sections will support crowd flow during the London 2012 Olympic and Paralympic Games and be removed afterwards. The wetland bridges project is the highest scoring CEEQUAL project to date, achieving an Excellent (98.3%) Whole Project Award. CEEQUAL assessment of Atkins' work on water, gas and electrical utilities also achieved an 'Excellent' rating score of 87.7%, significantly above the CEEQUAL threshold of 75%.

Board of Directors

	Allan Cook CBE	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 and is a fellow of the Royal Academy of Engineering.	Dr Uwe Krueger is a physicist who studied at the University of Frankfurt, graduating with a PhD in complex system theory. Uwe 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 PricewaterhouseCoopers 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, most latterly holding the position of head of business performance.	Alun Griffiths 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	Allan was appointed a non-executive director in September 2009, taking up the post of chairman on 1 February 2010.	Uwe was appointed an executive director in June 2011, taking up the post of chief executive officer on 1 August 2011.	Heath was appointed an executive director in 2009 when he joined Atkins as Group finance director.	Alun joined Atkins in 1986, was appointed Group HR Director in 2003 and was appointed as an executive director in 2007.
External appointments	• Chairman, SELEX Galileo Ltd • Deputy chairman, Marshall of Cambridge (Holdings) Limited • Member of the operating executive board, J.F. Lehman & Company • Chairman, UK Trade & Investment's Advanced Engineering Sector Advisory Board • Chairman, Sector Skills Council for Science, Engineering and Manufacturing Technologies (SEMTA) • Chairman, Skills & Jobs Retention Group • Director, Baker Dearing Educational Trust	• Board member, STR Holdings (Connecticut, USA) • Board member, ONTEX S.A. (Zele, Belgium) • Board member, SUSI Partners AG (Zurich, Switzerland)	• None	• Non-executive director, UK Resource Centre for Women in Science, Engineering and Technology (UKRC) • Non-executive director, The McLean Partnership Limited
Committee membership	• Chairman, Nomination Committee	• None	• None	• None

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 and was made a Knight of the Garter in 2011.	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 each 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. Prior to this he was 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.
Lord Boyce was appointed a non-executive director in May 2004.	Fiona was appointed a non-executive director in March 2007.	Joanne was appointed a non-executive director in February 2009.	Raj was appointed a non-executive director in June 2008.	Rodney was appointed a non-executive director in September 2011.
• Chairman of the advisory board, D Group Advisory Group • Appointments on a number of charities, including; Chairman, Royal National Lifeboat Institution; Chairman, HMS Victory Preservation Company; Trustee, National Maritime Museum	• Head of Strategy, Corporate Development and Communications, Phoenix Group	• Director, DeepOcean Group Holding AS (Norway)	• Non-executive director, Bodycote plc • Non-executive director, e2v plc • Non-executive director, Spirax-Sarco Engineering plc • Chairman, HHV Pumps Private Ltd • 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 (USA) • Member of Congressional Awards Foundation's non-profit Board • Member of United Way Worldwide non-profit Board
• Senior independent director • Member, Nomination Committee • Member, Remuneration Committee	• Member, Audit Committee • Member, Nomination Committee • Member, Remuneration Committee	• Chairman, Audit Committee • Member, Nomination Committee	• Chairman, Remuneration Committee • Member, Audit Committee • Member, Nomination Committee	• Member, Nomination Committee • Member, Remuneration Committee

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 2012. 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 112).

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 or is incorporated into this report by reference, where it can be found in the following sections:

- Corporate Governance Report (pages 64 to 72)
- Remuneration Report (pages 73 to 93)
- Principal subsidiary undertakings and the countries in which they operate (note 41 to the Financial Statements on page 153)
- Acquisitions and disposals made by the Group during the year (note 16 to the Financial Statements on page 128)
- Post balance sheet events (Business Review (page 38) and note 43 to the Financial Statements on page 154).

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 1 August 2012. 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 set out in this Annual Report (pages 58 and 59). Uwe Krueger was appointed as a director with effect from 14 June 2011 and replaced Keith Clarke as chief executive officer following his retirement from the position on 31 July 2011. Rodney Slater was appointed as a non-executive director with effect from 9 September 2011. Sir Peter Williams retired as a non-executive director on 8 September 2011.

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. Rodney Slater, following his appointment by the Board as a director from 9 September 2011, will stand for election at the AGM. In line with the requirements of the UK Corporate Governance Code, which has applied to the Company since 1 April 2011, all other 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 the Board and general meetings. A copy of the Company's articles of association is available on the Group's website: www.atkinsglobal.com 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 72).

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 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 2012.

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 2012 (31 March 2011: 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). As a result, political donations in the US of US$16,360 (£10,317) were made in the six months from 1 October 2010 to 31 March 2011. The affiliated PACs were funded partly by contributions from the acquired companies and partly by employee contributions.

Political donations in the US from 1 April 2011 to 30 June 2011 totalled US$4,820 (£3,017). As from 25 June 2011 any political donations from the acquired companies have been made via their affiliated PACs, funded entirely by employee contributions. From 1 April 2012 the acquired companies may contribute directly to non-partisan ballot initiatives supporting infrastructure development and maintenance. Political donations to individual candidates and political parties will only be made via their affiliated PACs, which remain funded entirely by employee contributions.

Charitable donations
During the year, the Group made charitable donations of £98,810 (2011: £134,996). 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 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 33 to the Financial Statements (page 147).

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 EBTs exercises its 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 the participants. Details of share-based payments, including information regarding the shares held by the EBTs, can be found in note 34 to the Financial Statements (page 148).

At the AGM held in 2011 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 to renew this authority at this year's AGM, details of which are contained in the Notice of Meeting.

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 shareholders.

Share purchases
At the AGM held in 2011, 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 15 June 2011. No ordinary shares were purchased pursuant to this authority during the year ended 31 March 2012 or to the date of this Annual Report. This authority will expire at the forthcoming AGM and, in accordance with current best practice, the Company will seek to renew it.

Directors' Report

continued

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 share buy back programme.

Significant shareholders
As at the date of this 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 is 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.

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.

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

Name of holder	At 13 June 2012 Number of voting rights[1]	At 13 June 2012 Percentage of total voting rights[1]	At 31 March 2012 Number of voting rights[1]	At 31 March 2012 Percentage of total voting rights[1]
Ameriprise Financial, Inc.	5,129,917	5.12%	5,129,917	5.12%
Barclays Global Investors	6,763,745	6.76%	6,763,745	6.76%
BlackRock Inc.	4,971,580	4.06%	9,939,277	9.52%
HSBC Holdings plc	5,596,634	5.36%	n/a	n/a
Legal & General Group plc	3,910,332	3.90%	3,910,332	3.90%
Newton Investment Management Limited	4,908,503	4.90%	4,908,503	4.90%
Norges Bank	5,007,703	5.00%	5,007,703	5.00%
Schroders plc	10,143,360	9.99%	10,143,360	9.99%
Veritas Asset Management (UK) Ltd	5,028,960	5.02%	5,028,960	5.02%

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

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), confirm that, to the best of their 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.

Disclosure of audit information
The directors confirm that, as at the date this report was approved, so far as each director is aware there is no relevant audit information of which the Company's 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.

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.

Auditors
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

Richard Webster
Company secretary
13 June 2012

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. 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 anticipated. 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

I am once again pleased to present the Board's annual report on corporate governance. My personal commitment, with the support of the Board, to the continued maintenance of effective corporate governance across the Group continues. The Board has maintained and strengthened its focus on ensuring that the framework in place remains meaningful, relevant and aligned with our business priorities. Continuing the work we started last year in response to the Financial Reporting Council's (FRC) drive to reduce clutter in governance reporting, we have focused on changes during the year rather than boiler plate disclosure seeking to cover all aspects of our governance framework. The more detailed standing information is available online.

In addition to the ongoing drive to ensure effective corporate governance, the Board has made the following items areas which demand specific attention:

Diversity
In September 2011, in response to Lord Davies of Abersoch's call to chairmen to publish their diversity goals, we announced our aspiration to have one third of our Board members as women by 2015. We believe in the benefits of greater gender diversity and are actively supportive of appropriate measures to achieve this without resorting to unnecessary quotas. Women currently account for 22% of our Board. Our focus will remain on attracting the right talent and skills irrespective of gender or ethnicity.

In our 2011 Annual Report, we reported our progress towards achieving greater diversity in our Board composition. Today, the Board's make-up reflects the increasing internationalisation of the Group with directors demonstrating diversity of perspective, experience, thought, gender, ethnicity and nationality.

Succession planning
We recognise that the gender imbalance experienced at Board level could be a symptom of an issue below the Board. The gender imbalance among employees in our Group remains an issue, as it is for many other organisations in the science, engineering, maths and technology sectors. In an attempt to address this, the Board has approved action plans developed by each of the Group's regional management teams to achieve a significant difference in the gender balance at a senior level in management and technical roles. Progress on this action plan has been reported in the Human Resources Review (page 49).

Performance evaluation
The Board undertook a further internal performance evaluation process during the year. It also continued to build upon the actions identified during the performance evaluation process in the prior year.

Allan Cook CBE
Chairman
13 June 2012

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

www.atkinsglobal.com/investors_leadership

Statement of compliance with the UK Corporate Governance Code
Throughout the year ended 31 March 2012 the Company complied with the provisions of the UK Corporate Governance Code, a copy of which is available on the FRC's website: www.frc.org.uk.

Full details of the Group's governance framework are available on the Company'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 approach is followed to enable the efficient and effective operation of the Group's businesses on a daily basis.

Following his appointment as chief executive officer, Dr Uwe Krueger made a number of organisational changes to ensure that we have the right leadership and organisation structure in place to deliver our strategy for growth. He redefined the role of the heads of our regions, appointing them as regional chief executive officers in recognition of the broader level at which they work, the responsibility they each have for the overall performance and development of our regional businesses and the contribution expected from each of them. The Strategy Group was reconstituted and renamed as the Senior Leadership Team, expanding its membership to include additional senior Group directors. Finally, as the Group expands geographically and in size, management focus and decision making must inevitably be devolved to the regional management teams. As a result, the Group Executive was dissolved with regional management teams being empowered to develop the strategy for growth for their region.

The Board has retained control of a number of matters for its sole consideration. The schedule of matters reserved to the Board includes:

- the 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
- significant contracts, acquisitions and disposals
- material changes to the Group's pension schemes.

Whilst the Board has specific responsibility for those 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: www.atkinsglobal.com 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 the final sign-off for an agreed course of action within pre-defined parameters.

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, 2011 AGM notice of meeting and associated documentation for the year ended 31 March 2011 • Approval of the half year results and associated documentation for the six months ended 30 September 2011 • Quarterly performance updates and business reviews (including staffing, quality, environmental and health and safety matters) • Appointment of the independent auditor
Strategy	• Group strategy development, approval and implementation • Acquisition and integration of the oil and gas business of Pöyry PLC • Continued integration of PBSJ • Defined benefit pension schemes' deficit • Dividend recommendation and approval (as appropriate) • The Group's banking facilities • Renewal of the Group's bonding lines • The Group's debut issue in the US private placement market • The sale of the Group's minority interest in RMPA Holdings Limited • Post-acquisition review of the PBSJ acquisition • Significant project approvals
Budget	• Budget for the Group for the year ending 31 March 2013
Business presentations	• Energy business strategy • UK business and UK support services • Middle East business • UK Defence, Aerospace and Communications business strategy • Atkins North America business
Governance	• Implementation of adequate procedures in connection with the Bribery Act 2010 • 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 • Dissolution of the Group Executive
Shareholder engagement	• Development and implementation of an investor relations programme • Updates from the executive directors on the views of shareholders following investor meetings • Independent feedback from investor meetings from the Group's broker
Employees	• Appointment of the new chief executive officer and a new non-executive director • Employee diversity, particularly gender diversity • 'Women on Boards' report from Lord Davies • Review of the results of the 2012 employee engagement survey • Senior personnel changes and succession planning
Board	• Board committee memberships • Non-executive directors' fees • Outcomes of the 2011 review of Board 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 attendance[1]

Director	Board	Audit Committee	Remuneration Committee	Nomination Committee
Chairman				
Allan Cook (Nomination Committee chairman)	12/12	–	–	3/3
Executive directors				
Keith Clarke (chief executive officer to 31 July 2011)[2]	5/6[6]	–	–	2/2
Heath Drewett (Group finance director)	12/12	–	–	–
Alun Griffiths (Group HR director)	12/12	–	–	–
Uwe Krueger (chief executive officer from 1 August 2011)[3]	8/8	–	–	–
Senior independent director				
Admiral the Lord Boyce	12/12	–	9/9	3/3
Independent non-executive directors				
Fiona Clutterbuck	12/12	4/4	9/9	3/3
Joanne Curin (Audit Committee chairman)	12/12	4/4	–	3/3
Raj Rajagopal (Remuneration Committee chairman from 8 September 2011)[4]	12/12	3/3	9/9	3/3
Rodney Slater[5]	5/5	–	3/6[5]	–
Sir Peter Williams (Remuneration Committee chairman to 8 September 2011)[4]	6/8[7]	1/1	3/3	3/3

1. Attendance is expressed as number of meetings attended/number eligible to attend.
2. Keith Clarke retired as a director and chief executive officer on 31 July 2011.
3. Uwe Krueger was appointed a director on 14 June 2011 and chief executive officer on 1 August 2011.
4. Sir Peter Williams retired as an independent non-executive director and chairman of the Remuneration Committee on 8 September 2011. Raj Rajagopal succeeded him as chairman of the Remuneration Committee.
5. Rodney Slater was appointed as an independent non-executive director on 9 September 2011. Two Remuneration Committee meetings coincided with engagements made prior to his appointment. One meeting of the Remuneration Committee was convened at short notice and coincided with a prior engagement.
6. With the Chairman's agreement, Keith Clarke did not attend one meeting that was convened solely to discuss his successor's appointment.
7. Two meetings of the Board were convened at short notice and coincided with prior engagements.

Governance

Allan Cook's external appointments remained unchanged during the year. However, it was brought to the Board's attention that SELEX Galileo was undergoing a major restructuring as part of Finmeccanica and he was actively involved in this project. To enable him to carry out his responsibilities as chairman, he continues to spend at least three days per week with Atkins.

Directors' conflicts of interest

Each director is required, in accordance with the Companies Act 2006, 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 October 2011.

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

Corporate Governance Report

continued

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

www.atkinsglobal.com/investors_effectiveness

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

Theme	Agenda items
Succession planning	• Executive and non-executive directors
Board and committee appointments	• Recommendation to Board regarding appointment of the new chief executive officer and a new non-executive director • Election and re-election of directors in accordance with the Company's articles of association • Board committee memberships

Information regarding the Committee, including its terms of reference, is available on the Group's website: www.atkinsglobal.com.

Appointment processes
During the year the Committee recommended the appointments of Dr Uwe Krueger as chief executive officer and Rodney Slater as a non-executive director. The process followed for the appointment of Dr Krueger was described in detail in the previous year's annual report.

The Board, recognising the increased presence of the Group in North America, commissioned a search for a non-executive director with significant and relevant US business experience. This particular attribute was identified alongside others set out in a detailed role specification, developed by the Nomination Committee. Each candidate was assessed against this role specification as well as undergoing a comprehensive interview process. Following its successful involvement in the identification and appointment of Dr Krueger as chief executive officer, Korn/Ferry Whitehead Mann provided support for the search.

Performance evaluation
Following the appointment of Dr Uwe Krueger as chief executive officer in August 2011 the Board considered it inappropriate to conduct an evaluation exercise facilitated by an external third party during the year as originally anticipated. This was to allow Dr Krueger time to work with the Chairman to identify working practices and areas for change.

Allan Cook therefore, once again, undertook a comprehensive evaluation of the performance of the Board, its committees and individual directors via private one-to-one meetings in late 2011. The final report, prepared with the assistance of Richard Webster, the company secretary, was considered in detail at a meeting in early 2012. The Board was content that its overall performance remained satisfactory but is not complacent and continually seeks to drive further improvement. It therefore continues to keep under review progress made on the actions identified in 2010, as outlined in table 2(a), as well as identifying a number of areas for improvement in 2011 as outlined in table 2(b).

Table 2(a): Progress/outcomes on actions arising from the 2010 Board performance evaluation

Observation	Action(s)	Progress/outcome
Board focus Ensure the Board is able to focus on the right issues, in the right level of detail and at the right time	Enhance the use of a rolling 12 month agenda to ensure the Board is able to devote its time to matters more effectively	The rolling 12 month agenda was enhanced in conjunction with the company secretary. This allowed for more effective use of available Board time
Succession planning Consider the approach to succession planning to ensure it is sufficiently robust to meet the Group's needs	Maintain the focus on the Group's succession planning process which was commenced by the Nomination Committee, paying particular attention to diversity	The Board's continued focus on succession planning, particularly in regard to diversity, was highlighted in its September 2011 response to Lord Davies of Abersoch's call to chairmen to publish their diversity goals
Shareholder engagement Continue to communicate our message effectively and efficiently to existing and potential shareholders	The remit of the investor relations team has been reviewed and reinvigorated and the Board will continue to monitor shareholder engagement to ensure it remains effective	An investor relations director was appointed in 2011 and the Board receives regular updates from the investor relations director, the Company's brokers and other advisors

The committees' terms of reference may be viewed at:

www.atkinsglobal.com/investors_tor

Table 2(b): 2011 Board performance evaluation observations

Observation	Action(s)
Board balance Ensure the Board has the right balance of skills and experience to function effectively	Keep the skills and experience of Board members under constant review to ensure balance is maintained and changed in line with the Group's changing requirements
Succession planning Consider the approach to succession planning to ensure it is sufficiently robust to meet the Group's needs	Maintain the Board's focus on the Group's succession planning process to ensure that the Group is positioned to respond to changing needs, continuing to pay particular attention to diversity
Management data Ensure the Board has access to timely and sufficiently detailed management data to enable it to fulfil its responsibilities	Management to develop the Group's management reporting system further to ensure it reflects the Group's strategic plans as they develop
Risk management Consider the risk management processes as the Group develops to ensure it remains fit for purpose	Regularly review the Group's risk management processes to ensure they remain fit for purpose as the Group develops

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

An externally facilitated evaluation exercise is now scheduled to be undertaken in early 2013.

Commitment
During the year all directors, particularly the non-executive directors, committed significant time to the Company. Following the appointment of Dr Krueger as chief executive officer, the Group's strategy has been reviewed in detail and this, along with the comprehensive review of executive director remuneration (discussed in more detail in the Remuneration Report, pages 73 to 93), has required significant additional time from the directors.

Development
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 executive remuneration, board effectiveness and the role of diversity, and financial reporting.

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. Rodney Slater received a comprehensive induction programme, which commenced immediately following the announcement of his appointment.

Corporate Governance Report

continued

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 Turnbull guidance. The Group's governance framework is illustrated in figure 1.

Figure 1: Governance framework

The Atkins Group

Board
- Articles of association
- Matters reserved
- Terms of reference
- Effectiveness review
- Group policies

Business performance controls
- Approved strategy
- Business strategy reviews
- Quarterly business reviews
- Targets
- Monthly reporting
- Business management boards

Project controls
- Commercial risk and audit framework
- Business management system
- Group authority matrix
- Service delivery process and procedures
- Project managers and directors
- Commercial procedures and guidance notes
- Operational risk reviews and logs
- Project summary reports
- Project audits

Values and ethics

Audit and risk

Quality, safety and environment

People

The Group operates through a devolved and decentralised structure, which is considered a key part of the Group's ability to deliver multi local services to its clients and hence is reflected in our governance framework. Under this structure the chief executive officer delegates authority and control to the regional chief executive officers (each of whom are members of the Senior Leadership Team), from them to the managing directors of the principal businesses and then downward to business and project managers as appropriate. Within this framework:

- authority is delegated within clearly prescribed limits
- 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 controls.

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.

For more information about our internal controls visit:

www.atkinsglobal.com/investors_accountability

Following the acquisition of PBSJ, an integration programme was implemented to embed the Group's governance framework within the acquired business. Work continues on this programme with an appropriate control framework continuing to operate in the interim.

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.

The Board monitored and reviewed the adequacy and effectiveness of the Group's governance framework, which includes internal controls and risk management, on a continual basis throughout the year ended 31 March 2012 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.

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

Theme	Agenda Items
Financial reporting	• Judgemental issues regarding the results for the year ended 31 March 2011 including review of accounting policies • Independent auditor's report in respect of the results for the year ended 31 March 2011 • Draft full year results and associated documentation for the year ended 31 March 2011 • Judgemental issues regarding the results for the six months ended 30 September 2011 • Independent auditor's report in respect of the results for the six months to 30 September 2011 • Draft half year results and associated documentation for the six months to 30 September 2011 • Plans for the preparation of the full year results for the year ended 31 March 2012
Internal controls	• Review of internal controls, including controls of our newly acquired North American business • Response to Senior Accounting Officer regime • Group self-certification process and statement • Review of the whistleblower and fraud response policies and processes • Reports on whistleblower confidential hotline activity • Enhancement of internal control systems, including project controls • Review of Group tax and treasury policies
Internal audit	• Amendments to the internal audit plan for 2011/12 • Consideration of the internal audit plan for 2012/13 • 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 Ernst & Young as internal auditor
Independent auditor	• Independent audit plans for the six months to 30 September 2011 and for the year ended 31 March 2012 • 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
Resources	• Review of finance personnel and succession planning

Corporate Governance Report

continued

For more information about our relations with shareholders visit:

www.atkinsglobal.com/investors_relations

The independent auditor is currently PricewaterhouseCoopers LLP (PwC), who has acted in this capacity since the Company listed on the London Stock Exchange in 1996. Having considered the relationship with the independent auditor, its qualification, expertise, resources and effectiveness, in particular noting the rotation of audit partner during the year, the Audit Committee concluded that the appointment continues to meet the Group's needs and therefore recommended the reappointment of the independent auditor to the Board. Accordingly, it has not considered it necessary to date to undertake a tender process for the audit work although it has considered PwC's appointment on an annual basis. There are no contractual obligations restricting the Company's choice of independent auditor.

The impact on independence, if any, of non-audit work performed by the independent auditor is considered regularly by the Committee. Approval is required prior to the independent auditor commencing any material non-audit work in accordance with a Group policy approved annually by the Committee. The policy identifies certain non-audit work that may be awarded with the approval of the executive directors, within certain limited financial parameters, and other work that requires the specific approval of the Committee. Certain work, such as providing bookkeeping services, is prohibited. The appointment of former employees of the independent auditor to positions in the Group is also regulated by the Committee.

Note 5 to the Financial Statements (page 120) sets out the fees paid to the independent auditor for audit and non-audit work. Approximately 25% of the non-audit fees incurred related to projects associated with the implementation of the pension strategy and it was therefore considered appropriate, in light of PwC's detailed understanding of the Group and expertise in this area, to engage its services in this regard. The Committee concluded that the level of non-audit fees, which represent a value of 62% of the audit fees for the Group, did not have a negative impact on PwC's independence.

Information regarding the Committee, including its terms of reference, is available on the Group's website: www.atkinsglobal.com.

Remuneration
Details of the directors' remuneration and the work of the Remuneration Committee can be found in the Remuneration Report (pages 73 to 93).

Relations with shareholders
The primary means used by the Board for communicating with all Company shareholders are the Annual Report, half year results and annual general meeting (AGM). It also recognises the importance of the internet as a means of communicating widely, quickly and cost-effectively and an investor relations section is provided on the Group's website: www.atkinsglobal.com/investors to facilitate communications with shareholders.

Following the successful introduction of calling a poll for all resolutions considered at last year's AGM, we intend to continue this practice in future. This ensures the Company continues to operate in line with 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 2012 AGM are set out in the separate Notice of Meeting.

Approved by the Board and signed on its behalf by

Richard Webster
Company secretary
13 June 2012

Remuneration Report
Letter from the Remuneration Committee's chairman

Dear Shareholder

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

Before presenting my first report to shareholders, I would like to thank my predecessor, Sir Peter Williams, for his commitment to the Committee during his tenure as its chairman. His leadership provided a strong focus and balance for the Committee which I hope to continue and develop over time with the support of my colleagues.

The content of this report has been refreshed to provide investors with greater transparency of our remuneration structure, making it clearer how performance is rewarded and aligned with strategy.

As chairman of the Committee I am very mindful of the increased focus on the subject of executive remuneration, from investors, governments and the public. The announcement earlier this year of proposed changes to remuneration reporting and governance in the UK, together with recent shareholder voting on remuneration reports, confirm the importance of the Committee's role in ensuring that directors' pay is aligned to investors' interests and appropriately linked to performance.

Looking back over the past year, the Group has delivered good results in the last twelve months despite the challenging economic environment.

As set out in last year's report to shareholders, the Committee has undertaken a comprehensive review of remuneration during the year. We have made no significant changes to remuneration since 2006, and we undertook this exercise starting from first principles.

The Committee sought to ensure that the new framework fully supports the implementation of our strategy following the appointment of our new chief executive officer during 2011. In summary, we believe the proposed changes are right for Atkins because they:

- 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.

The proposed structure for executive directors includes:

- leaving salaries unchanged
- an increase in the proportion of annual bonus based on measurable individual strategic objectives, from 10% to 25%, subject to meeting a threshold level of financial performance, to reflect the importance of reshaping our business in line with our renewed strategy
- long term performance measures based on absolute earnings per share (EPS) growth and long term sustainable share price growth, which are considered to be the measures best aligned with Atkins' success
- introducing a new plan (the Long-term Growth Unit plan) which will be based on sustained long term share price performance with extended four, five and six year time horizons
- introducing malus provisions across all our executive share plans, in line with best practice and the interests of our shareholders.

These changes are set out in more detail in this report and have been the subject of an extensive consultation and dialogue with key shareholders and representative bodies, whose feedback was important in finalising the framework set out in this report. I would like to take the opportunity to thank shareholders for their engagement in the process and welcome the broad support we have received for our proposals to date.

We will put elements of the proposed changes to our remuneration structure to shareholders at the forthcoming annual general meeting, along with a resolution to vote for this remuneration report. I very much hope you will support the proposals and the report.

Dr Raj Rajagopal
Chairman of the Remuneration Committee
13 June 2012

Remuneration Report
continued

The Remuneration Committee's terms of reference may be viewed at:

www.atkinsglobal.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.atkinsglobal.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 (chairman from 8 September 2011)	1 March 2009	To date
Rodney Slater	9 September 2011	To date
Sir Peter Williams (chairman to 8 September 2011)	6 May 2005	30 June 2011

The Committee met nine times during the year (2011: seven). The number of meetings was greater than last year as a result of the Committee's comprehensive review of remuneration. Details of the attendance of members at meetings can be found in the Corporate Governance Report (page 67). The Board believes that the members of the Committee bring diversity of thought and perspective to the deliberations surrounding remuneration matters, with a range of views drawing on insights into both public and private sectors.

Committee meetings are attended by the Group HR director, Alun Griffiths. The chairman, Allan Cook, and the chief executive officer, Uwe Krueger, also attend meetings at the discretion of the Committee chairman. The company secretary, Richard Webster, 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
Before commencing the review of executive remuneration, the Committee undertook a detailed tender process for the provision of advisory services. As a result of this process, 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.

During the year, the Committee received independent advice from NBSC, a brand of Aon Hewitt Limited (Aon Hewitt), and Deloitte on remuneration policy and structure. NBSC and, subsequently, Deloitte also monitored the Company's total shareholder return (TSR) performance. None of NBSC, Aon Hewitt or Deloitte provided any other material services to the Group. Linklaters LLP and Tapestry LLP provided legal advice with respect to share plans. The Committee also consulted the chief executive officer, the Group HR director and the company secretary regarding remuneration policy.

Committee activities
The Committee has a schedule of standing agenda items that aligns to the reward communication programme for all employees within the Group. This schedule commences with the confirmation of remuneration for the year ahead advised to employees in April each year, followed by notification of their bonuses for the prior financial year following the announcement of the Group's preliminary results in June. In addition, the Committee discusses remuneration policy and market practice throughout the year. This year the Committee spent a significant time at its meetings discussing and debating the changes to remuneration as part of the review process. The key matters discussed during the year included:

Further information on strategy is given in Our Strategy

Our Strategy. Pages 10-13

Theme	Agenda items
Best practice	• Consideration of latest remuneration best practice guidance • Review and appointment of remuneration advisors to the Committee
Remuneration review	• 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
Directors' and company secretary's remuneration	• Consideration and approval of bonus scheme payments to the executive directors for 2010/11 • Consideration of executive directors' salaries • Approval of executive directors' personal key performance targets in connection with the bonuses for 2011/12 • Consideration and approval of the chairman's remuneration • Consideration and approval of remuneration, bonus principles and quantum for the executive directors and company secretary for 2012/13
Employee remuneration (including senior management)	• Reward policy for the Group • Review of bonus scheme payments to the chief executive officer's direct reports in light of wider remuneration of Group staff for 2010/11 • Review of bonus arrangements for staff in the acquired North American business to aid retention and encourage alignment of interests with those of shareholders • Review of proposed remuneration and bonus opportunity for the senior leadership team for 2012/13 in light of remuneration and bonus opportunities throughout the Group and within its businesses and regions
Share plans	• Consideration and approval of performance condition outturn in respect of LTIP awards made during 2008 • Review of share plan hedging arrangements and dilution • Consideration and approval of LTIP and DSP awards • Performance monitoring of LTIP awards • Consideration of the introduction of malus provisions • Consideration of the introduction of a UK Save As You Earn all-employee share plan, a US stock purchase plan and equivalent share plans outside the UK/US • Approval of non-material share plan rule changes • Approval of share plan policy
Pensions	• Implementation of the UK pension strategy and its impact
Reporting	• Consideration and approval of the remuneration report for 2011

Remuneration policy and structure
Alignment with our strategy
During the year, the Committee carried out a comprehensive review of the executive remuneration framework. The principal aim of this review was to improve the alignment of remuneration with strategy.

Following Uwe Krueger's appointment as chief executive officer in August 2011, he confirmed our strategic direction 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 focus.

The overall objective of our strategy is 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.

Remuneration Report
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The Committee's review started from first principles, recognising that the previous framework had operated for a number of years. It considered what was appropriate for our business and the markets in which we operate, taking into account the key principles of good corporate governance. This led to the formulation of the following key themes, from which the framework was developed:

- as a people business, the remuneration framework must incentivise and retain the right people
- the framework must be based on simple principles with clear line of sight for participants and alignment with shareholders
- remuneration should be aligned with strategy, with any changes seeking to improve this alignment, not increase quantum
- 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.

Key changes for 2012
Following this review, the key changes to the framework for 2012 are:

- no change to salaries or incentive opportunities
- an increase in the proportion of the annual bonus based on individual performance against strategic objectives from 10% to 25% to incentivise and reward actions taken to reshape our business in line with the stated strategy
- a reduction in the size of annual Long Term Incentive Plan (LTIP) awards from 100% to 75% of salary. Awards will be based on stretching EPS targets, requiring growth of 12% per annum for maximum vesting
- the introduction of a new share plan, the Long-term Growth Unit (LGU) plan, focussed on sustained share price growth over four, five and six years
- the introduction of malus provisions across all our executive share plans.

As part of the review we undertook an extensive consultation with key shareholders and representative bodies, whose feedback was important to shaping the new framework. We welcome the broad support we have received for our proposals from our major shareholders. Following the review we are seeking approval by shareholders at the 2012 Annual General Meeting (AGM) for both the new LGU plan and the LTIP.

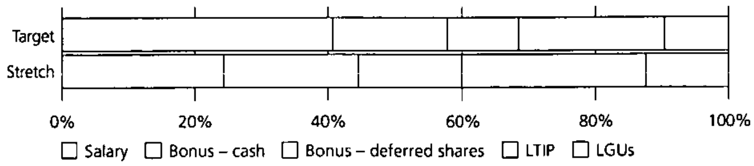
Figures 1(a), 1(b) and 1(c) illustrate the key elements of fixed and variable remuneration, an analysis of the remuneration package, and indicative timelines for executive director remuneration under the proposed framework.

Figure 1(a): Key remuneration elements for executive directors for 2012

Fixed remuneration	Variable remuneration		
	Short term	**Long term**	
	Executive Bonus Scheme	**LTIP (3 years)**	**LGU (4-6 years)**
Market competitive fixed remuneration to attract talent and reflect skills and experience	To incentivise and reward the delivery of 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 **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	• 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 • 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

Figure 1(b): Analysis of remuneration package

The following chart shows the balance of the package for the chief executive officer, 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.



Governance

Remuneration Report

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Figure 1(c): Timeline for receipt of remuneration earned/awarded in relation to the year ending 31 March 2013

Element of remuneration	Current year (Y) 2012/13	Y+1 2013/14	Y+2 2014/15	Y+3 2015/16	Y+4 2016/17	Y+5 2017/18	Y+6 2018/19
Salary	100% cash						
Pension and benefits	100%						
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.

The Committee 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 current financial year the ratio between the salary of the chief executive officer and the average wage within the Group was approximately 13:1. For the year ending 31 March 2013, the average salary increase across the Group was approximately 3% compared to 0% for the executive directors.

The executive remuneration framework set out in this report will also apply to the senior leadership team below the Company's board 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 1,050 Group employees participate in some form of share-based incentive arrangement. In addition, at the 2012 AGM, we are seeking approval for new all-employee share plans in the UK, the US and other major jurisdictions in which the Group operates.

Remuneration received by executive directors during the year ended 31 March 2012
Table 2 summarises amounts earned by the current executive directors in respect of the year ended 31 March 2012.

Table 2: Total remuneration for the financial year ended 31 March 2012

Element	Value shown	Heath Drewett £000	Alun Griffiths £000	Uwe Krueger £000 pro rata[1]
Salary	Salary received in the year	312.0	227.0	440.0
Benefits	Value of benefits in respect of the year	15.3	15.7	41.9
Annual bonus	Value of total bonus (cash and shares) earned in respect of the year	227.7	163.5	394.9
Vested LTIP	Vested value of 2009 LTIP award, the performance period for which ended in the year	–	–	n/a
Pension	Cash value of defined contribution or cash allowance in lieu	78.0	24.3	110.0
Total		**633.0**	**430.5**	**986.8**

1. Uwe Krueger was appointed as a director on 14 June 2011.

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

Human Resources Review. Pages 48 and 49

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 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

There will be no change to executive directors' salaries for the financial year ending 31 March 2013.

The Committee believes executive director salaries are in line with companies of a similar size and complexity based on a benchmarking exercise undertaken as part of the review of the remuneration framework.

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 2012	Salary from 1 April 2011 or on appointment	Increase in salary from prior year
Heath Drewett	**£312,000**	£312,000	**0%**
Alun Griffiths	**£227,000**	£227,000	**0%**
Uwe Krueger	**£550,000**	£550,000	**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

No changes were made to the pension benefits provided to executive directors as a result of the remuneration review.

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

Alun Griffiths retains an entitlement to a defined benefit pension on the same basis as other long serving UK employees. During the year a consultation was held with staff with a defined benefit pension entitlement to remove the link to final salary via amendment to their contracts of employment. From 1 February 2012 this final salary link has been removed and transitional relief will be 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% for 2015 to 2018. This is in addition to the Company contribution of 10% of salary. The maximum company contribution to other UK based staff is also 10% of salary, except those affected by the removal of the link to final salary.

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The contributions made to a pension plan on behalf of the executive directors during the year ended 31 March 2012 are set out in table 16 (page 91). Alun Griffiths' defined benefit pension entitlements are set out in table 17 (page 91).

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 incurred 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 based on profit after tax • 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 the financial year ending 31 March 2013 will be subject to malus provisions • Non-pensionable and non-contractual • The Committee may override the 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 the financial year ending 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 86).

Bonus framework for 2012/13
For the financial year ending 31 March 2013, 75% 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.

The remaining 25% will be based on individual objectives aligned to areas which underpin our strategic priorities as we reshape our business and our portfolio over the coming years. For the year ending 31 March 2013, objectives have been set in relation to the following key strategic areas which relate to the specific role of each executive director.

Name	Strategic areas included in 2012/13 bonus framework
Heath Drewett	• Capital efficiency and capacity • Project reporting and risk management
Alun Griffiths	• International resourcing • Senior staff development, talent management and diversity
Uwe Krueger	• Implementation of the Company's growth strategy • Raising the profile and recognition of the Group • Senior staff development, talent management and diversity

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 target 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 2011/12

The Committee's assessment of performance in the financial year ended 31 March 2012 is shown in table 6.

Table 6: Assessment of performance and bonus payout

Component	Overview of performance in 2011/12
Group financial target (90%)	As explained in the chairman's statement (pages 6 to 7), the Company has delivered good results in the last twelve months despite the challenging economic environment and this is reflected in bonus payments. The reported profit after tax of £106.8m was above budget and met the full stretch target. However, the Committee in making its bonus determination adjusted this figure principally to exclude the one off gain arising from the implementation of the Group's pension strategy and the profit on disposal of the UK asset management business. As a result, the Committee determined that 70% of the financial target had been achieved. The Committee considered quality, safety and environmental performance when making the bonus awards and determined that no adjustment was necessary.
Individual performance (10%)	**Heath Drewett** Payment of 100% achieved following the successful implementation of the Company's investor relations' programme; improvements to the Group's cash management processes, progress in implementing the overhead cost saving programme and the implementation of the strategic plan. **Alun Griffiths** Payment of 90% achieved for the development of a comprehensive succession plan for the Group's senior leadership; implementation of a global mobility and recruitment programme; the development and implementation of a revised remuneration framework and the implementation of the strategic plan. **Uwe Krueger** Payment of 90% achieved for the development of the Group's strategic plan, the development of a comprehensive succession plan for the Group's senior leadership and the successful delivery of significant changes to the Company's investor relations' programme.

Remuneration Report
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Annual bonuses payable to the executive directors for the financial year ended 31 March 2012 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

	2011/12 bonus				2010/11 bonus				**Increase/ (decrease) in total bonus**
Name	**Cash**	**Deferred**	**Total**	**% of salary**	Cash	Deferred	Total	% of salary	**from prior year**
Heath Drewett	**£151,840**	**£75,920**	**£227,760**	**73.0**	£173,680	£86,840	£260,520	83.5	**(12.6%)**
Alun Griffiths	**£108,960**	**£54,480**	**£163,440**	**72.0**	£129,390	£64,685	£194,085	85.5	**(15.8%)**
Uwe Krueger	**£263,279**	**£131,639**	**£394,918**	**71.8[1]**	n/a[2]	n/a[2]	n/a[2]	n/a[2]	**n/a[2]**

1. Uwe Krueger's bonus opportunity was pro-rated to reflect his appointment with effect from 14 June 2011.
2. Uwe Krueger was appointed as a director on 14 June 2011.

Keith Clarke was also eligible for an annual bonus in respect of both his period of service prior to retiring as a Company director on 31 July 2011 and his period of service following his retirement from the Board of directors. This is discussed in a separate section later in this report (page 86) and shown in table 16 (page 91).

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 30% of other Group employees will receive a discretionary cash bonus based on individual performance, for which there is no deferral.

Long term incentives
The Committee carefully considered long term incentives during the review. 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
- **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.

On this basis, the Committee has developed a long term incentive framework which includes two components:

- **LTIP**. Awards over Atkins shares which vest after three years subject to EPS performance. This will be our primary long term incentive vehicle, reflecting the importance of EPS growth to our strategy
- **LGU**. Awards of units which deliver value based on a sustained increase in the Atkins share price over a long term horizon.

We will be seeking shareholder approval for both plans at the 2012 AGM.

Figure 2: Long term incentive framework

Performance measure	EPS	Share price growth
	↓	↓
Delivery mechanism	LTIP	LGU
Vesting period	3 years	4, 5 and 6 years

The key changes to the long term incentive framework for the year ending 31 March 2013 compared to previous years are as follows:

- A rebalancing of the package with no overall increase to quantum. This involves a reduction in the LTIP award level from 100% to 75% of salary, to be replaced by an LGU award with broadly equivalent value
- The LTIP award will be based solely on EPS growth rather than a split between EPS and relative TSR. This reflects the importance of EPS as a performance metric and the Committee's view that relative TSR 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
- To ensure a component of the long term incentive remains based on long term share price performance, the LGU plan, which is focused on sustained share price growth over four, five and six years, has been developed
- New absolute EPS targets have been determined. The Committee considers that these are appropriately stretching in the current environment. The link to the UK Retail Prices Index has been removed to reflect the Group's international focus, and the level of threshold vesting under the LTIP has been reduced from 30% to 25%. The EPS targets will be subject to additional safeguard checks relating to cash conversion, acquisitions and inflation
- The introduction of malus provisions into all executive share plans, as described later in this report (page 86).

Potential value of 2012 long term incentive awards
Table 8 shows the potential value of the long term incentive awards to be made to executive directors in 2012, including both LTIP and LGU awards, under four indicative share price and EPS growth performance scenarios.

Table 8: Potential value of 2012 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	75	54	132
	LGU	14	43	31	76
10% per annum	LTIP	86	269	196	474
	LGU	31	96	70	169
15% per annum	LTIP	125	389	283	686
	LGU	51	160	116	282

1. Value calculated at the end of the vesting period taking into account share price growth in each scenario (LTIP – 3 years; LGU – three tranches over 4, 5 and 6 years).
2. LTIP value includes assumed value of dividend equivalents over the period.

The LTIP and LGU are explained in more detail below.

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 • Variable dependent on performance over 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 EPS • Additional safeguards apply in relation to cash conversion, inflation and the impact of acquisitions • Subject to malus provisions

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LTIP award policy for 2012/13

Each executive director will receive a LTIP award of 75% of salary following shareholder approval of the plan. The Committee intends to apply this award policy for the foreseeable future. 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 2012

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.

As part of the review, the Committee has also developed a number of additional safeguards which will apply alongside the targets above. The Committee will have 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 above
- 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 86).

At the 2012 AGM, shareholders will be asked to approve the terms of the LTIP, which are 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 remains at 150% of salary. However, this limit will now also take 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 which can be made will be reduced to 125% of salary. This is to maintain a broadly equivalent value for the individual limit (recognising that the face value of LTIP and LGU, as a percentage of salary, is not a like-for-like comparison). For LGU awards between 0% and 50%, the LTIP limit will vary from 150% to 125% on a straight line pro rata basis.

LTIP awards made in 2011/12

During the financial year ended 31 March 2012, executive directors received LTIP awards of 100% of salary (as shown in table 18 (page 92)). These awards, as in previous years, were subject to the following performance measure: half of the award was based on the TSR measure shown in table 10(a) and half was subject to the EPS measure shown in table 10(b).

Table 10(a): LTIP TSR performance measure for 2011 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 2011 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

LTIP awards vesting in 2011/12
LTIP awards made to executive directors in 2009 were based on EPS and TSR growth in the three years to 31 March 2012, using the same performance conditions as shown in tables 10(a) and 10(b) above. The Committee has determined that neither of the performance targets were met and therefore this award will lapse in full.

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

Table 11: Vesting history of LTIP awards

		% of award vested		
Year of grant	**Performance period**	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

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

During the review, the Committee concluded that the LTIP should focus executives on achieving strong EPS growth over a three year period. At the same time, the Committee believes it is important to have an element of the long term incentive that is directly linked to sustainable long term increases in share price. On this basis, the Committee developed the LGU plan.

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. Awards to executive directors would 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 will be 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 will be no entitlement to dividends; participants will benefit from capital growth only
- Awards are subject to malus provisions as described later in this report (page 86).

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.

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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 an LGU award is shown in figure 3.

Figure 3: Illustration of LGU awards

LGU award policy for 2012/13
Each executive director will receive the maximum LGU award of 50% of salary following shareholder approval of the plan.

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 and to deferred bonus awards made in respect of the financial year ending 31 March 2013.

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.

Retirement of Keith Clarke
Keith Clarke retired from his role as a director of the Company on 31 July 2011. Following this, he remained an employee of the Group until his retirement on 31 March 2012, assisting with the development of our Middle East business and serving as director of sustainability. He continues to provide services to the Group on an ad hoc consultancy basis following his retirement.

There was no compensation for loss of office under his service agreement as a director of the Company or of the Group.

His remuneration to 31 July 2012 is set out in table 16 (page 91). He was entitled to a pro rata bonus in respect of his services as an executive director in this period. His bonus was based entirely on the Group financial target with no personal objectives. The Committee assessed this on the same basis as the other executive directors (page 81) and determined that an amount of £102,142 should be paid in respect of his role as chief executive officer. This bonus will be paid entirely in cash.

The Committee, in accordance with the rules of the relevant share plans, determined that the treatment of his outstanding share awards would be as follows:

- deferred bonus shares vested on his retirement from the Group on 31 March 2012 and must be exercised within six months of that date
- LTIP awards will mature on the original vesting date (subject to the original performance conditions) but have been reduced pro rata to reflect his period of employment to 31 March 2012 and will only be exercisable for six months following vesting.

In respect of the period from 31 July 2011 to 31 March 2012, Keith Clarke received aggregate emoluments of £277,509 in respect of his role as an employee of the Group. This comprised a base salary, benefits and bonus.

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
Keith Clarke	12	12 September 2003	1 October 2003	Expired 31 March 2012
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. (Zele, Belgium)	• €60,000 per annum
	STR Holdings (Connecticut, USA)	• Annual retainer of US$50,000 in cash • 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	• £10,000 per annum

Remuneration Report

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Chairman and non-executive directors

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 1 August 2012. 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	8 September 2011
Fiona Clutterbuck	13 March 2007	8 September 2011
Allan Cook	10 September 2009	8 September 2011
Joanne Curin	10 February 2009	8 September 2011
Raj Rajagopal	24 June 2008	8 September 2011
Rodney Slater[1]	9 September 2011	n/a

1. Rodney Slater was appointed by the Board following the 2011 AGM. He will stand for election by shareholders at the AGM to be held on 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 made no increase.

The remuneration of the non-executive directors was previously reviewed biennially by the Board on the recommendation of the executive directors within the limits set out in the articles of association. It is now reviewed annually in line with 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 the level of fees paid to non-executive directors of comparator companies.

In undertaking their review of non-executive directors' fees, the executive directors considered:

- salary levels within the Group
- the increasing internationalisation of the Group since the last review of fees in October 2010 and, in particular, the corresponding increase in demands placed on the non-executive directors in terms of both the complexity of their role and the time commitment required of them
- benchmarking against published fee data for FTSE 250 companies and a bespoke comparator group of companies of a similar size, background and complexity.

The Board, on the recommendation of the executive directors, approved:

- an increase in the basic annual fee paid to non-executive directors, as disclosed in table 15 (page 89), in line with the salary increase budgeted for the Group
- an increase to the annual fee paid to the chairmen and members of the Audit and Remuneration Committees, as disclosed in table 15 (page 89), in recognition of the permanent increase in the demands being placed on members of the Audit and Remuneration Committees
- an additional fee be paid to the senior independent director, as disclosed in table 15 (page 89), in recognition of the increasing importance of the role in ensuring good governance and the consequential additional time commitment required.

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

The annual fees 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 2012	Fee as at 1 April 2011
Chairman fee	**£190,000**	£190,000[2]
Non-executive director fees		
Basic annual fee	**£41,200**	£40,000
Committee chair annual fee[1]	**£7,500**	£6,000
Committee annual fee[1]	**£4,000**	£3,000
Senior Independent Director fee[3]	**£5,000**	n/a

1. No fee is paid in respect of chairmanship or membership of the Nomination Committee.
2. An annual expenses allowance in connection with visits to the Group's London and Epsom offices is no longer payable and was replaced with an increase in Allan Cook's annual fee from 1 April 2011.
3. An additional fee has been introduced for the role of senior independent director in recognition of the increasing importance of the role in ensuring good governance and the consequential additional time commitment required.

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 meeting at which discussions in respect of matters relating to their own position take place.

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. In future, executive directors will ordinarily be 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 the policy in 2012.

The interests of the directors and their families in the ordinary shares of 0.5p each in the Company as at 31 March 2012 are shown in table 19 (page 93).

Details of the share options and long term incentives of each executive director as at 31 March 2012 are given in table 18 (page 92).

For each share under option that had not expired at the end of the financial year, the mid market price on 30 March 2012 (being the last trading day before 31 March 2012) was 734.0p and the highest and lowest mid market prices during the financial year were 820.0p and 490.2p respectively.

Remuneration Report
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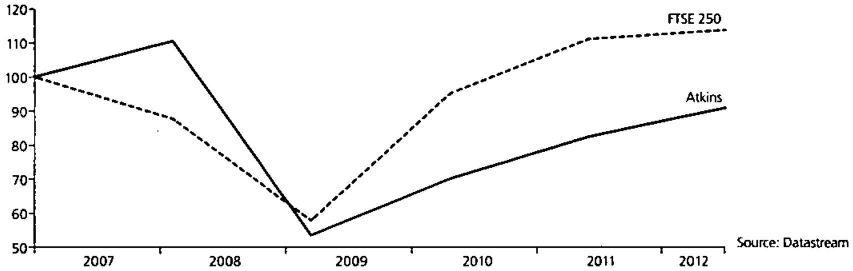
Performance graph
Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 requires the Company to provide a graph comparing a hypothetical holding of shares in the Company with a broad equity market index over a five year period. The Company's performance, 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 annual general meeting to be held in August, the Company will be seeking approval of all-employee share plans in countries where the Group has a significant presence. These will take 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, in the US
- a global all-employee plan in other jurisdictions where the Group has a significant presence such as the Middle East and Asia.

At this stage it is proposed that the necessary approvals (including, but not limited to, shareholder approval) are sought to enable such plans to be put in place sometime in the future. There is no specific intention to launch any all-employee plans during the financial year ending 31 March 2013. The Committee will need to approve the launch of any proposed all-employee 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 2012 the EBT held 2,375,800 shares to hedge outstanding awards over 3,732,383 shares. At this date the EBT held shares to satisfy 63.7% 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 2012 compared with 2011 is set out in table 16 (page 91).

Approved by the Board and signed on its behalf by

Dr Raj Rajagopal
Chairman of the Remuneration Committee
13 June 2012

Remuneration paid to directors during the year (audited)
Table 16: Remuneration paid during the year

	Salary/fees £000	Bonus[5] £000	Other benefits[6] £000	Defined Contribution pension payments/ allowance £000	Other payments £000	Non-cash emoluments[12] £000	**Total 2012 £000**	Total 2011 (restated)[13] £000
Executive directors								
Keith Clarke[1]	145.9	102.1	4.9	36.5[7]	–	–	**289.4**	932.3
Heath Drewett	312.0	151.8	15.3	78.0[8]	–	75.9	**633.0**	623.8
Alun Griffiths	227.0	109.0	14.9	24.3[9]	0.8[10]	54.5	**430.5**	444.8
Uwe Krueger[2]	440.0	263.3	21.3	110.0	20.6[11]	131.6	**986.8**	n/a
Total executive directors	**1,124.9**	**626.2**	**56.4**	**248.8**	**21.4**	**262.0**	**2,339.7**	2,000.9
Chairman and non-executive directors								
Lord Boyce	43.0	–	–	–	–	–	**43.0**	41.5
Fiona Clutterbuck	46.0	–	–	–	–	–	**46.0**	44.5
Allan Cook	190.0	–	1.9	–	–	–	**191.9**	189.9
Joanne Curin	46.0	–	–	–	–	–	**46.0**	45.2
Raj Rajagopal	46.4	–	–	–	–	–	**46.4**	42.3
Rodney Slater[3]	24.3	–	–	–	–	–	**24.3**	n/a
Sir Peter Williams[4]	21.5	–	–	–	–	–	**21.5**	47.5
Total chairman and non-executive directors	**417.2**	–	**1.9**	–	–	–	**419.1**	410.9

1. Keith Clarke retired as a director on 31 July 2011. This relates to his qualifying service as a director.
2. Uwe Krueger was appointed as a director on 14 June 2011.
3. Rodney Slater was appointed as a director on 9 September 2011.
4. Sir Peter Williams retired as a director on 8 September 2011.
5. Amounts payable in cash.
6. Other benefits include such items as company cars or allowances, fuel and medical insurance for the executive directors and expenses chargeable to income tax.
7. Keith Clarke was entitled to a pension payment equivalent to 25% of his salary. He elected to receive this entitlement as a taxable payment.
8. 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.
9. 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. In addition to the Company's contributions of £18,670 (2011: £23,000), the Company made additional contributions of £1,645 (2011: £1,819) in respect of national insurance contributions the Company would have paid had Alun Griffiths not chosen to make his contributions via salary sacrifice.
10. 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.
11. Uwe Krueger receives an aggregate allowance for travel expenses incurred between his home and the UK during the first five years following appointment of £39k (a direct replacement for the rental allowance disclosed last year) and an allowance for the provision to him of professional advice.
12. 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 Atkins Deferred Share Plan (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 2013 Remuneration Report.
13. Restated to include defined contribution pension payments/allowances to provide a comparative with the more fulsome disclosure included for the year ended 31 March 2012. This element of remuneration has been included in this table to ensure the total remuneration figure for directors is more easily accessible.

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

	Alun Griffiths
Accrued annual pension at 31 March 2011	£69,990 p.a.
Accrued annual pension at 31 March 2012	£77,844 p.a.
Gross increase (decrease) in accrued pension over the year	£7,854
Increase (decrease) in accrued pension net of inflation over the year	£4,355
Transfer value as at 31 March 2011	£1,061,760[1]
Transfer value as at 31 March 2012	£1,853,919
Increase in transfer value, less any contributions made, during the year	£739,071[1]
Employee contributions during the year	–
Company contributions during the year	–

1. Increase in transfer value was the result of several factors including the incorrect calculation of the transfer value at 31 March 2011 (which accounts for around half of the increase in transfer value reported), the fall in gilt yields, the impact of assumed interest and a salary increase. The correct transfer value at 31 March 2011 was £1,432,852.

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Table 18: Directors' share options and long term incentives

	Plan name[1]	Award date	Number of shares under option at 1 April 2011 or at date of appointment	Granted	Exercised	Lapsed	Number of shares under option at 31 March 2012[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
Keith Clarke[3]	LTIP[5]	03/08/07	20,125[6]	–	20,125[9]	–	–	5.58	1035.0	112,303	03/08/10	30/09/12
		27/06/08	38,600	–	–	38,600	–		1048.0		27/06/11	30/09/12
		19/06/09	85,000[7]	–	–	6,127[10]	78,873		582.5		19/06/12	19/12/12
		21/06/10	71,000[8]	–	–	28,893[10]	42,107		698.5		21/06/13	21/12/13
		20/06/11	–	62,500	–	46,191[10]	16,309		760.0		20/06/14	20/12/14
	DBP	27/06/08	13,482	–	13,482[9]	–	–	5.58	1048.0	75,234	27/06/11	30/09/12
		19/06/09	25,915	–	–	–	25,915		582.5		01/04/12	30/09/12
	DSP	21/06/10	18,214	–	–	–	18,214		698.5		01/04/12	30/09/12
		20/06/11	–	16,212	–	–	16,212		760.0		01/04/12	30/09/12
Total			**272,336**	**78,712**	**33,607**	**119,811**	**197,630**			**187,537**		
Heath Drewett	LTIP[5]	19/06/09	50,000[7]	–	–	–	50,000		582.5		19/06/12	19/06/19
		21/06/10	46,000[8]	–	–	–	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
	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
Total			**105,364**	**51,154**	–	–	**156,518**			–		
Alun Griffiths	LTIP[5]	27/06/08	18,100	–	–	18,100	–		1048.0		27/06/11	27/06/18
		19/06/09	40,000[7]	–	–	–	40,000		582.5		19/06/12	19/06/19
		21/06/10	33,400[8]	–	–	–	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
	DBP	27/06/08	5,233	–	–	–	5,233		1048.0		27/06/11	27/06/18
		19/06/09	10,989	–	–	–	10,989		582.5		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
Total			**116,293**	**37,810**	–	**18,100**	**136,003**			–		
Uwe Krueger[4]	LTIP[5]	20/06/11	–	70,648	–	–	70,648		760.0		20/06/14	20/06/21
Total			–	**70,648**	–	–	**70,648**			–		
Aggregate gains on share options 2012										**187,537**		
Aggregate gains on share options 2011										86,828		

1. Plan names: LTIP – Atkins 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. Keith Clarke retired as a director on 31 July 2011. He retired as an employee of the Group on 31 March 2012.
4. Uwe Krueger was appointed as a director on 14 June 2011.
5. Subject to performance criteria described in note 34 to the Financial Statements.
6. Following the exceptional write down in relation to Metronet, the Company's EPS for the financial year ended 31 March 2007 was (56.8)p. The consequence of this was that any LTIP awards made in 2007 would never be capable of vesting. Pursuant to the rules of the plan, the Remuneration Committee considered that it was appropriate to remove profit in respect of discontinued operations and the exceptional loss in respect of Metronet and that the EPS for the financial year ending immediately before the commencement of the performance period for the 2007 awards be deemed to be 57.3p.
7. 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.
8. 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.
9. Keith Clarke exercised this award following his retirement as a director but before his retirement as an employee of the Group on 31 March 2012.
10. In accordance with the rules of the LTIP, this award was pro-rated to reflect the proportion of the period from the award date to the first date of exercise that had elapsed as at the date of his retirement as an employee of the Group on 31 March 2012.

Table 19: Directors' interests in shares of the Company

	At 13 June 2012	At 31 March 2012	At 31 March 2011
Chairman and non-executive directors			
Lord Boyce	**2,500**	**2,500**	2,500
Fiona Clutterbuck	**4,146**	**4,146**	4,146
Allan Cook	**15,692**	**15,692**	13,692
Joanne Curin	**1,000**	**1,000**	1,000
Raj Rajagopal	**15,000**	**15,000**	15,000
Rodney Slater[1]	**–**	**–**	n/a
Sir Peter Williams[2]	**n/a**	**n/a**	2,500
	38,338	**38,338**	38,838
Executive directors			
Keith Clarke[3]	**n/a**	**n/a**	124,298
Heath Drewett[4]	**366**	**330**	105
Alun Griffiths[5]	**34,105**	**34,006**	44,287
Uwe Krueger[4 6]	**10,035**	**10,000**	n/a
	44,506	**44,336**	168,690
Total	**82,844**	**82,674**	207,528

1. Rodney Slater was appointed as a director on 9 September 2011.
2. Sir Peter Williams retired as a director on 8 September 2011.
3. Keith Clarke retired as a director on 31 July 2011.
4. Changes in interests of Heath Drewett and Uwe Krueger between 31 March 2012 and 13 June 2012 relate to shares acquired via the Atkins Share Incentive Plan.
5. Changes in interests of Alun Griffiths between 31 March 2012 and 13 June 2012 relate to shares acquired via the Atkins Share Incentive Plan and automatic dividend reinvestment within an ISA.
6. Uwe Krueger was appointed as a director on 14 June 2011.

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 2012 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Statements of Cash Flows, the Consolidated and Parent 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 Parent 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' Responsibilities Statement (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 Parent 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 Parent Company's affairs as at 31 March 2012 and of the Group's profit and Group's and Parent 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 Parent 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 IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion:

- the part of the Directors' 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 Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' 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
13 June 2012

Financial Statements

Consolidated Income Statement

For the year ended 31 March 2012

	Note	Group 2012 £m	Group 2011 £m
Revenue (Group and share of joint ventures)		**1,769.8**	1,612.0
Revenue	3	**1,711.1**	1,564.3
Cost of sales		**(1,097.1)**	(975.2)
Gross profit		**614.0**	589.1
Administrative expenses		**(476.8)**	(482.1)
Operating profit	3, 5	**137.2**	107.0
Comprising			
– Underlying operating profit		**110.5**	118.7
– Exceptional items	11	**30.9**	–
– Amortisation of acquired intangibles		**(4.2)**	(3.7)
– Acquisition costs		**–**	(8.0)
		137.2	107.0
Profit on disposal of subsidiary undertaking	9	**7.2**	–
Share of post-tax profit/(loss) from joint ventures	3, 4	**1.9**	(1.9)
Profit before interest and tax		**146.3**	105.1
Finance income	7	**4.1**	3.9
Finance cost	7	**(14.9)**	(18.0)
Net finance cost	7	**(10.8)**	(14.1)
Profit before taxation		**135.5**	91.0
Comprising			
– Underlying profit before tax		**101.6**	102.7
– Exceptional items	11	**30.9**	–
– Amortisation of acquired intangibles		**(4.2)**	(3.7)
– Profit on disposal of subsidiary undertaking	9	**7.2**	–
– Acquisition costs		**–**	(8.0)
		135.5	91.0
Income tax expense	8	**(28.7)**	(18.4)
Profit for the year		**106.8**	72.6
Profit attributable to:			
Owners of the parent		**106.7**	72.6
Non-controlling interests		**0.1**	–
		106.8	72.6
Earnings per share			
Basic earnings per share	13	**109.0p**	74.3p
Diluted earnings per share	13	**106.6p**	72.7p

The notes on pages 102 to 154 are an integral part of these Financial Statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2012

	Note	2012 £m	Group 2011 £m
Profit for the year		**106.8**	72.6
Other comprehensive income			
Actuarial gain on post-employment benefit liabilities	31a	**24.9**	57.9
Cash flow hedges		**(2.4)**	(2.0)
Change in value of available-for-sale financial assets	21	**1.6**	–
Net investment hedge		**–**	1.6
Net differences on exchange		**0.8**	(6.7)
Other comprehensive income for the year net of tax		**24.9**	50.8
Total comprehensive income for the year		**131.7**	123.4
Attributable to:			
Owners of the parent		**131.6**	123.4
Non-controlling interests		**0.1**	–
Total comprehensive income for the year		**131.7**	123.4

The income tax relating to each component of other comprehensive income is disclosed in note 8c.

The notes on pages 102 to 154 are an integral part of these Financial Statements.

Financial Statements

Consolidated and Parent Company Balance Sheets

As at 31 March 2012

	Note	Group 2012 £m	Group Restated 2011 £m	Company 2012 £m	Company 2011 £m
Assets					
Non-current assets					
Goodwill	15	**205.0**	192.0	**–**	–
Other intangible assets	17	**46.3**	50.3	**–**	–
Property, plant and equipment	18	**51.5**	52.8	**–**	–
Investments in subsidiaries	19	**–**	–	**186.1**	174.4
Investments in joint ventures	4	**3.5**	1.5	**–**	–
Deferred income tax assets	20	**84.2**	115.3	**–**	–
Derivative financial instruments	22	**0.3**	0.2	**–**	–
Other receivables	23	**18.2**	20.1	**–**	–
		409.0	432.2	**186.1**	174.4
Assets of disposal group classified as held for sale	10	**6.9**			
Current assets					
Inventories	24	**1.1**	0.8	**–**	–
Trade and other receivables	25	**445.3**	433.6	**159.9**	89.3
Financial assets at fair value through profit or loss	26	**35.0**	34.7	**–**	–
Available-for-sale financial assets	21	**6.1**	–	**–**	–
Cash and cash equivalents	27	**167.0**	121.5	**10.6**	–
Derivative financial instruments	22	**0.4**	0.2	**–**	–
		654.9	590.8	**170.5**	89.3
Liabilities					
Current liabilities					
Borrowings	28	**(105.7)**	(48.4)	**(104.0)**	(46.3)
Trade and other payables	29	**(506.1)**	(521.4)	**(84.8)**	(70.0)
Derivative financial instruments	22	**(1.7)**	(0.5)	**–**	–
Current income tax liabilities		**(34.3)**	(36.2)	**–**	–
Provisions for other liabilities and charges	30	**(3.6)**	(6.4)	**–**	–
		(651.4)	(612.9)	**(188.8)**	(116.3)
Liabilities of disposal group classified as held for sale	10	**(0.1)**			
Net current assets/(liabilities)		**10.3**	(22.1)	**(18.3)**	(27.0)

Consolidated and Parent Company Balance Sheets

Continued

	Note	Group 2012 £m	Group Restated 2011 £m	Company 2012 £m	Company 2011 £m
Non-current liabilities					
Borrowings	28	**(4.9)**	(4.6)	–	–
Provisions for other liabilities and charges	30	**(6.8)**	(12.7)	–	–
Post-employment benefit liabilities	31	**(265.3)**	(350.3)	–	–
Derivative financial instruments	22	**(2.5)**	(0.6)	–	–
Deferred income tax liabilities	20	**(18.8)**	(20.3)	–	–
Other non-current liabilities	32	**(1.6)**	(5.3)	–	–
		(299.9)	(393.8)	–	–
Net assets	3	**119.4**	16.3	**167.8**	147.4
Capital and reserves					
Ordinary shares	33	**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/(deficit)		**47.5**	(55.5)	**96.0**	75.6
Equity shareholders' funds		**119.3**	16.3	**167.8**	147.4
Non-controlling interests		**0.1**	–	–	–
Total equity		**119.4**	16.3	**167.8**	147.4

During the prior year the Group made several acquisitions. The initial accounting for these at 31 March 2011 had been determined provisionally. Adjustments to these provisional values have since been made in respect of The PBSJ Corporation and Technical Services Scotland, as stated in note 16, and the balance sheet at 31 March 2011 has been restated to reflect these adjustments.

Dr Uwe Krueger
Director

Heath Drewett
Director

Approved by the Board on 13 June 2012

The notes on pages 102 to 154 are an integral part of these Financial Statements.

Consolidated and Parent Company Statements of Cash Flows

For the year ended 31 March 2012

	Note	Group 2012 £m	Group 2011 £m	Company 2012 £m	Company 2011 £m
Cash flows from operating activities					
Cash generated from operations	35	**68.6**	68.5	**35.1**	27.5
Interest received		**3.9**	3.1	**1.3**	0.8
Interest paid		**(2.5)**	(2.4)	**(1.7)**	(0.8)
Income tax paid		**(11.0)**	(12.3)	**–**	–
Net cash generated from operating activities		**59.0**	56.9	**34.7**	27.5
Cash flows from investing activities					
Investments in subsidiary companies		**–**	–	**(5.3)**	(5.4)
Acquisitions of subsidiaries					
– consideration	16	**(14.6)**	(180.4)	**–**	–
– cash acquired	16	**0.9**	2.8	**–**	–
Deferred consideration payments		**(0.8)**	(0.8)	**–**	–
Investment in joint ventures		**–**	(1.3)	**–**	–
Loans to joint ventures and other related parties		**(4.9)**	(5.4)	**–**	–
Purchases of property, plant and equipment		**(15.0)**	(10.9)	**–**	–
Proceeds from disposals of property, plant and equipment		**0.9**	4.5	**–**	–
Proceeds from disposals of investments in subsidiaries	9	**5.2**	–	**12.1**	–
Payments associated with disposal of subsidiary		**(2.2)**	–	**(2.2)**	–
(Purchases)/disposals of financial assets		**(0.3)**	0.2	**–**	–
Purchases of intangible assets		**(5.1)**	(5.2)	**–**	–
Net cash (used in)/generated from investing activities		**(35.9)**	(196.5)	**4.6**	(5.4)
Cash flows from financing activities					
Repayment of short term loans		**–**	(0.7)	**–**	–
Proceeds of new bank loans		**65.3**	126.3	**65.3**	126.3
Repayment of bank loans		**(5.0)**	(86.3)	**(5.0)**	(78.4)
Finance lease principal payments		**(2.1)**	(4.1)	**–**	–
Purchase of own shares by Employee Benefit Trusts		**(7.0)**	(0.8)	**–**	–
Equity dividends paid to shareholders	12	**(28.7)**	(27.1)	**(28.7)**	(27.1)
Loans to Group companies		**–**	–	**(77.5)**	(121.3)
Loans from Group companies		**–**	–	**17.2**	–
Repayment of loans to Group companies		**–**	–	**–**	78.4
Net cash generated from/(used in) financing activities		**22.5**	7.3	**(28.7)**	(22.1)
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		**45.6**	(132.3)	**10.6**	–
Cash, cash equivalents and bank overdrafts at beginning of year		**121.5**	260.3	**–**	–
Exchange movements		**(0.1)**	(6.5)	**–**	–
Cash, cash equivalents and bank overdrafts at end of year	27	**167.0**	121.5	**10.6**	–

The notes on pages 102 to 154 are an integral part of these Financial Statements.

Consolidated and Parent Company Statements of Changes in Equity

For the year ended 31 March 2012

	Attributable to equity shareholders					
	Ordinary shares £m	Share premium account £m	Merger reserve £m	Retained (deficit)/ earnings £m	Non-controlling interests £m	Total £m
Group						
Balance at 1 April 2010	0.5	62.4	8.9	(156.7)	–	(84.9)
Total comprehensive income for the year	–	–	–	123.4	–	123.4
Dividends	–	–	–	(27.1)	–	(27.1)
Share-based payments	–	–	–	5.7	–	5.7
Employee Benefit Trusts	–	–	–	(0.8)	–	(0.8)
Balance at 31 March 2011	0.5	62.4	8.9	(55.5)	–	16.3
Total comprehensive income for the year	–	–	–	**131.6**	**0.1**	**131.7**
Dividends	–	–	–	**(28.7)**	–	**(28.7)**
Share-based payments	–	–	–	**6.4**	–	**6.4**
Tax credit relating to share option scheme	–	–	–	**0.7**	–	**0.7**
Employee Benefit Trusts	–	–	–	**(7.0)**	–	**(7.0)**
Balance at 31 March 2012	**0.5**	**62.4**	**8.9**	**47.5**	**0.1**	**119.4**
Company						
Balance at 1 April 2010	0.5	62.4	8.9	64.9	–	136.7
Total comprehensive income for the year	–	–	–	32.1	–	32.1
Share-based payments	–	–	–	5.7	–	5.7
Dividends	–	–	–	(27.1)	–	(27.1)
Balance at 31 March 2011	0.5	62.4	8.9	75.6	–	147.4
Total comprehensive income for the year	–	–	–	**42.7**	–	**42.7**
Share-based payments	–	–	–	**6.4**	–	**6.4**
Dividends	–	–	–	**(28.7)**	–	**(28.7)**
Balance at 31 March 2012	**0.5**	**62.4**	**8.9**	**96.0**	–	**167.8**

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

The notes on pages 102 to 154 are an integral part of these Financial Statements.

Notes to the Financial Statements

For the year ended 31 March 2012

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 IFRSs and interpretations unless otherwise stated.

Basis of preparation

The Consolidated Financial Statements of WS Atkins plc have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The Consolidated Financial Statements have been prepared under the historical cost convention, as modified by the valuation of pensions, share-based payments, 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 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 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 on page 38 of the Business Review.

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 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, potential voting rights that are currently exercisable or convertible are taken into account.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. 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. Acquisition-related costs are expensed as incurred. 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. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less 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.

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

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred.

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 Group accounting policies. Where joint ventures adopt accounting policies that are different from the Group, 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.

PPP/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 advice on how the assets are used for the benefit of employees is normally accepted. 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/deficit. 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 re-measured. 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 income statement, except when deferred in other comprehensive income as qualifying cash flow hedges, for example.

Notes to the Financial Statements
continued

Group companies
Assets and liabilities of all of the Group's entities that have a functional currency different from the Group's presentation currency are translated into the Group's presentation currency at the closing rates of exchange at the balance sheet date. Trading results are translated at average rates of exchange. Differences resulting from the retranslation of opening net assets and results for the period at closing rates are taken to 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.

Operating segments
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: UK; North America; Middle East; Asia Pacific and Europe; and Energy. These segments form the basis for reporting the Group's segment information as it is the main determinant of the Group's risks and returns. The Group considers the United Kingdom to be its country of domicile.

Inter-segment 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 percent 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
Where certain expense or revenue items recorded in a period are material by their size or incidence, the Group reflects such items as exceptional and these are shown separately in the income statement.

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

Retirement benefit schemes
The Group operates defined contribution and defined benefit pension schemes which require payments to be made into separately administered funds.

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 is not a defined contribution plan. Typically defined benefit plans define 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 the defined contribution schemes is charged to operating profit as incurred. The cost of the 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.

For defined benefit schemes, all actuarial gains and losses (asset experience, liability experience and changes in assumptions) are recognised immediately in the Statement of Comprehensive Income. 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/deficit.

Notes to the Financial Statements

continued

Share-based payments

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) 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. The credits associated with the amounts charged to the income statement are included in retained earnings/deficit until the awards are exercised. 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/deficit.

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.

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries and joint ventures, except where it is known that the earnings will be distributed.

Intangible assets

Goodwill

Goodwill is stated at cost less 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 subject to annual impairment review.

On acquisition of a business, fair values are attributed to the assets, liabilities and contingent liabilities of the acquired business at the date of acquisition. Goodwill arises when the fair value of the consideration given for a business exceeds the fair value of the identifiable net assets. In accordance with IFRS 3, *Business combinations*, goodwill arising on acquisitions is capitalised and 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 the 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.

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 that arose prior to 1 April 1997 was written off to retained earnings/deficit. 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 and have a finite useful life.

Amortisation of customer relationships is calculated on a straight-line basis over the customer relationships' estimated useful lives of between one and twenty years.

Backlog orders are amortised over their estimated useful lives of three years.

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 on a straight-line basis over their useful lives of between two and five years.

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 on a straight-line basis over their estimated useful life of six years.

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 on a straight-line basis over that life.

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.

Property, plant and equipment is depreciated on a straight-line basis calculated at annual rates to write off the cost less residual value of each asset over the term of its estimated useful economic life as follows:

Freehold buildings	– 10 to 50 years
Short leasehold	– over the life of the lease
Plant and machinery	– 3 to 12 years

No depreciation is provided in respect of freehold land.

The directors annually review the estimated useful economic lives and residual values of property, plant and equipment.

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 (cash-generating units).

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Financial assets

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 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 except where the maturity is greater than 12 months after the balance sheet date, in which case they are classified as non-current assets.

The fair value of financial instruments traded in active markets (Level 1) is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted market 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 by the Group is the mid-market price.

The fair value of financial instruments that are not traded in an active market (Level 2) are 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.

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 within 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 consist of trade and other receivables and cash and cash equivalents, which are shown separately in the balance sheet. 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.

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.

Available-for-sale financial assets are initially recognised at fair value and subsequently carried at fair value. Changes in fair value are recognised in other comprehensive income.

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 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.

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 in the accounting policy relating to trade receivables below. 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. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

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.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 22. 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 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 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 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.

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Where the Group acts as a lessor in a finance lease, receivables under finance leases represent outstanding amounts due under these agreements less finance charges allocated to future periods. Finance lease interest is recognised over the primary period of the lease so as to produce a constant rate of return on the net cash investment.

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 and 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 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
Onerous contract provisions are recognised for losses on contracts where 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 any contract, account is taken of the Group's share of the forecast results from any joint ventures which the contract is servicing. The provision is calculated based on discounted cash flows to the end of the contract.

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 value 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 during the current financial year 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 2011 and not early adopted

- Amendment to IFRS 7, *Financial Instruments: Disclosures on derecognition* (effective 1 July 2011)
- Amendment to IFRS 1, *First time adoption*, on fixed dates and hyperinflation (effective 1 July 2011)
- Amendment to IAS 12, *Income taxes*, on deferred tax (effective 1 January 2012)
- Amendment to IAS 1, *Financial statement presentation*, regarding other comprehensive income (effective 1 July 2012)
- Amendment to IAS 19, *Employee benefits* (effective 1 January 2013)
- IFRS 9, *Financial instruments* (effective 1 January 2015)
- IFRS 10, *Consolidated financial statements* (effective 1 January 2013)
- IFRS 11, *Joint arrangements* (effective 1 January 2013)
- IFRS 12, *Disclosures of interests in other entities* (1 January 2013)
- IFRS 13, *Fair value measurement* (effective 1 January 2013)
- IAS 27 (revised 2011), *Separate financial statements* (effective 1 January 2013)
- IAS 28 (revised 2011), *Associates and joint ventures* (effective 1 January 2013).

Of these, the amendment to IAS 19 and IFRS 9 are 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. The Group is yet to assess the full impact of the amendments. Changes to treatment of expenses are unlikely to result in a material change to the overall income statement charge, however had the standard been applied to next year's financial statements the combined estimated net finance cost for the Group's defined benefit schemes would increase from circa £10m to circa £15m as a result of the removal of expected rate of returns.

IFRS 9 is expected to replace IAS 39, *Financial instruments: recognition and measurement*, from 2015, subject to EU adoption. IFRS 9 in issue at 31 March 2012 only concerns the classification and measurement of financial assets. New requirements for accounting for financial liabilities, impairment and hedge accounting are still under discussion by the International Accounting Standards Board and the Financial Accounting Standards Board (US). The requirements for IFRS 9 in issue as at 31 March 2012 would result in the Group's available-for-sale financial assets being reclassified as financial assets measured either at amortised cost or at fair value through profit or loss. As a result, movements in the fair value of these assets would no longer be recognised in other comprehensive income. Retrospective application of this requirement would result in the closing balance of fair value movements recognised in other comprehensive income being transferred to retained earnings. The effect within the Group's reserves at 31 March 2012 would be a transfer of £1.6m gain to retained earnings.

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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 and 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.

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 analysis, required by IFRS 7, *Financial Instruments: Disclosures*, is 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 analysis:

- 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 US dollar (including dollar-pegged currencies) and sterling and between the euro and sterling. At 31 March 2012, if sterling had strengthened/weakened by a reasonably possible change of 10% against the US dollar then profit after tax would be higher/lower by approximately £1.4m (2011: £7.9m lower/higher) and equity would be £1.4m higher/lower (2011: £7.9m lower/higher). If sterling had strengthened/weakened by a reasonably possible change of 10% against the euro, then profit after tax would be lower/higher by approximately £0.5m (2011: £0.1m higher/lower) and equity would be £0.5m lower/higher (2011: £0.1m higher/lower).

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. A proportion of the currency exposure arising from the net assets of the Group's foreign operations has been managed by taking out foreign currency loans in the relevant currency.

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 2012 had been 10 basis points higher/lower, then profit after tax for the year would have been approximately £0.1m (2011: £0.2m) 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.

The Group is also exposed to price risk because of investments held by the Group in unlisted corporate bonds (available-for-sale financial assets). The fair value of these investments at 31 March 2012 was £6.1m (2011: £nil).

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 derivative financial instruments and cash deposits are placed with banks which are rated investment grade. 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. 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 has been focused on the recovery of debtors.

c) Liquidity risk
The Group funds its activities through cash generated from its operations and, where necessary, bank borrowings and finance leases. The Group's banking facilities include cash facilities and bank guarantees. Cash flow forecasting is performed in the operating entities of the Group and aggregated by 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. 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 and sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts.

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The table below analyses the maturity profile of the Group's non-derivative financial liabilities. The amounts disclosed in the table are the contractual cash flows.

2012	**On demand or within 1 year £m**	**Between 1 and 2 years £m**	**Between 2 and 5 years £m**	**Over 5 years £m**	**Discount £m**	**Total £m**
Hire purchase and finance leases	**2.0**	**1.7**	**2.8**	**0.6**	**(0.5)**	**6.6**
Bank loans[1]	**104.5**	**–**	**–**	**–**	**–**	**104.5**
Trade payables	**87.8**	**–**	**–**	**–**	**–**	**87.8**

2011	On demand or within 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m	Discount £m	Total £m
Hire purchase and finance leases	2.3	1.7	3.0	0.2	(0.5)	6.7
Bank loans[1]	46.5	–	–	–	–	46.5
Trade payables	96.9	–	–	–	–	96.9

1. The contractual cash flows in each year include the bank loans maturing in that year together with forecast contractual interest payments on those loans. 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:

	2012 Financial assets £m	**2012 Financial liabilities £m**	2011 Financial assets £m	2011 Financial liabilities £m
Sterling	**253.3**	**151.1**	212.9	98.2
US dollar	**92.1**	**23.8**	95.5	33.8
UAE dirham	**30.0**	**3.1**	42.5	4.0
Qatari rial	**28.9**	**2.7**	19.0	1.8
China RMB	**23.5**	**0.1**	19.9	0.7
Euro	**18.4**	**1.3**	20.3	1.7
HK dollar	**14.3**	**1.0**	11.2	1.0
Saudi Arabian riyal	**12.9**	**8.3**	4.2	–
Denmark krone	**8.7**	**3.8**	10.4	3.3
Other	**42.6**	**3.2**	31.8	5.4
Total	**524.7**	**198.4**	467.7	149.9

The carrying value of the financial assets of the Company of £104.3m are denominated in US dollars (2011: £41.3m). The carrying value of the financial liabilities of the Company of £104.0m are denominated in US dollars (2011: £5.0m sterling and £41.3m US dollars).

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); amounts due to joint ventures; 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, issues of new shares and buyback of existing shares, and through its loan facility.

The Group monitors capital on the basis of the ratio of net debt plus defined benefit pension deficit net of deferred tax to EBITDA. This policy is unchanged from the prior year.

The ratios of net debt plus defined benefit pension deficit net of deferred tax to EBITDA at 31 March 2012 and 2011 were as follows:

		Group
	2012 **£m**	Restated 2011 £m
Total borrowings (note 28)	**110.6**	53.0
Less: cash and cash equivalents (note 27)	**(167.0)**	(121.5)
Net debt	**(56.4)**	(68.5)
Defined benefit pension deficit (note 31)	**251.1**	337.8
Net deferred tax (note 20)	**(65.4)**	(95.0)
Net debt plus defined pension deficit net of deferred tax	**129.3**	174.3
Profit before interest and tax	**146.3**	105.1
Add: depreciation	**17.1**	15.9
Add: amortisation	**9.5**	8.3
EBITDA (pre-adjustment for exceptional item)	**172.9**	129.3
Less: exceptional item (note 11)	**(30.9)**	–
EBITDA	**142.0**	129.3
Ratios of net debt plus defined benefit pension deficit net of deferred tax to EBITDA	**0.9**	1.3

The calculation as at 31 March 2011 was restated as a result of deferred tax being amended to reflect the finalisation of the accounting for the acquisition of The PBSJ Corporation, (note 20).

The Group's banking facilities include a number of financial and non-financial covenants. Compliance with these covenants is monitored and as at 31 March 2012, and since, none of the covenants had been breached.

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.

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continued

The following table presents the Group's assets and liabilities that are measured at fair value at 31 March 2012 and 2011:

	Level 1 £m	Level 2 £m	2012 Total £m	Level 1 £m	Level 2 £m	2011 Total £m
Assets						
Derivatives used for hedging	–	0.7	0.7	–	0.4	0.4
Marketable securities						
– Certificates of deposit	–	16.0	16.0	–	9.8	9.8
– Fixed interest securities	12.2	–	12.2	19.1	–	19.1
– Life insurance policies	–	3.4	3.4	–	2.6	2.6
– Floating rate notes	2.8	–	2.8	2.0	–	2.0
– UK treasury bills	0.6	–	0.6	1.2	–	1.2
Available-for-sale financial assets						
– Debt investments	–	6.1	6.1	–	–	–
Total assets	15.6	26.2	41.8	22.3	12.8	35.1
Liabilities						
Derivatives used for hedging	–	4.2	4.2	–	1.1	1.1
Total liabilities	–	4.2	4.2	–	1.1	1.1

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 2012 or 2011.

3. Segmental information

The chief operating decision-maker 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 in order 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

2012	External revenue £m	Inter segment trade £m	Revenue £m	Operating profit £m	Operating margin %	Share of post-tax profit/(loss) from joint ventures £m
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

2011	External revenue £m	Inter segment trade £m	Revenue £m	Operating profit £m	Operating margin %	Share of post–tax profit/(loss) from joint ventures £m

UK	908.2	18.3	926.5	61.4	6.6	0.9
North America	278.7	0.5	279.2	13.8	4.9	–
Middle East	152.8	(11.9)	140.9	23.8	16.9	–
Asia Pacific and Europe	157.1	(1.8)	155.3	12.1	7.8	–
Energy	103.7	(5.1)	98.6	8.5	8.6	–
Total for segments	1,600.5	–	1,600.5	119.6	7.5	0.9
Group items:						
Joint ventures reported above	(36.2)	–	(36.2)	(0.9)		–
Unallocated central items	–	–	–	(11.7)		(2.8)
Total for Group	1,564.3	–	1,564.3	107.0	6.8	(1.9)

Unallocated central items include £30.9m of exceptional gains relating to a one-off pension event and £4.2m of intangible asset amortisation relating to the acquisition of The PBSJ Corporation (2011: £8.0m of acquisition costs and £3.7m of intangible asset amortisation relating to the acquisition of The PBSJ Corporation).

Total segment revenue excludes the share of joint venture revenue earned from centrally managed joint ventures of £24.7m (2011: £11.5m).

Reconciliation of segmental analysis to profit for the year attributable to owners of the parent and non-controlling interests:

	2012 £m	2011 £m
Operating profit	**137.2**	107.0
Profit on disposal of subsidiary undertaking	**7.2**	–
Share of post-tax profit/(loss) from joint ventures	**1.9**	(1.9)
Profit before interest and tax	**146.3**	105.1
Finance income	**4.1**	3.9
Finance cost	**(14.9)**	(18.0)
Net finance cost	**(10.8)**	(14.1)
Profit before taxation	**135.5**	91.0
Income tax expense	**(28.7)**	(18.4)
Profit for the year	**106.8**	72.6
Profit attributable to:		
Owners of the parent	**106.7**	72.6
Non-controlling interests	**0.1**	–
	106.8	72.6

Balance sheet

2012	**Total segment assets £m**	**Total segment liabilities £m**	**Net assets/ (liabilities) £m**	**Investments in joint ventures £m**	**Capital expenditure £m**	**Depreciation & amortisation £m**
UK	**191.1**	**(189.4)**	**1.7**	**4.1**	**2.8**	**4.0**

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North America	**162.2**	**(66.7)**	**95.5**	**0.5**	**4.6**	**6.1**
Middle East	**138.6**	**(80.6)**	**58.0**	**–**	**2.3**	**1.9**
Asia Pacific and Europe	**99.9**	**(54.0)**	**45.9**	**–**	**2.1**	**1.8**
Energy	**40.2**	**(26.1)**	**14.1**	**–**	**1.4**	**0.6**
Total for segments	**632.0**	**(416.8)**	**215.2**	**4.6**	**13.2**	**14.4**
Group items:						
Unallocated assets/(liabilities)	**438.8**	**(534.6)**	**(95.8)**	**(1.1)**	**20.9**	**12.2**
Total for Group	**1,070.8**	**(951.4)**	**119.4**	**3.5**	**34.1**	**26.6**

Restated 2011	Total segment assets £m	Total segment liabilities £m	Net assets/ (liabilities) £m	Investments in joint ventures £m	Capital expenditure £m	Depreciation & amortisation £m
UK	198.4	(194.4)	4.0	1.7	1.8	4.5
North America	183.3	(100.0)	83.3	0.2	3.3	3.6
Middle East	101.3	(66.0)	35.3	–	0.6	2.3
Asia Pacific and Europe	89.9	(48.1)	41.8	–	1.4	1.7
Energy	27.5	(27.6)	(0.1)	–	0.2	0.6
Total for segments	600.4	(436.1)	164.3	1.9	7.3	12.7
Group items:						
Unallocated assets/(liabilities)	422.6	(570.6)	(148.0)	(0.4)	140.7	11.5
Total for Group	1,023.0	(1,006.7)	16.3	1.5	148.0	24.2

During the prior year the Group made several acquisitions. The initial accounting for these at 31 March 2011 had been determined provisionally. Adjustments to these provisional values have since been made in respect of The PBSJ Corporation and Technical Services Scotland, as stated in note 16, and the balance sheet at 31 March 2011 has been restated to reflect these adjustments.

Unallocated assets consist primarily of goodwill, deferred tax assets and UK cash and cash equivalents. Unallocated liabilities consist primarily of central creditors, deferred tax liabilities and pension liabilities.

Capital expenditure includes additions to goodwill, other intangible assets and property, plant and equipment.

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 United Kingdom to be its country of domicile. Outside the United Kingdom, only the Group's business in the United States contributes more than 10% of the Group's revenue or non-current assets.

	Revenue		**Non-current assets**	
	2012 £m	2011 £m	**2012 £m**	Restated 2011 £m
United Kingdom	**881.2**	945.4	**109.2**	102.5
United States	**437.4**	285.6	**198.7**	198.2
Other	**392.5**	333.3	**16.6**	16.0
Total for Group	**1,711.1**	1,564.3	**324.5**	316.7

Non-current assets exclude deferred tax assets and derivative financial instruments.

The balance sheet as at 31 March 2011 has been restated to reflect the finalisation of the accounting for the acquisition of The PBSJ Corporation and Technical Services Scotland as detailed above.

c) Major customers
Revenue from the UK Government represents approximately £180.8m (2011: £228.1m) of the Group's total revenue and is reflected within the UK and Energy segments.

d) Company
The Company's business is to invest in its subsidiaries and it operates in a single segment.

4. Joint ventures

a) Share of post-tax profit/(loss) from joint ventures

	2012 £m	2011 £m
Revenue	**58.7**	47.7
Operating expenditure	**(55.6)**	(49.0)
Operating profit/(loss)	**3.1**	(1.3)
Finance income	**4.8**	5.0
Finance cost	**(5.3)**	(5.5)
Profit/(loss) before taxation	**2.6**	(1.8)
Income tax charge	**(0.7)**	(0.1)
Share of post-tax profit/(loss) from joint ventures	**1.9**	(1.9)

b) Investments in joint ventures

	2012 £m	2011 £m
Non-current assets		
Property, plant and equipment	**1.6**	1.6
Other non-current assets	**0.1**	74.5
	1.7	76.1
Current assets		
Cash and cash equivalents	**4.3**	12.7
Other current assets	**28.0**	27.7
	32.3	40.4
Current liabilities		
Trade and other payables	**(26.5)**	(29.8)
	(26.5)	(29.8)
Non-current liabilities		
Borrowings	**–**	(81.6)
Other non-current liabilities	**(4.0)**	(3.6)
	(4.0)	(85.2)
Share of net assets	**3.5**	1.5
Investments in joint ventures	**3.5**	1.5

Net liabilities of £0.1m in relation to the disposal of RMPA Holdings Limited after the balance sheet date have been removed from the share of net assets and redisclosed within the asset held for sale (note 10).

The Group's principal joint ventures are detailed in note 42.

The joint ventures have no capital commitments (2011: none).

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5. Operating profit – analysis of costs by nature

	2012 £m	Group 2011 £m
Operating profit is arrived at after charging/(crediting):		
Employee benefit costs (note 6)	**789.0**	780.7
Net foreign exchange (gains)/losses	**(0.4)**	1.0
Depreciation and impairment of property, plant and equipment:		
– owned assets (note 18)	**15.4**	13.9
– assets held under finance leases (note 18)	**1.7**	2.0
Loss on sale of property, plant and equipment	**0.5**	0.2
Impairment of loan notes receivable (note 23)	**0.9**	5.3
Impairment of trade receivables/(reversal of impairment):		
– increase in provisions (note 25)	**5.7**	7.1
– release of provisions (note 25)	**(6.9)**	(16.0)
Amortisation of intangibles:		
– customer relationships (note 17)	**4.8**	3.6
– other assets (note 17)	**4.7**	4.7
Receipts under operating leases:		
– plant and machinery	**(0.1)**	(0.5)
– property	**(2.3)**	(1.3)
Payments under operating leases:		
– plant and machinery	**9.2**	9.7
– property	**46.1**	38.2

Company operating profit was arrived at after generating £41.7m of realised profit on disposal of investments (2011: £33.3m).

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:

	2012 £m	Group 2011 £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	**0.4**	0.5
– Non-UK	**0.5**	0.4
Total audit services	**1.2**	1.2
Other services pursuant to such legislation – work relating to the interim review	**0.1**	0.1
Other services relating to taxation – tax consultancy and work relating to local tax filings	**0.5**	0.4
Services relating to acquisition, due diligence and structuring	–	1.2
Services relating to pensions	**0.2**	0.2
Other	**0.1**	0.1
Total other services	**0.9**	2.0
Total	**2.1**	3.2

The statutory audit of the Company's annual accounts was £0.1m (2011: £0.1m). No other services were provided to the Company by the Group's auditor (2011: none).

The Atkins Pension Plan is audited by Baker Tilly and the audit fee for 2012 was £31,000 (2011: £32,000). This audit fee was borne by the Group.

6. Employee benefit costs

	Average 2012 No.	Average 2011 No.	Year end 2012 No.	Year end 2011 No.
Number of full-time equivalent people (including executive directors) employed by the Group				
By segment:				
UK	**8,654**	9,635	**8,201**	9,135
North America	**3,314**	1,858	**3,255**	3,336
Middle East	**1,754**	1,639	**1,961**	1,555
Asia Pacific and Europe	**1,633**	1,561	**1,684**	1,539
Energy	**1,029**	912	**1,095**	945
Corporate	**69**	76	**67**	73
Group total	**16,453**	15,681	**16,263**	16,583

Aggregate employee benefit costs of those people amounted to:

	Group 2012 £m	Group 2011 £m
Wages and salaries	**693.9**	653.4
Profit share and performance-related bonus	**21.2**	25.9
Social security costs	**62.0**	54.8
Retirement benefit costs net of settlement and curtailment gains (note 31)	**1.0**	37.8
Other post-employment benefit costs (note 31)	**3.5**	2.3
Share-based payments (note 34)	**7.4**	6.5
	789.0	780.7

Wages and salaries includes £7.6m of redundancy costs (2011: £6.3m) 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 40.

The Company has no employees (2011: none).

7. Net finance cost

	Group 2012 £m	Group 2011 £m
Interest payable on borrowings	**1.9**	0.9
Finance lease liabilities	**0.4**	0.6
Unwinding of discount (note 30)	**0.3**	0.3
Net finance cost on retirement benefit liabilities (note 31)	**11.5**	15.2
Other finance costs	**0.8**	1.0
Finance cost	**14.9**	18.0
Interest receivable on short term deposits	**(0.9)**	(0.9)
Interest income on financial assets at fair value through profit or loss	**(0.8)**	(0.5)
Income on available-for-sale financial assets	**(0.4)**	–
Interest receivable on loan notes	**(2.0)**	(2.3)
Unwinding of discount	**–**	(0.1)
Other finance income	**–**	(0.1)
Finance income	**(4.1)**	(3.9)
Net finance cost	**10.8**	14.1

Unwinding of discount disclosed within finance cost of £0.3m (2011: £0.3m) relates to provisions.

Company finance income consisted of net interest income of £0.6m (2011: £nil) and unwinding of discount on loan notes receivable of £nil (2011: £0.1m).

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8. Income tax expense
a) Analysis of charge in the year

	2012 £m	Group 2011 £m
Current income tax:		
– current year	**26.9**	17.2
– adjustment in respect of prior years	**(15.9)**	(8.7)
Deferred income tax (note 20)	**17.7**	9.9
Income tax on profit per income statement	**28.7**	18.4
Adjust for:		
– joint venture taxation	**–**	0.1
– taxation on profit on disposal of subsidiary undertaking	**(0.4)**	–
– taxation on pension curtailment gain	**(7.3)**	–
– tax on amortisation of acquisition intangibles	**1.4**	1.4
Underlying/normalised income tax expense	**22.4**	19.9
Profit before tax per income statement	**135.5**	91.0
Adjust for:		
– joint venture taxation	**–**	0.1
– profit on disposal of subsidiary undertaking	**(7.2)**	–
– amortisation of acquisition intangibles	**4.2**	3.7
– pension curtailment gain	**(30.9)**	–
Underlying/normalised profit before income tax	**101.6**	94.8
Effective income tax rate	**21.2%**	20.2%
Underlying/normalised effective income tax rate	**22.0%**	21.0%

b) Factors affecting income tax rate

The income tax rate for the year is lower (2011: lower) than the standard rate of corporation tax in the UK of 26% (2011: 28%). The differences are explained below:

	2012 %	Group 2011 %
UK statutory income tax rate	**26.0**	28.0
Increase/(decrease) resulting from:		
Expenses not deductible for tax purposes	**0.6**	0.9
Adjustment in respect of overseas tax rates	**(0.5)**	(8.6)
Effect of share-based payments	**0.4**	0.3
Tax on joint ventures	**(0.4)**	0.6
R&D tax credits	**(3.8)**	(2.1)
Losses not recognised for tax	**(3.1)**	–
Impact of change in tax rates	**1.8**	4.5
Other	**0.2**	(3.4)
Effective income tax rate	**21.2**	20.2

The underlying/normalised income tax rate for the year is lower (2011: lower) than the standard rate of corporation tax in the UK of 26% (2011: 28%). The differences are explained below:

	2012 %	Group 2011 %
UK statutory income tax rate	**26.0**	28.0
Increase/(decrease) resulting from:		
Expenses not deductible for tax purposes	**2.3**	0.8
Adjustment in respect of overseas tax rates	**(0.4)**	(7.8)
Effect of share-based payments	**0.6**	0.3
Tax on joint ventures	**(0.5)**	0.6
R&D tax credits	**(5.2)**	(2.0)
Losses not recognised for tax	**(4.1)**	–
Impact of change in tax rates	**3.1**	4.3
Other	**0.2**	(3.2)
Underlying/normalised effective income tax rate	**22.0**	21.0

c) Income tax on components of other comprehensive income

2012	**Post-employment benefit liability £m**	**Cash flow hedges £m**	**Group Total £m**
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**

2011	Post-employment benefit liability £m	Cash flow hedges £m	Group Total £m
At 1 April	82.0	(1.0)	81.0
Deferred income tax	(27.8)	–	(27.8)
Current income tax	–	0.8	0.8
At 31 March	54.2	(0.2)	54.0

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9. Profit on disposal of a subsidiary undertaking

On 30 November 2011 the sale of the Group's UK Asset Management business to Sodexo was completed. Sodexo is a multi-national 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 disposal of the UK Asset Management business has not been treated as a discontinued operation at 31 March 2012 as it did not represent a major line of business.

Group	**£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	**£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**

10. Assets held for sale

The assets and liabilities relating to the Group's minority interest in RMPA Holdings Limited have been presented as held for sale following the exchange of contracts on 9 March 2012 which formed an agreement to dispose of the investment. The transaction completed on 4 May 2012.

RMPA Holdings Limited delivered the Colchester Garrison PFI project and the sale is to a subsidiary undertaking of HICL Infrastructure Company Limited, the ultimate parent company of an existing shareholder, 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 minority interest represent a disposal group, the business is not reported as a discontinued operation at 31 March 2012 as it does not represent a major line of business.

The major classes of assets and liabilities of the disposal group are as follows:

	£m
Assets classified as held for sale:	
Loan notes receivable	**6.9**
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**

The profit on disposal will be reported in the Group's Financial Statements for the year ended 31 March 2013.

11. Exceptional items

Items that are material either because of their size or their nature, are presented separately on the face of the Consolidated Income Statement and disclosed in the notes to the Financial Statements. The separate reporting of exceptional items helps provide an understanding of the Group's underlying performance.

An analysis of the amount presented as an exceptional item in these Financial Statements is given below:

		Group
	2012 £m	2011 £m
Curtailment gain relating to one-off pension event (note 31)	**30.9**	–

The gain is included within Administrative expenses in the Group's Consolidated Income Statement.

12. Dividends

			Company and Group	
	2012 pence	2011 pence	**2012 £m**	2011 £m
Final dividend paid for the year ended 31 March 2011 (2010)	**19.50**	18.25	**19.2**	17.8
Interim dividend paid for the year ended 31 March 2012 (2011)	**9.75**	9.50	**9.5**	9.3
Dividends recognised in the year	**29.25**	27.75	**28.7**	27.1
Interim dividend paid for the year ended 31 March 2012 (2011)	**9.75**	9.50	**9.5**	9.3
Final dividend proposed for the year ended 31 March 2012 (2011)	**20.75**	19.50	**20.2**	19.1
Dividends relating to the year	**30.50**	29.00	**29.7**	28.4

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 2012, one Employee Benefit Trust had an agreement in place to waive dividends in excess of 0.01 pence per share on 213,461 ordinary shares (2011: 213,461). A separate Employee Benefit Trust also had an agreement in place as at 31 March 2012 to waive future dividends in their entirety on 2,398,078 ordinary shares (2011: 1,892,142). These arrangements reduced the dividends paid in year by £0.6m (2011: £0.6m).

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13. Earnings per share (EPS)

Basic earnings per share 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 Employee Benefit Trusts (EBTs), which have not unconditionally vested in the employees, and shares held in treasury.

Diluted earnings per share is the basic earnings per share 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:

		Group
	2012 No. (000)	2011 No. (000)
Number of shares		
Weighted average number of shares used in basic and normalised basic EPS	**97,891**	97,667
Effect of dilutive securities – share options	**2,196**	2,257
Weighted average number of shares used in diluted and normalised diluted EPS	**100,087**	99,924
	£m	£m
Earnings		
Profit for the year attributable to owners of the parent	**106.7**	72.6
Profit on disposal of subsidiary undertaking (net of tax) (note 9)	**(6.8)**	–
Exceptional pension curtailment gain (net of tax) (note 11)	**(23.6)**	–
Amortisation of intangibles from acquisition (net of tax)	**2.8**	2.3
Underlying/normalised earnings	**79.1**	74.9
	pence	pence
Basic earnings per share	**109.0**	74.3
Diluted earnings per share	**106.6**	72.7
Underlying/normalised basic earnings per share	**80.8**	76.7
Underlying/normalised diluted earnings per share	**79.0**	75.0

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 £42.7m (2011: £32.1m), which included £2.2m (2011: £3.9m) of dividend income from subsidiary companies and £9.2m of profit on disposal of a subsidiary undertaking (2011: £nil), see note 9.

15. Goodwill

		Group
	2012 £m	Restated 2011 £m
Cost at 1 April	**200.4**	71.0
Additions (note 16)	**12.0**	131.8
Difference on exchange	**1.0**	(2.4)
Cost at 31 March	**213.4**	200.4
Aggregate impairment at 1 April	**8.4**	8.9
Difference on exchange	**–**	(0.5)
Aggregate impairment at 31 March	**8.4**	8.4
Net book value at 31 March	**205.0**	192.0

During the prior year the Group made several acquisitions. The initial accounting for these at 31 March 2011 had been determined provisionally. Adjustments to these provisional values have since been made in respect of The PBSJ Corporation and Technical Services Scotland, as stated in note 16. The effect of these adjustments is that the value of goodwill at 31 March 2011 has been restated from £188.9m to £192.0m.

Impairment test for goodwill
Goodwill is not amortised but tested for impairment in accordance with IAS 36, *Impairment of assets*, at least once a year or more frequently where there is an indication that it may be impaired.

Goodwill is allocated to the Group's CGUs identified to carry out the impairment test. The following is a summary of goodwill allocation by CGU or group of CGUs, summarised at the operating segment level:

	2012 £m	**Group** Restated 2011 £m
UK	**30.6**	30.6
North America	**136.4**	135.2
Middle East	**–**	–
Asia Pacific and Europe	**14.3**	14.5
Energy	**23.7**	11.7
Total	**205.0**	192.0

The impairment test involves comparing the carrying value of the CGU or group of CGUs to which goodwill has been allocated including goodwill arising on in year acquisitions, to their recoverable amount. The recoverable amount is based on the higher of fair value less costs to sell and value in use. An impairment loss is recognised when the carrying value of those assets exceeds their recoverable amount.

Recoverable amount
Fair value less costs to sell is the best estimate of the amount obtainable from the sale of a CGU or group of CGUs in an arm's-length transaction between knowledgeable, willing parties, less the costs of disposal. Value in use is the present value of the future cash flows expected to be derived from the CGU or group of CGUs.

Fair value is assessed from an external perspective and value in use from a Group-internal perspective. Both are determined using a business valuation model, taking into account planned future cash flows. If available, third-party valuations are taken as a basis for determining fair value.

Value in use calculations
Methodology
The internal value in use calculations use cash flow projections based on the following financial year's budget approved by management. This budget is based on country-specific assumptions regarding the development of key economic indicators such as GDP and are, amongst others, derived from macroeconomic and financial studies. The cash flow projections from that budget are extrapolated for the next four years using GDP-based growth factors, and then extrapolated beyond that five year period using a terminal GDP-based growth rate. These growth rates are derived from experience and future expectations for the individual CGU or group of CGUs and do not exceed the long-term average growth rates in the markets in which the CGU or group of CGUs are active. The cash flows are then discounted using the Group's discount rates which reflect the specific risks relating to the relevant operating segments. These discount rates are based on nominal weighted average cost of capital.

Assumptions
The key assumptions used for the internal value in use calculations are as follows:

	2012	**Group** 2011
Five-year growth rate	**0%-5%**	0%-6%
Post five-year growth rate	**0%-5%**	0%-2.5%
Taxation rate	**23%**	20%
Average pre-tax discount rate	**14%**	12%

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These ranges of assumptions have been used for the analysis of each CGU or group of CGUs within the Group's operating segments. Goodwill of £136.4m (2011: £135.2m) allocated to the North America operating segment includes £129.5m of goodwill arising on the acquisition of The PBSJ Corporation. This goodwill has been allocated to The PBSJ Corporation's 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 key assumptions used for this calculation are as follows:

	2012
Five-year growth rate	3%
Post five-year growth rate	3%
Taxation rate	23%
Average pre-tax discount rate	12%

The carrying amount of intangible assets with indefinite useful lives allocated to The PBSJ Corporation's group of CGUs for the purposes of the impairment test is £2.4m.

As at 31 March 2012 and 2011, based on these internal valuations, the recoverable value of goodwill required no impairment.

In the prior year, on 1 October 2010, the Group acquired The PBSJ Corporation and prior to 31 March 2011 the Group performed an impairment test of the goodwill arising on this acquisition. The recoverable amount of The PBSJ Corporation's group of CGUs to which this goodwill was allocated was based on fair values less costs to sell. This amount was determined using an external valuation and the model used to support that valuation, which comprised a net present value calculation of future cash flows. This calculation used cash flow projections over a five year period. These projections were then extrapolated beyond that period using a terminal GDP based growth rate.

The key assumptions used in the net present value calculation of future cash flows were as follows:

	2011
Five-year growth rate	9%-16%
Post five-year growth rate	3%
Discount rate	17%

At 31 March 2011, based on this valuation, together with subsequent trading in the period following the acquisition, the recoverable amount of goodwill required no impairment.

16. Business combinations

Pöyry Pty Ltd, Pöyry Energy (Aberdeen) Limited and Pöyry Energy AS

On 3 June 2011, the Group acquired the oil and gas business of Pöyry plc (Pöyry). The acquisition included the integration of 130 staff across three locations: Aberdeen, Stavanger (Norway) and Perth (Australia).

The transaction included purchasing the entire share capital of Pöyry Pty Ltd (Perth, Australia), Pöyry Energy (Aberdeen) Limited (Aberdeen, UK) and Pöyry Energy AS (Stavanger, Norway), (together the Pöyry companies).

The acquisition expands the Group's service offering in the oil and gas sector and provides a platform from which to grow in the world's major oil and gas centres. In particular, the acquisition provides increased access to significant gas developments and the liquefied natural gas market in Western Australia.

As at 31 March 2012 the fair values of acquired assets, liabilities and goodwill for this business combination have been determined on a provisional basis, pending finalisation of the post-acquisition review of the fair value of the acquired net assets. Under IFRS 3, *Business combinations*, adjustments to these provisional values can be made within one year of the date of acquisition relating to facts and circumstances that existed at the acquisition date. The finalised position will be reflected in the Group's interim financial statements for the six months ended 30 September 2012.

The goodwill of £12.0m arising from the acquisition is attributable to the extensive complementary skills which enable the combined operation to provide an enhanced offering to clients and extend the Group's reach to new markets in Australia and Norway. None of the goodwill recognised is expected to be deductible for income tax purposes.

Total consideration was made up as follows:

	£m
Cash	15.0
Completion working capital deduction	(0.4)
Total consideration	**14.6**

Provisional fair value amounts recognised as of the acquisition date for each major class of assets and liabilities assumed are as follows:

	£m
Cash	0.9
Property, plant and equipment	0.3
Intangible assets	0.1
Trade and other receivables	4.3
Trade and other payables	(3.4)
Deferred tax assets	0.4
Total identifiable net assets	**2.6**
Goodwill	**12.0**
Total consideration	**14.6**

The fair value of trade and other receivables is £4.3m and includes trade receivables of £2.9m. The gross contractual amount of trade receivables due is £3.0m, £0.1m of which is expected to be uncollectable.

There were no contingent liabilities as at the date of acquisition.

The revenue included in the Group's Consolidated Income Statement since 3 June 2011 contributed by the Pöyry companies was £15.4m. The Pöyry companies also contributed £1.4m profit before tax.

Had the Pöyry companies been consolidated from 1 April 2011, the Group's Consolidated Income Statement would show revenue of £1,713.7m and a profit before tax of £135.5m.

Acquisition costs of £0.4m were charged to Administrative expenses in the Consolidated Income Statement for the year ended 31 March 2012 in relation to the acquisition of the Pöyry companies.

The PBSJ Corporation, Technical Services Scotland and Gimsing & Madsen A/S

During the prior year the Group made several acquisitions. The initial accounting for these at 31 March 2011 had been determined provisionally pending finalisation of the post-acquisition review of the fair value of the acquired net assets. Adjustments to these provisional values have been made in respect of The PBSJ Corporation (acquisition date 1 October 2010) and Technical Services Scotland (acquisition date 11 March 2011). The accounting for the acquisition of Gimsing & Madsen A/S (acquisition date 4 November 2010) has been finalised and no adjustments have been made to the provisional values.

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The PBSJ Corporation
As a result of the finalisation of the accounting for the acquisition of The PBSJ Corporation (PBSJ), goodwill recognised on the transaction was amended from its provisional calculation. The finalised position is given below.

Total consideration was made up as follows:

	$m	£m
Cash	280.0	177.3
Employee shareholder loans forgiven	4.0	2.5
Total consideration	**284.0**	**179.8**

Final fair value amounts recognised as of the acquisition date for each major class of assets and liabilities assumed are as follows:

	$m	£m
Cash	3.6	2.3
Property, plant and equipment	37.1	23.5
Intangible assets	78.0	49.4
Financial assets	17.2	10.9
Trade and other receivables	178.5	113.0
Trade and other payables	(196.0)	(124.0)
Borrowings	(12.3)	(7.8)
Deferred tax liabilities	(26.6)	(17.0)
Total identifiable net assets	**79.5**	**50.3**
Goodwill	**204.5**	**129.5**
Total consideration	**284.0**	**179.8**

The fair value of trade and other receivables is $178.5m (£113.0m) and includes trade receivables of $90.2m (£57.1m). The gross contractual amount of trade receivables due is $93.5m (£59.2m), of which $3.3m (£2.1m) is expected to be uncollectable.

The effect of the adjustments to the provisional values determined at 31 March 2011 is to reduce the fair value of trade and other receivables by $0.2m (£0.1m), to increase the fair value of trade and other payables by $7.5m (£4.9m) and to reduce the fair value of deferred tax liabilities by $2.9m (£1.9m), offset by an increase in goodwill of $4.8m (£3.1m). Certain assets and liabilities have also been reclassified between major classes of assets and liabilities.

The goodwill of £129.5m ($204.5m) arising from the acquisition is attributable to The PBSJ Corporation's long-established market position and highly skilled and educated, assembled workforce, which will enhance the Group. None of the goodwill is expected to be deductible for income tax purposes.

Acquisition costs of £8m were charged to Administrative expenses in the Consolidated Income Statement for the year ended 31 March 2011 in relation to the acquisition of PBSJ.

Technical Services Scotland
As a result of the finalisation of the accounting for the acquisition of Technical Services Scotland, goodwill recognised on the transaction was amended from its provisional calculation. The finalised position is given below.

Total consideration was made up as follows:

	£m
Cash	0.8
Total consideration	**0.8**

Final fair value amounts recognised as of the acquisition date for each major class of assets and liabilities assumed are as follows:

	£m
Property, plant and equipment	0.2
Trade and other payables	(0.1)
Total identifiable net assets	**0.1**
Goodwill	**0.7**
Total consideration	**0.8**

The effect of the adjustments to the provisional values determined at 31 March 2011 is to increase the fair value of trade and other payables by £0.1m, offset by an increase in goodwill of £0.1m.

The goodwill of £0.7m arising from the acquisition is attributable to the extensive complementary skills which enable the Group's combined operations to provide an enhanced offering to clients. The goodwill recognised is expected to be deductible for income tax purposes over a 25 year period.

17. Other intangible assets

					Group
Restated	Acquired customer relationships £m	Corporate information systems £m	Trade names and trademarks £m	Software licences £m	Total £m
Cost at 1 April 2010	1.9	15.6	0.2	11.7	29.4
Additions	–	–	–	5.2	5.2
Acquisition of subsidiary undertakings (note 16)	41.7	–	5.4	2.3	49.4
Disposals	–	–	–	(4.4)	(4.4)
Difference on exchange	(0.5)	–	–	(0.1)	(0.6)
Cost at 31 March 2011	43.1	15.6	5.6	14.7	79.0
Additions	–	–	–	5.1	5.1
Acquisition of subsidiary undertakings (note 16)	–	–	–	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
Amortisation at 1 April 2010	1.9	15.4	0.1	7.3	24.7
Amortisation charge for the year	3.6	0.1	0.7	3.9	8.3
Disposals	–	–	–	(4.2)	(4.2)
Difference on exchange	–	–	–	(0.1)	(0.1)
Amortisation at 31 March 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 at 31 March 2012	10.3	3.0	0.8	9.9	24.0
Net book value at 31 March 2012	**33.3**	**–**	**4.8**	**8.2**	**46.3**
Net book value at 31 March 2011	37.6	0.1	4.8	7.8	50.3

The cost and accumulated amortisation of 'Acquired customer relationships' and 'Trade names and trademarks' at 31 March 2011 have been restated to reflect the disclosure of 'Trade names and trademarks', previously shown within 'Acquired customer relationships' as a separate class of intangible asset.

Included within 'Trade names and trademarks' are costs of £0.2m (2011: £0.2m) in respect of intellectual property rights. These costs were fully amortised at 31 March 2012 and 2011.

Included within 'Acquired customer relationships' are costs of £5.4m (2011: £5.4m) in respect of backlog orders, arising from the acquisition of The PBSJ Corporation on 1 October 2010. At 31 March 2012, the net book value of these backlog orders is £0.6m (2011: £3.1m) and their remaining amortisation life is 1.5 years. The remaining amortisation life of the other assets included within 'Acquired customer relationships' is 18.5 years.

The amortisation charge for the year of £9.5m (2011: £8.3m) is included in Administrative expenses in the Consolidated Income Statement.

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18. 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 2010	10.1	22.0	97.5	129.6
Additions	–	2.8	8.2	11.0
Acquisition of subsidiary undertakings (note 16)	9.6	5.0	9.1	23.7
Disposals	(0.4)	(1.6)	(37.5)	(39.5)
Difference on exchange	–	(0.2)	(1.4)	(1.6)
Cost at 31 March 2011	19.3	28.0	75.9	123.2
Additions	1.5	2.3	13.2	17.0
Acquisition of subsidiary undertakings (note 16)	–	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
Depreciation at 1 April 2010	7.4	13.4	69.9	90.7
Depreciation charge for the year	0.2	3.2	12.5	15.9
Disposals	(0.2)	(1.1)	(33.7)	(35.0)
Difference on exchange	–	(0.1)	(1.1)	(1.2)
Depreciation at 31 March 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
Net book value at 31 March 2012	**13.0**	**10.8**	**27.7**	**51.5**
Net book value at 31 March 2011	11.9	12.6	28.3	52.8

The market value of freehold land and buildings is estimated at £16.5m (2011: £19.4m).

Included in plant, machinery and vehicles above are equipment and vehicles held under finance leases and hire purchase contracts as follows:

	2012 £m	2011 £m
Cost	**13.8**	13.3
Accumulated depreciation	**(7.4)**	(6.9)
Net book value	**6.4**	6.4

Additions to property, plant and equipment funded by finance leases were £2.0m (2011: £0.1m).

19. Investments in subsidiaries

	Company Total £m
Cost at 1 April 2010	164.1
Additions	11.1
Cost at 31 March 2011	175.2
Additions	11.7
Disposals[1]	–
Cost at 31 March 2012	186.9
Impairment at 1 April 2010, 31 March 2011	0.8
Disposals[1]	–
Impairment at 31 March 2012	0.8
Net book value at 31 March 2012	**186.1**
Net book value at 31 March 2011	174.4

1. During the year the Company disposed of its investment in Atkins Facilities Management Limited with a cost of £35,000 which had been fully provided against. Further details in respect of the disposal are given in note 9.

The Group's principal subsidiaries are disclosed in note 41.

During both the current and prior year, the Company increased its investment in Atkins Investments UK Limited in order to enable Atkins Investments UK Limited to fulfil its obligation to make shareholder contributions to Connect Plus (M25) Intermediate Limited, (note 23).

20. Deferred income tax

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same fiscal authority and there is a legally enforceable right to settle tax assets and liabilities on a net basis. The offset amounts are as follows:

	Group 2012 £m	Restated 2011 £m
Deferred tax assets:		
– deferred tax assets to be recovered after more than 12 months	**79.6**	103.6
– deferred tax assets to be recovered within 12 months	**4.6**	11.7
	84.2	115.3
Deferred tax liabilities:		
– deferred tax liabilities to be recovered after more than 12 months	**(16.1)**	(14.7)
– deferred tax liabilities to be recovered within 12 months	**(2.7)**	(5.6)
	(18.8)	(20.3)
Deferred tax assets (net)	**65.4**	95.0

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a) Net deferred tax assets/(liabilities)

	2012 £m	Group Restated 2011 £m
Accelerated depreciation	**11.2**	12.2
Share-based payments	**3.1**	3.3
Deferred tax asset on post-employment benefit liabilities	**63.7**	88.5
Deferred income	**(8.1)**	(10.0)
Amortisation of intangibles on acquisitions	**(14.8)**	(16.3)
Other temporary differences	**10.3**	17.3
Total deferred income tax	**65.4**	95.0

b) Analysis of movements during the year

	2012 £m	Group Restated 2011 £m
Deferred tax assets at 1 April	**95.0**	149.4
Deferred tax charged to the income statement (note 8)	**(17.7)**	(9.9)
Deferred tax on acquisitions	**0.4**	(16.8)
Deferred tax charged to equity	**(12.2)**	(27.8)
Foreign exchange difference on deferred tax	**(0.1)**	0.1
Deferred tax assets at 31 March	**65.4**	95.0

Following the March 2011 Budget Statement, the main rate of UK corporation tax was reduced to 26% from 1 April 2011. Finance Act 2011 enacted a reduction in the rate to 25% applicable from 1 April 2012. An additional 1% reduction was announced in the March 2012 Budget Statement resulting in a tax rate of 24% from 1 April 2012. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 22% by 1 April 2014 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 in the main rate of UK corporation tax by 1% per year to 22% by 1 April 2014 are expected to be enacted separately each year. The overall effect of the further changes from 24% to 22%, if these applied to the deferred tax balance at 31 March 2012, would be to reduce the net deferred tax asset by approximately £6.2m (being £3.1m recognised in 2013 and £3.1m recognised in 2014).

During the prior year the Group made several acquisitions. The initial accounting for these at 31 March 2011 had been determined provisionally. Adjustments to these provisional values have since been made in respect of The PBSJ Corporation, as stated in note 16. The effect of these adjustments is that the value of deferred income tax assets at 31 March 2011 has been restated from £93.1m to £95.0m. Additionally, following a review of the offset available for deferred tax assets and liabilities in the various jurisdictions the comparatives have been restated.

21. Available-for-sale financial assets

	2012 £m	Group 2011 £m
At 1 April	**–**	–
Additions	**4.5**	–
Net gains transferred to other comprehensive income	**1.6**	–
At 31 March	**6.1**	–

Available-for-sale financial assets comprise unlisted corporate bonds with a fixed annual return of 10% and maturity date of 25 August 2016. The bonds are denominated in UAE dirham and their fair value is based on recent market transactions.

The maximum exposure to credit risk at the reporting date is the carrying value of the corporate bonds classified as available-for-sale.

None of these financial assets is either past due or impaired.

22. Derivative financial instruments

The table below shows the fair value of forward currency contracts at the year end, based on their market value:

	2012 Assets £m	2012 Liabilities £m	Group 2011 Assets £m	Group 2011 Liabilities £m
Current	**0.4**	**(1.7)**	0.2	(0.5)
Between one and two years	**0.2**	**(1.2)**	0.1	(0.3)
Between two and five years	**0.1**	**(1.3)**	0.1	(0.3)
Non-current	**0.3**	**(2.5)**	0.2	(0.6)
Total	**0.7**	**(4.2)**	0.4	(1.1)

The notional principal amounts of the outstanding forward foreign exchange contracts at 31 March 2012 and 2011 are as follows:

	2012 Sell £m	2012 Buy £m	Group 2011 Sell £m	Group 2011 Buy £m
Forward contracts to purchase GBP, sell EUR	**13.3**	**(14.0)**	16.4	(16.5)
Forward contracts to purchase GBP, sell USD	**7.8**	**(7.9)**	0.2	(0.2)
Forward contracts to purchase GBP, sell NOK	**0.8**	**(0.8)**	0.5	(0.5)
Forward contracts to purchase GBP, sell CAD	**0.3**	**(0.2)**	0.4	(0.4)
Forward contracts to purchase GBP, sell SGD	**0.1**	**(0.1)**	–	–
Forward contracts to purchase GBP, sell AUD	**0.1**	**(0.1)**	0.3	(0.3)
Forward contracts to purchase GBP, sell ZAR	**–**	**–**	0.5	(0.4)
Forward contracts to purchase INR, sell GBP	**36.2**	**(33.3)**	26.4	(26.8)
Forward contracts to purchase NOK, sell GBP	**0.1**	**(0.1)**	–	–
Forward contracts to purchase PLN, sell EUR	**0.6**	**(0.6)**	4.3	(4.3)

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.

	2012 Inflow £m	2012 Outflow £m	2012 Net £m	Group 2011 Inflow £m	Group 2011 Outflow £m	Group 2011 Net £m
Current	**37.4**	**(38.6)**	**(1.2)**	26.2	(26.5)	(0.3)
Between one and two years	**10.1**	**(11.2)**	**(1.1)**	12.9	(13.1)	(0.2)
Between two and five years	**8.5**	**(9.7)**	**(1.2)**	9.2	(9.4)	(0.2)
Non-current	**18.6**	**(20.9)**	**(2.3)**	22.1	(22.5)	(0.4)
Total	**56.0**	**(59.5)**	**(3.5)**	48.3	(49.0)	(0.7)

The Group did not use any derivative instruments during the year other than forward currency contracts and foreign exchange swaps to hedge foreign currency receipts and payments on current contracts.

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.

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23. Other receivables

	Group 2012 £m	Group 2011 £m	Company 2012 £m	Company 2011 £m
Non-current assets:				
Loan notes receivable	**26.4**	27.4	**8.2**	7.3
Impairment of loan notes receivable	**(8.2)**	(7.3)	**(8.2)**	(7.3)
	18.2	20.1	**–**	–

During the year the Group acquired £4.9m of additional interest-bearing loan notes in Connect Plus (M25) Intermediate Limited (2011: £5.4m), 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 42 and Connect Plus (M25) Intermediate Limited is considered a related party of the Group.

As at 31 March 2012 the Group held £18.2m of interest-bearing load notes in Connect Plus (M25) Intermediate Limited (2011: £13.3m), the remaining £1.8m (2011: £6.7m) being covered by a letter of credit. These loan notes mature in 2039.

Loan notes of £6.9m relating to RMPA Holdings Limited have been reclassified from other receivables at 31 March 2012 and classified as an asset held for sale, (note 10).

Loan notes receivable of £8.2m arising on the disposal of LSH (which have no fixed redemption date) have been provided against in full.

None of the other receivables are past due.

24. Inventories

	Group 2012 £m	Group 2011 £m
Raw materials and consumables	**1.1**	0.8

The directors consider that the carrying amount of inventories approximates their fair value.

There were no amounts of inventories written off during the year (2011: £nil).

25. Trade and other receivables

	Group 2012 £m	Group Restated 2011 £m	Company 2012 £m	Company 2011 £m
Current assets:				
Trade receivables	**310.9**	313.6	**–**	–
Less: Provision for impairment of receivables	**(24.6)**	(30.5)	**–**	–
Trade receivables – net	**286.3**	283.1	**–**	–
Amounts recoverable on contracts	**111.4**	98.1	**–**	–
Amounts due from subsidiary undertakings (note 40)	**–**	–	**159.9**	89.3
Amounts due from joint ventures (note 40)	**5.2**	8.3	**–**	–
Other receivables	**25.3**	23.2	**–**	–
Prepayments and accrued income	**17.1**	20.9	**–**	–
	445.3	433.6	**159.9**	89.3

During the prior year the Group made several acquisitions. The initial accounting for these at 31 March 2011 had been determined provisionally. Adjustments to these provisional values have since been made in respect of The PBSJ Corporation, as stated in note 16. The effect of these adjustments is that the value of trade and other receivables at 31 March 2011 has been restated from £433.7m to £433.6m.

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

At 31 March 2012 £160.0m (2011: £165.7m) of trade receivables were within normal payment terms and considered to be fully performing. A further £89.8m (2011: £85.7m) were past due and aged up to six months from invoice date and carried a provision for impairment of £1.0m (2011: £3.6m). Trade receivables aged beyond six months of invoice date totalled £61.1m (2011: £62.2m) and carried a provision for impairment of £23.6m (2011: £26.9m).

Movements in the Group provision for impairment of trade receivables were as follows:

	Group 2012 £m	Group 2011 £m
Provision for impairment at beginning of year	**(30.5)**	(42.4)
Increase in provisions	**(5.7)**	(7.1)
Release of provisions	**6.9**	16.0
Receivables written off as uncollectable	**4.7**	1.7
Difference on exchange	**–**	1.3
Provision for impairment at end of year	**(24.6)**	(30.5)

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.

26. 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 22.

The following table presents the Group's financial assets measured at fair value through profit or loss.

	2012 Level 1 £m	2012 Level 2 £m	2012 Total £m	2011 Level 1 £m	2011 Level 2 £m	2011 Total £m
Certificates of deposit	**–**	**16.0**	**16.0**	–	9.8	9.8
Floating rate notes	**2.8**	**–**	**2.8**	2.0	–	2.0
Fixed interest securities	**12.2**	**–**	**12.2**	19.1	–	19.1
UK treasury bills	**0.6**	**–**	**0.6**	1.2	–	1.2
Life insurance policies	**–**	**3.4**	**3.4**	–	2.6	2.6
Marketable securities	**15.6**	**19.4**	**35.0**	22.3	12.4	34.7

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 2012 or 2011.

27. Cash and cash equivalents

	Group 2012 £m	Group 2011 £m	Company 2012 £m	Company 2011 £m
Cash at bank and in hand	**71.3**	70.0	**10.6**	–
Short term bank deposits	**95.7**	51.5	**–**	–
	167.0	121.5	**10.6**	–

The effective interest rate on cash and cash equivalents was 0.6% (2011: 0.3%).

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28. Borrowings

	Group 2012 £m	Group 2011 £m	Company 2012 £m	Company 2011 £m
Current				
Hire purchase and finance leases	**1.7**	2.1	**–**	–
Bank loans	**104.0**	46.3	**104.0**	46.3
	105.7	48.4	**104.0**	46.3
Non-current				
Hire purchase and finance leases	**4.9**	4.6	**–**	–
	4.9	4.6	**–**	–

The directors consider that the carrying amount of current borrowings approximates their fair value.

The maturity profile of the carrying amount of non-current borrowings was as follows:

	Group 2012 £m	Group 2011 £m
Repayable:		
– between one and two years	**1.5**	1.5
– between two and five years	**2.7**	2.9
– after more than five years	**0.7**	0.2
	4.9	4.6

The carrying amount of borrowings are denominated in the following currencies:

	2012 Bank loans £m	2012 Hire purchase and finance leases £m	2012 Total £m	Group 2011 Bank loans £m	Group 2011 Hire purchase and finance leases £m	Group 2011 Total £m
Sterling	**–**	**6.5**	**6.5**	5.0	6.7	11.7
US dollar	**104.0**	**0.1**	**104.1**	41.3	–	41.3
	104.0	**6.6**	**110.6**	46.3	6.7	53.0

The minimum lease payments under finance leases fall due as follows:

	Group 2012 £m	Group 2011 £m
Not later than one year	**2.0**	2.3
Later than one year but not more than five years	**4.5**	4.6
More than five years	**0.6**	0.2
	7.1	7.1
Future finance charges on finance leases	**(0.5)**	(0.4)
Present value of finance lease payables	**6.6**	6.7

Finance leases are on a fixed repayment basis, with interest rates fixed at the contract date. The average effective borrowing rate was 6.1% (2011: 6.2%) over a weighted average remaining period of 59 months (2011: 51 months).

Borrowing facilities
The Group has the following undrawn committed borrowing facilities available at 31 March expiring as follows:

	2012 £m	Group 2011 £m
Between two and five years	**35.4**	88.8

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. The total letters of credit in issue at 31 March 2012 was £10.6m (31 March 2011: £14.9m).

The Group's banking facilities include a number of financial and non-financial covenants. Compliance with these covenants is monitored. As at 31 March 2012, and since, none of these covenants had been breached.

After the balance sheet date, but before the date of signing the Financial Statements, the Group raised $75m (£46.7m) through the successful execution of its debut issue in the US private placement market. The proceeds are intended to be used to repay drawn funds under the Group's existing banking facilities and for general corporate purposes.

29. Trade and other payables

	Group 2012 £m	Group Restated 2011 £m	Company 2012 £m	Company 2011 £m
Current liabilities:				
Trade payables	**87.8**	96.9	**–**	–
Fees invoiced in advance	**173.1**	169.6	**–**	–
Amounts due to subsidiary undertakings (note 40)	**–**	–	**84.5**	69.9
Social security and other taxation	**32.5**	33.8	**–**	–
Deferred consideration on acquisitions	**–**	0.8	**–**	–
Deferred PFI/PPP bid costs recovered and development fees	**3.2**	0.2	**–**	–
Accruals and deferred income	**175.2**	189.6	**0.3**	–
Other payables	**34.3**	30.5	**–**	0.1
	506.1	521.4	**84.8**	70.0

During the prior year the Group made several acquisitions. The initial accounting for these at 31 March 2011 had been determined provisionally. Adjustments to these provisional values have since been made in respect of The PBSJ Corporation and Technical Services Scotland as stated in note 16. The effect of these adjustments is that the value of trade and other payables at 31 March 2011 has been restated from £516.5m to £521.4m.

The prior year balance for deferred consideration represents £0.5m outstanding in respect of Bennett and £0.3m in respect of Trafimark. These amounts were paid during the year.

The directors consider that the carrying value of the Group's trade and other payables approximates their fair value.

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30. Provisions for other liabilities and charges

	Onerous contracts £m (2012)	Vacant property £m (2012)	Total £m (2012)	Onerous contracts £m (Group 2011)	Vacant property £m (Group 2011)	Total £m (Group 2011)
Current	–	**3.6**	**3.6**	0.4	6.0	6.4
Between one and two years	–	**2.3**	**2.3**	0.1	4.3	4.4
Between two and five years	–	**3.0**	**3.0**	0.4	4.3	4.7
Over five years	–	**1.5**	**1.5**	2.3	1.3	3.6
Non-current	–	**6.8**	**6.8**	2.8	9.9	12.7
Total	–	**10.4**	**10.4**	3.2	15.9	19.1

Group	Onerous contracts £m	Vacant property £m	Total £m
Balance at 1 April 2011	3.2	15.9	19.1
Charge to income statement	–	6.2	6.2
Provisions utilised	–	(7.0)	(7.0)
Provisions released	–	(4.8)	(4.8)
Unwinding of discount	0.2	0.1	0.3
Transferred on disposal	(3.4)	–	(3.4)
Balance at 31 March 2012	**–**	**10.4**	**10.4**

The onerous contracts and vacant property provisions are discounted. No provision has been released or utilised for any purpose other than that for which it was established.

The onerous contracts provision in the prior year related to PFI school and hospital facilities management contracts in the UK segment, relating to the Asset Management business. This business was disposed of during the year (note 9).

The vacant property provision is expected to be utilised over the next 11 years (2011: 11 years).

As at 31 March 2012, the Company held no provisions (2011: £nil).

31. Post-employment benefit liabilities
The Group's post-employment benefit liabilities are analysed below:

Group	2012 £m	2011 £m
Retirement benefit liabilities	**251.1**	337.8
Other post-employment benefit liabilities	**14.2**	12.5
	265.3	350.3

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.

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 is £30.9m and this has been recognised as a curtailment gain in the year ended 31 March 2012.

In addition, primarily to reduce further future volatility of any deficit, 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 reduction in the past service liability was £1.5m and the reduction of the assets was £1.3m, giving rise to a settlement gain of £0.2m which has been recognised in the year ended 31 March 2012.

A further 248 members elected to transfer their benefits prior to 31 March 2012, although the actual transfers had not occurred by this date. An allowance for this has been made in these disclosures. Estimated assets of £14.0m are to be transferred alongside £15.6m of liabilities which gives rise to a settlement gain of £1.6m reflected in the Consolidated Income Statement and an equal reduction in the defined benefit obligation.

As a result of the sale of the UK Asset Management business during the year, certain active members left the Building Management Section of the Plan on 30 November 2011. The individuals retain their past service accrued benefits in the Plan, however a curtailment gain arises under IAS 19 as the link to future salary increases for these members was broken at the time of the sale. The reduction in the past service liability for this event was £0.6m and this has been recognised as a curtailment gain in the year ended 31 March 2012.

In the previous year, on 8 July 2010, the UK Government announced that private sector pension schemes should be able to link inflationary pension increases to the Consumer Price Index (CPI) rather than the Retail Price Index (RPI). For the Railways Pension Scheme, the rules of the scheme imply that the move from RPI to CPI would impact the increases granted to pensions in payment and to increases granted to deferred pensions. Calculations for the Railways Pension Scheme are therefore based on a CPI-based inflation assumption. The effect of this change in the year ended 31 March 2011 was to reduce the liabilities by £27m. The Plan continues to apply RPI for the purpose of indexation.

The Atkins McCarthy Pension Plan is also closed to future accrual of benefits for members who do not benefit from a statutory or contractual right to a final salary pension. These members transferred to the Personal Retirement Savings Accounts – Ireland (PRSA – Irish Life) scheme.

The defined benefit sections of all pension schemes are closed to new entrants, who are offered membership of the defined contribution scheme.

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**	
	2012 No.	2011 No.	**2012 No.**	2011 No.	**2012 No.**	2011 No.	**2012 No.**	2011 No.
Members	**17**	62	**236**	277	**6,579**	7,167	**760**	731
Restricted members	**–**	1,393	**–**	–	**–**	–	**–**	–
Deferred pensioners	**7,703**	6,535	**325**	319	**8,036**	6,893	**1,260**	1,251
Pensioners	**3,143**	2,937	**315**	291	**–**	–	**–**	–
	10,863	10,927	**876**	887	**14,615**	14,060	**2,020**	1,982

Restricted members in 2011 consisted of staff who were no longer accruing final salary benefits but who retained their entitlement to pensions linked to final salary based on years of service accumulated prior to the closure of the scheme to future accrual. As a result of the exercise to remove the link between individual employees' accrued pension and future increases in salary, these staff are now disclosed as deferred pensioners. In both cases, these staff are also included where appropriate within defined contribution schemes.

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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:

	2012	2011
Price inflation		
Retail Price Inflation (RPI)	**3.30%**	3.60%
Consumer Price Inflation (CPI)	**2.30%**	2.60%
Rate of increase of pensions in payment		
Limited Price Indexation (RPI-based)	**3.30%**	3.60%
Limited Price Indexation (CPI-based)	**2.30%**	2.60%
Limited Price Indexation to 2.5%	**2.50%**	2.50%
Fixed	**5.00%**	5.00%
Rate of increase in salaries		
Atkins Pension Plan	**4.80%**	5.10%
Railways Pension Scheme (Uncapped)	**5.55%**	5.85%
Railways Pension Scheme (Capped)	**3.30%**	3.60%
Rate of increase for deferred pensioners		
Atkins Pension Plan	**3.30%**	3.60%
Railways Pension Scheme	**2.30%**	2.60%
Discount rate	**5.20%**	5.60%
Expected rate of return on plan assets	**6.30%**	6.60%
Expected rate of social security increases	**3.30%**	3.60%
Longevity at age 65 for current pensioners		
Men	**23.8 years**	23.5 years
Women	**25.7 years**	25.5 years
Longevity at age 65 for future pensioners (current age 45)		
Men	**26.1 years**	25.9 years
Women	**28.1 years**	27.8 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:

2012	**Atkins Pension Plan £m**	**Railways Pension Scheme £m**	**Other £m**	**Total £m**
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 cost/(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 cost	**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 20)	**(13.5)**	**0.1**	**–**	**(13.4)**
Actuarial gain/(loss) (net of deferred tax)	**28.0**	**(2.5)**	**(0.6)**	**24.9**

2011	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
Current service cost	1.8	3.9	–	5.7
Total charge	1.8	3.9	–	5.7
Finance cost/(income)				
Interest cost	58.9	12.7	0.4	72.0
Expected return on plan assets	(46.5)	(10.4)	(0.4)	(57.3)
Net finance cost	12.4	2.3	–	14.7
Total charge to income statement for defined benefit schemes	14.2	6.2	–	20.4
Charge for defined contribution schemes	–	–	32.1	32.1
Total charge to income statement	14.2	6.2	32.1	52.5
Statement of comprehensive income				
(Loss)/gain on pension scheme assets	(3.9)	1.6	(0.2)	(2.5)
Changes in assumptions	43.9	43.0	1.3	88.2
Actuarial gain	40.0	44.6	1.1	85.7
Deferred tax charged to equity (note 20)	(15.1)	(12.7)	–	(27.8)
Actuarial gain (net of deferred tax)	24.9	31.9	1.1	57.9

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.

2012	**Atkins Pension Plan £m**	**Railways Pension Scheme £m**	**Other £m**	**Total £m**
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)**

2011	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
Defined benefit obligation	(1,074.4)	(201.0)	(6.7)	(1,282.1)
Fair value of plan assets	779.6	158.4	6.3	944.3
Retirement benefit liabilities	(294.8)	(42.6)	(0.4)	(337.8)

Other includes the Atkins McCarthy defined benefit pension scheme and an unfunded pension obligation in relation to a former director, for £0.8m (2011: £0.7m).

The major categories of plan assets as a percentage of total plan assets are as follows:

2012	**Expected asset return %**	**Atkins Pension Plan %**	**Atkins Pension Plan £m**	**Railways Pension Scheme %**	**Railways Pension Scheme £m**
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**

2011	Expected asset return %	Atkins Pension Plan %	Atkins Pension Plan £m	Railways Pension Scheme %	Railways Pension Scheme £m
Equities	7.80	52.7	410.9	61.2	97.0
Bonds	5.10	41.8	326.2	28.7	45.4
Property	6.50	4.9	38.1	9.8	15.6
Other/cash	3.80	0.6	4.4	0.3	0.4
		100.0	779.6	100.0	158.4

The plan assets do not include any of the Group's own financial instruments or property occupied by the Group.

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Movements in the present value of the defined benefit obligation are as follows:

2012	**Atkins Pension Plan £m**	**Railways Pension Scheme £m**	**Other £m**	**Total £m**
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**

2011	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
Defined benefit obligation at beginning of year	1,080.2	234.6	7.9	1,322.7
Service cost	1.8	3.9	–	5.7
Interest cost	58.9	12.7	0.4	72.0
Change of assumptions	(43.9)	(43.0)	(1.3)	(88.2)
Employee contributions	0.1	1.8	–	1.9
Benefit payments	(22.7)	(9.0)	(0.2)	(31.9)
Difference on exchange	–	–	(0.1)	(0.1)
Defined benefit obligation at end of year	1,074.4	201.0	6.7	1,282.1

Movements in the fair value of plan assets are as follows:

2012	**Atkins Pension Plan £m**	**Railways Pension Scheme £m**	**Other £m**	**Total £m**
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**

2011	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
Fair value of plan assets at beginning of year	725.9	150.7	6.1	882.7
Expected return on plan assets	46.5	10.4	0.4	57.3
Employer contributions	33.7	2.9	0.2	36.8
Employee contributions	0.1	1.8	–	1.9
Benefits paid	(22.7)	(9.0)	(0.2)	(31.9)
Actuarial (loss)/gain	(3.9)	1.6	(0.2)	(2.5)
Fair value of plan assets at end of year	779.6	158.4	6.3	944.3

Movements in the retirement benefit liabilities are as follows:

2012	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
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 cost	**(10.6)**	**(0.4)**	**0.1**	**(10.9)**
Curtailment 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)**

2011	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
Retirement benefit liabilities at beginning of year	(354.3)	(83.9)	(1.8)	(440.0)
Service cost	(1.8)	(3.9)	–	(5.7)
Net finance cost	(12.4)	(2.3)	–	(14.7)
Contributions	33.7	2.9	0.2	36.8
Actuarial gain	40.0	44.6	1.1	85.7
Difference on exchange	–	–	0.1	0.1
Retirement benefit liabilities at end of year	(294.8)	(42.6)	(0.4)	(337.8)

Cumulative net actuarial losses recognised in equity are as follows:

2012	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
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)**

2011	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
At beginning of year	(248.7)	(60.5)	(2.6)	(311.8)
Net actuarial gain recognised in the year	40.0	44.6	1.1	85.7
At end of year	(208.7)	(15.9)	(1.5)	(226.1)

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The return on plan assets is as follows:

2012	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
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**

2011	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
Expected return on plan assets	46.5	10.4	0.4	57.3
Experience (loss)/gain on plan assets	(3.9)	1.6	(0.2)	(2.5)
Actual return on plan assets	42.6	12.0	0.2	54.8

History of experience gains and losses:

	2012 Total	2011 Total	2010 Total	2009 Total	2008 Total
Experience gain/(loss) on scheme assets	**£83.8m**	£(2.5)m	£125.2m	£(194.2)m	£(88.1)m
Percentage of scheme assets	**7.8 %**	(0.3)%	14.2%	(27.5)%	(10.9)%
Experience gain/(loss) on scheme liabilities	**£4.4m**	£43.8m	£(0.3)m	£9.1m	£20.7m
Percentage of defined benefit obligation	**(0.3)%**	(3.4)%	–	(0.9)%	(2.0)%
Defined benefit obligation	**£(1,329.8)m**	£(1,282.1)m	£(1,322.7)m	£(1,003.4)m	£(1,021.9)m
Fair value of plan assets	**£1,078.7m**	£944.3m	£882.7m	£705.0m	£808.8m
Retirement benefit liability	**£(251.1)m**	£(337.8)m	£(440.0)m	£(298.4)m	£(213.1)m

The Group expects employer contributions to be paid during the financial year to 31 March 2012 to be circa £29.3m, of which £26.0m is in relation to the funding of the actuarial deficit, and employee contributions paid to be circa £1.6m. Expected benefit payments made directly by the Group to pensioners in the financial year to 31 March 2013 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 7.0%	increase/decrease 8.0%
Real rate of increase in salaries	increase/decrease 0.5%	increase/decrease 2.0%	increase/decrease 2.0%
Longevity	increase 1 year	increase 3.0%	increase 2.0%

The effect of the change in inflation on liabilities assumes a corresponding increase 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 plan providing some key officers and employees in its North American business (the business) with post-retirement benefits, known as a 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 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.

	2012 £m	Group 2011 £m
Other post-employment obligation at beginning of year	**12.5**	10.5
Acquired post-employment obligation from business combination	**–**	3.2
Service cost and other comprehensive income	**3.5**	2.3
Interest cost	**0.6**	0.5
Benefit payments	**(2.5)**	(3.2)
Difference on exchange	**0.1**	(0.8)
Other post-employment obligation at end of year	**14.2**	12.5

The main assumptions used for the IAS 19 valuation of other post-employment benefits are listed in the table below.

	2012	2011
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	**2.05%**	2.95%
Medical plan		
Discount rate	**4.60%**	5.25%
Healthcare cost trend rate for next year	**8.00%**	8.00%
Rate to which the cost trend rate is assumed to decline	**5.00%**	5.00%
Year that rate reaches ultimate trend rate	**2018**	2017

32. Other non-current liabilities

	2012 £m	Group 2011 £m
Deferred PFI/PPP bid costs recovered, deferred consideration and development fees:		
Maturing between one and two years	**0.1**	0.3
Maturing between two and five years	**0.2**	0.7
Maturing after more than five years	**1.3**	4.3
	1.6	5.3

£3.0m of success fees have been 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 next financial year.

33. Ordinary shares

	No. shares	2012 £m	No. shares	Group and Company 2011 £m
Authorised ordinary shares of 0.5p each				
At 1 April	**n/a[1]**	**n/a[1]**	180,000,000	0.9
At 31 March	**n/a[1]**	**n/a[1]**	n/a[1]	n/a[1]
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

1. On 9 September 2010, the Company passed a resolution adopting new Articles of Association of the Company. From 1 October 2009, the Companies Act 2006 abolished the requirement for a company to have an authorised share capital and hence the Company's new Articles of Association do not include an authorised share capital.

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At the 2011 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 15 June 2011) for a period ending on the earlier of the next AGM or 8 December 2012, 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 1 August 2012 proposes that shareholders approve a resolution updating and renewing this authority. Shares in the Company may also be purchased by Atkins' Employee Benefit Trusts.

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 2012 (2011: nil). The 4,341,000 treasury shares, which represent approximately 4.2% of the total (2011: 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.

34. Share-based payments

Long Term Incentive Plans

Atkins Long Term Incentive Plan (LTIP) September 2006 onwards

A share plan for senior executives and key employees used to make awards to employees that are settled in equity or, in limited circumstances, in cash. There are different performance targets for different categories of management. Awards made to executive directors and senior employees have 50% of the award 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 award 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 award made to executive directors and senior employees is subject to the Company's real growth in underlying/normalised earnings per share (EPS) over the performance period. For the 2006 and subsequent awards, the growth target required the increase to be more than 10% per annum above the UK Retail Price Index (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. A sliding scale operates between 4% and 10% above the UK RPI.

Awards made to other participants are subject solely to the EPS condition. As a general rule, awards made 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 award, without interest.

Atkins Long Term Incentive Plan (LTIP) September 2003 to August 2006

A share plan for senior executives and key employees used to make 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 award if TSR fell below the median. The EPS underpin was the UK RPI plus 2% per annum. As a general rule, awards made 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.

Deferred Share Plans

Atkins Deferred Bonus Plan (DBP)

A share plan for senior executives and key employees used to make 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 award. As a general rule, awards made 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 award, without interest.

Atkins Deferred Share Plan (DSP)

A share plan for senior executives and key employees used to make awards to employees that are settled in equity or in cash. There is no performance condition but awards are restricted for a set period, fixed by the Remuneration Committee at grant, from the date of the award. As a general rule, awards made 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. Awards may be granted to an executive director under the plan but only in connection with the deferral of an annual bonus entitlement. Awards may also be granted under the plan to employees that do not form part of their annual bonus. Subject to vesting, participants are entitled to receive the benefit of dividends declared following award, without interest.

The Group's share-based payments charge for the year of £7.4m (2011: £6.5m) 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:

	2012 £m	Group 2011 £m
Total expense recognised for equity-settled share-based payment transactions	**6.4**	5.7
Total expense recognised for cash-settled share-based payment transactions	**1.0**	0.8
	7.4	6.5
Closing balance of liability for cash-settled share-based payment transactions	**2.1**	2.0

As at 31 March 2012 the following awards were outstanding:

	LTIPs No.	LTIPs Weighted average exercise/ transfer price	DBP/DSP No.	DBP/DSP Weighted average exercise/ transfer price
Awards outstanding at 1 April 2010	1,419,738	0.23p	2,314,285	–
Granted	230,192	–	1,190,558	–
Exercised/transferred	(399,210)	–	(570,935)	–
Lapsed	(106,338)	–	(1,446)	–
Forfeited	(43,769)	–	(68,376)	–
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 31 March 2012	**745,567**	–	**2,986,816**	–

The weighted average share price at the date of exercise was 711.00 pence (2011: 720.38 pence).

A summary of awards outstanding as at 31 March 2012 is as follows:

Scheme	Award date	Exercise price	Scheme maturity	Maximum term	Weighted average remaining contractual life	Awards outstanding at 31 March 2012	Awards exercisable at 31 March 2012
LTIPs							
LTIP (September 2006 TSR/EPS onwards)	11/09/2006 to 20/06/2011	0.0p	3 years	3 to 10 years	7.55 years	612,371	17,782
LTIP (September 2006 EPS onwards)	11/09/2006 to 30/11/2007	0.0p	3 years	3 to 10 years	5.08 years	120,146	120,146
LTIP (September 2003 to August 2006)	17/09/2003 to 25/06/2004	0.0p	3 to 4 years	10 years	2.00 years	13,050	13,050
DSPs							
DBP	26/08/2002 to 19/06/2009	0.0p	3 years	10 years	4.60 years	164,633	127,729
DSP	29/06/2007 to 22/11/2011	0.0p	1 to 3 years	2 to 10 years	7.06 years	2,822,183	509,976

On 20 June 2011 the Company issued awards over 202,648 shares to employees under the LTIP and 788,951 shares to employees under the DSP.

On 22 November 2011 the Company issued awards over 86,308 shares to employees under the DSP.

At 31 March 2012 the Company's Employee Benefit Trusts held a beneficial interest in 2,589,261 shares (2011: 2,105,603 shares)

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at a nominal value of £0.0m (2011: £0.0m) and market value of £19.0m (2011: £14.8m).

For the purposes of valuing LTIP awards with market performance conditions, the Monte Carlo model has been used to arrive at the share-based payments charge. The assumptions used in the model are as follows:

	LTIP 2012	LTIP 2011
Exercise price	**£nil**	£nil
Risk-free interest rate	**n/a**	1%
Discount in respect of dividend yield	**0%**	0%
Volatility of share price	**38.0%**	39.0%
Share price at grant date:		
– 21/06/2010	**698.5p**	698.5p
– 20/06/2011	**760.0p**	–
Expected term	**3 years from grant date**	3 years from grant date

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 equates to a three-year share price history (2011: 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 and 2011 the comparator group consisted of the FTSE 250 excluding investment trusts. 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 dividends during the vesting period.

The weighted average fair value of awards granted during the year was 723.04 pence (2011: 685.14 pence).

35. Cash generated from continuing operations

	Group 2012 £m	Group 2011 £m	Company 2012 £m	Company 2011 £m
Profit for the year	**106.8**	72.6	**42.7**	32.1
Adjustments for:				
Income tax (note 8)	**28.7**	18.4	**–**	–
Finance income (note 7)	**(4.1)**	(3.9)	**(1.9)**	(1.9)
Finance cost (note 7)	**14.9**	18.0	**2.5**	1.7
Share of post-tax (profit)/loss from joint ventures (note 4)	**(1.9)**	1.9	**–**	–
Other non-cash costs	**(2.9)**	5.1	**–**	–
Depreciation charges	**17.1**	15.9	**–**	–
Profit on disposal of subsidiary undertaking (note 9)	**(7.2)**	–	**(9.2)**	–
Amortisation charges	**9.5**	8.3	**–**	–
Release of deferred income	**(0.2)**	(0.3)	**–**	–
Share-based payment charge (note 34)	**6.4**	5.7	**–**	–
Pensions settlement and curtailment gain (note 31)	**(33.3)**	–	**–**	–
Loss on disposal of property, plant and equipment	**0.5**	0.2	**–**	–
Dividends received	**–**	–	**(2.2)**	(3.9)
Movement in provisions (note 30)	**(5.7)**	(3.8)	**–**	–
Movement in inventories (note 24)	**(0.3)**	0.1	**–**	–
Movement in trade and other receivables (note 25)	**(19.5)**	(22.6)	**(2.2)**	3.6
Movement in payables (note 29)	**(11.3)**	(14.7)	**5.4**	(4.1)
Movement in long term payables	**(2.9)**	(0.5)	**–**	–
Movement in post-employment benefits (note 31)	**(26.0)**	(31.9)	**–**	–
Cash generated from continuing operations	**68.6**	68.5	**35.1**	27.5

36. Analysis of net funds

	At 31 March 2011 £m	Cash flow £m	Other non–cash changes £m	Exchange movement £m	**At 31 March 2012 £m**
Cash and cash equivalents	121.5	45.6	–	(0.1)	**167.0**
Loan notes receivable	20.1	4.9	0.1	–	**25.1**
Financial assets at fair value through profit or loss	34.7	0.3	–	–	**35.0**
Available-for-sale financial assets	–	–	6.1	–	**6.1**
Borrowings due within one year	(46.3)	(60.3)	(0.3)	2.9	**(104.0)**
Finance leases	(6.7)	2.1	(2.0)	–	**(6.6)**
Net funds	123.3	(7.4)	3.9	2.8	**122.6**

37. 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 2012 includes £4.0m in respect of Connect Plus M25 letters of credit and £6.6m letters of credit issued as a result of the PBSJ acquisition.

During the prior year the Group acquired The PBSJ Corporation. 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 the International operation 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 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 has 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.

38. Operating lease arrangements

Group	**2012 Property £m**	**2012 Vehicles, plant and equipment £m**	2011 Property £m	2011 Vehicles, plant and equipment £m
Future aggregate minimum lease payments under non-cancellable operating leases expiring:				
Within one year	**28.4**	**7.5**	22.5	7.6
Later than one year but less than five years	**83.9**	**12.0**	64.5	13.8
After five years	**90.3**	–	93.2	0.3
	202.6	**19.5**	180.2	21.7

The Company had no operating lease commitments as at 31 March 2012 (2011: none).

Group	**2012 Property £m**	**2012 Vehicles, plant and equipment £m**	2011 Property £m	2011 Vehicles, plant and equipment £m
Amounts receivable under non-cancellable operating leases expiring:				
Within one year	**0.5**	**0.4**	0.4	–
Later than one year but less than five years	**2.5**	**0.5**	1.7	–
After five years	**4.9**	–	2.8	–
	7.9	**0.9**	4.9	–

The Company had no operating lease receivables as at 31 March 2012 (2011: none).

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39. Capital and other financial commitments

	2012 £m	Group 2011 £m
Capital expenditure contracted for but not incurred – property, plant and equipment	**1.4**	4.3

The Group is committed to make payments for equity and debt into Special Purpose Companies under Private Finance Initiative (PFI) contracts of £1.8m (2011: £6.7m), (note 23).

40. Related party transactions

Details of the directors' shareholdings, share options and remuneration are given in the Remuneration report on page 73, which forms part of these Financial Statements.

Transactions with the retirement benefit schemes are shown in note 31.

Details of the Company's principal subsidiaries are shown in note 41 and its principal joint ventures in note 42.

a) Group sales and purchases of goods and services to/from joint ventures

	2012 £m	Group 2011 £m
Sales of goods and services to joint ventures	**40.5**	34.2
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

	2012 £m	Group 2011 £m
Receivables from joint ventures (note 25)	**5.2**	8.3

Receivables from joint ventures are shown net of contract-related provisions of £nil (2011: £nil).

Payables to joint ventures	**–**	–

c) Group year end balances arising from loans provided to other related parties

	2012 £m	Group 2011 £m
Receivables from related parties (note 23)	**18.2**	13.3

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 (2011: £nil). The Company did not purchase any goods or services from its subsidiaries during the year (2011: £nil).

e) Company year end balances with subsidiaries

	2012 £m	Company 2011 £m
Receivables from subsidiaries (note 25)	**159.9**	89.3
Payables to subsidiaries (note 29)	**84.5**	69.9

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 (2011: £nil).

Receivables from subsidiaries are shown net of impairment of £9.5m (2011: £42.1m).

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).

		Group
	2012 £m	2011 £m
Salaries and other short term employment benefits	**5.2**	5.1
Post-employment benefits	**0.2**	0.2
Share-based payments	**1.9**	1.6
	7.3	6.9

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.

41. Subsidiary undertakings

The following companies were the principal subsidiary undertakings as at 31 March 2012:

	Country of registration/ incorporation	Class and percentage of shares held	Nature of business
Atkins Beta Limited	England and Wales	100% ordinary	Investment holding company
Atkins China Limited	Hong Kong	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
Peter R Brown Construction, Inc[1]	USA	100% ordinary	Construction management services
The Atkins North America Holdings Corporation	USA	100% ordinary	Investment holding company
WS Atkins & Partners Overseas[1]	Gibraltar	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 Limited[1]	England and Wales	100% ordinary	Consulting engineers

1. Owned by a subsidiary undertaking other than WS Atkins plc.

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.

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42. 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[3]	Date of last audited financial statements	External auditors
RMPA Holdings Limited[1 2]	Holding company for companies involved in the design, financing and construction of the MoD garrison facility at Colchester.	14.0%	31 Mar 2011	KPMG Audit plc
Connect Plus Services (unincorporated)	Joint venture undertaking operation and maintenance work on the M25.	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 2011	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.	50.0%	31 Dec 2011	KPMG S.A.

All joint ventures operate in the United Kingdom unless otherwise stated.

1. Owned by a subsidiary undertaking other than WS Atkins plc.
2. On 4 May 2012 the Group completed the sale of its minority interest in RMPA Holdings Limited, (note 43).
3. 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.

43. Events after the balance sheet date
Sale of minority interest in RMPA Holdings Limited
On 4 May 2012 the Group completed the sale of its minority interest in RMPA Holdings Limited (which delivered the Colchester Garrison PFI project). The investment has been disclosed as an asset held for sale in these Financial Statements and further information regarding the transaction is provided in note 10.

US private placement
On 14 May 2012 the Group announced the successful execution of its debut issue in the US private placement market. Proceeds of $75m (from 4.38% notes with a seven year term) will be used to repay drawn funds under the Group's existing banking facility, which is detailed in note 28, and for general corporate purposes. The issue offers increased diversity and an extended maturity profile for the Group's debt.

Five-year Summary

Consolidated Income Statements for years ended 31 March

	2012 £m	2011 £m	2010 £m	2009 £m	2008 £m
Revenue (Group and share of joint ventures)	**1,769.8**	1,612.0	1,418.0	1,532.4	1,399.5
Revenue	**1,711.1**	1,564.3	1,387.9	1,487.2	1,313.6
Cost of sales	**(1,097.1)**	(975.2)	(854.6)	(941.9)	(834.1)
Gross profit	**614.0**	589.1	533.3	545.3	479.5
Administrative expenses	**(476.8)**	(482.1)	(420.3)	(442.2)	(392.8)
Operating profit	**137.2**	107.0	113.0	103.1	86.7
Profit on disposal of subsidiary undertakings and joint ventures	**7.2**	–	0.1	2.5	–
Share of post-tax profit/(loss) from joint ventures	**1.9**	(1.9)	(1.9)	0.2	0.9
Profit before interest and tax	**146.3**	105.1	111.2	105.8	87.6
Finance income	**4.1**	3.9	3.8	6.7	9.8
Finance cost	**(14.9)**	(18.0)	(18.4)	(9.8)	(5.5)
Net finance (cost)/income	**(10.8)**	(14.1)	(14.6)	(3.1)	4.3
Profit before taxation	**135.5**	91.0	96.6	102.7	91.9
Income tax expense	**(28.7)**	(18.4)	(19.3)	(18.5)	(23.3)
Profit for the year from continuing operations	**106.8**	72.6	77.3	84.2	68.6
Profit for the year from discontinued operations	**–**	–	25.0	–	31.4
Profit for the year	**106.8**	72.6	102.3	84.2	100.0
Profit attributable to:					
Owners of the parent	**106.7**	72.6	102.3	84.2	100.0
Non-controlling interests	**0.1**	–	–	–	–
	106.8	72.6	102.3	84.2	100.00
Basic earnings per share					
– continuing operations	**109.0p**	74.3p	79.5p	86.1p	67.9p
– discontinued operations	**–**	–	25.7p	–	31.0p
	109.0p	74.3p	105.2p	86.1p	98.9p
Diluted earnings per share					
– continuing operations	**106.6p**	72.7p	77.9p	84.8p	66.7p
– discontinued operations	**–**	–	25.2p	–	30.5p
	106.6p	72.7p	103.1p	84.8p	97.2p

Five-year Summary
continued

Consolidated Balance Sheets as at 31 March

	2012 £m	Restated 2011 £m	2010 £m	2009 £m	2008 £m
Assets					
Non-current assets					
Goodwill	**205.0**	192.0	62.1	62.3	56.7
Other intangible assets	**46.3**	50.3	4.7	9.0	10.9
Property, plant and equipment	**51.5**	52.8	38.9	46.6	45.6
Other receivables	**18.2**	20.1	21.2	12.9	5.7
Investments in joint ventures	**3.5**	1.5	1.8	3.9	4.2
Deferred income tax assets	**84.2**	115.3	151.0	101.7	69.8
Derivative financial instruments	**0.3**	0.2	0.9	–	–
	409.0	432.2	280.6	236.4	192.9
Assets of disposal group classified as held for sale	**6.9**	–	–	–	–
Current assets					
Inventories	**1.1**	0.8	0.9	0.3	0.3
Trade and other receivables	**445.3**	433.6	300.7	353.7	299.7
Financial assets at fair value through profit or loss	**35.0**	34.7	32.4	28.7	29.7
Available-for-sale financial assets	**6.1**	–	–	–	–
Cash and cash equivalents	**167.0**	121.5	260.3	209.7	154.5
Derivative financial instruments	**0.4**	0.2	2.3	–	–
	654.9	590.8	596.6	592.4	484.2
Liabilities					
Current liabilities					
Borrowings	**(105.7)**	(48.4)	(4.4)	(7.6)	(7.8)
Trade and other payables	**(506.1)**	(521.4)	(434.3)	(478.7)	(409.2)
Derivative financial instruments	**(1.7)**	(0.5)	(1.0)	(0.8)	(0.9)
Current income tax liabilities	**(34.3)**	(36.2)	(34.6)	(31.2)	(26.8)
Provisions for other liabilities and charges	**(3.6)**	(6.4)	(5.6)	(9.9)	(4.3)
	(651.4)	(612.9)	(479.9)	(528.2)	(449.0)
Liabilities of disposal group classified as held for sale	**(0.1)**	–	–	–	–
Net current assets/(liabilities)	**10.3**	(22.1)	116.7	64.2	35.2
Non-current liabilities					
Borrowings	**(4.9)**	(4.6)	(7.0)	(9.5)	(13.6)
Provisions for other liabilities and charges	**(6.8)**	(12.7)	(17.0)	(17.8)	(13.5)
Post-employment benefit liabilities	**(265.3)**	(350.3)	(450.5)	(311.5)	(219.3)
Derivative financial instruments	**(2.5)**	(0.6)	(0.3)	(0.4)	–
Deferred income tax liabilities	**(18.8)**	(20.3)	(1.6)	(0.1)	(0.2)
Other non-current liabilities	**(1.6)**	(5.3)	(5.8)	(4.8)	(4.9)
	(299.9)	(393.8)	(482.2)	(344.1)	(251.5)
Net assets/(liabilities)	**119.4**	16.3	(84.9)	(43.5)	(23.4)
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/(deficit)	**47.5**	(55.5)	(156.7)	(115.3)	(95.2)
Equity shareholder's funds/(deficit)	**119.3**	16.3	(84.9)	(43.5)	(23.4)
Non-controlling interests	**0.1**	–	–	–	–
Total equity	**119.4**	16.3	(84.9)	(43.5)	(23.4)

Consolidated Cash Flow Statements for the years ended 31 March

	2012 £m	2011 £m	2010 £m	2009 £m	2008 £m
Continuing operations					
Profit for the year	**106.8**	72.6	77.3	84.2	68.6
Adjustments for:					
Income tax	**28.7**	18.4	19.3	18.5	23.3
Finance income	**(4.1)**	(3.9)	(3.8)	(6.7)	(9.8)
Finance cost	**14.9**	18.0	18.4	9.8	5.5
Share of post-tax (profits)/loss from joint ventures	**(1.9)**	1.9	1.9	(0.2)	(0.9)
Other non-cash costs	**(2.9)**	5.1	0.1	–	–
Profit on disposal of subsidiary undertakings and joint ventures	**(7.2)**	–	(0.1)	(2.5)	–
Depreciation charges	**17.1**	15.9	15.3	20.7	19.3
Amortisation charges	**9.5**	8.3	7.5	12.7	11.1
Release of deferred income	**(0.2)**	(0.3)	(0.2)	(0.1)	(3.0)
Share-based payment charge	**6.4**	5.7	6.8	8.9	8.6
Pensions settlement and curtailment gain	**(33.3)**	–	(6.7)	–	–
Result on disposal of property, plant and equipment	**0.5**	0.2	1.4	0.7	0.1
Movement in provisions	**(5.7)**	(3.8)	(5.9)	9.2	(5.5)
Movement in post-employment benefits	**(26.0)**	(31.9)	(36.3)	(40.6)	(29.1)
Working capital movements	**(34.0)**	(37.7)	31.5	10.9	(7.3)
Cash generated from continuing operations	**68.6**	68.5	126.5	125.5	80.9
Discontinued operations					
Cash generated from discontinued operations	**–**	–	–	–	0.3
Cash generated from operations	**68.6**	68.5	126.5	125.5	81.2
Interest received	**3.9**	3.1	3.4	6.3	9.7
Interest paid	**(2.5)**	(2.4)	(1.1)	(2.2)	(3.3)
Income tax paid	**(11.0)**	(12.3)	(18.0)	(12.8)	(14.7)
Net cash generated from operating activities	**59.0**	56.9	110.8	116.8	72.9
Cash flows from investing activities	**(35.9)**	(196.5)	(21.1)	(32.8)	(27.2)
Cash flows from financing activities	**22.5**	7.3	(40.5)	(45.8)	(78.3)
Net increase/(decrease) in cash, cash equivalents and bank overdrafts	**45.6**	(132.3)	49.2	38.2	(32.6)
Cash, cash equivalents and bank overdrafts at beginning of year	**121.5**	260.3	209.7	154.5	187.7
Effect of exchange rate changes	**(0.1)**	(6.5)	1.4	17.0	(0.6)
Cash, cash equivalents and bank overdrafts at end of year	**167.0**	121.5	260.3	209.7	154.5
Financial assets	**35.0**	34.7	32.4	28.7	29.7
Available-for-sale financial assets	**6.1**	–	–	–	–
Loan notes receivable	**25.1**	20.1	21.2	12.9	5.6
Borrowings due within one year	**(104.0)**	(46.3)	(0.7)	(2.8)	(4.2)
Borrowings due after one year	**–**	–	–	(0.6)	(3.2)
Finance leases	**(6.6)**	(6.7)	(10.7)	(13.7)	(14.0)
Net funds	**122.6**	123.3	302.5	234.2	168.4

Investor Information

For more investor information visit:

www.atkinsglobal.com/investors

WS Atkins plc

Registered in England
Company no. 1885586

Company secretary and registered office

Richard Webster
WS Atkins plc
Woodcote Grove
Ashley Road
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Surrey KT18 5BW
England

Financial Calendar

Ex-dividend date	25 July 2012
Record date	27 July 2012
Last day to elect for DRIP	1 August 2012
Annual General Meeting	1 August 2012
Final dividend payment date	31 August 2012

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 including VAT plus any additional network charges, lines are open 0830 to 1730 Monday to Friday) or +44 (0)20 8639 3399 if calling from outside the UK (lines are open 0830 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 1 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 USA (toll free) or +1-651-453-2128 if calling from outside the USA. Website: www.adr.com

Investor relations website

Many commonly asked shareholders' questions are addressed in the investor relations section of our website: www.atkinsglobal.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.myatkinsshares.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 (lines are open 0900 to 1730 Monday to Friday) or 0871 664 0385 if calling from the UK (calls cost 10p per minute plus network extras, lines are open 0900 to 1730 Monday to Friday) or email: IPS@capitaregistrars.com or visit the registrar's website: www.capitaregistrars.com/international.

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 1 August 2012 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 though 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.myatkinsshares.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.myatkinsshares.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 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 (FSA) has 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 FSA Register at www.fsa.gov.uk/fsaregister to ensure they are authorised
3. use the details on the FSA Register to contact the firm
4. call the FSA Consumer Helpline on 0845 606 1234 if there are no contact details on the FSA Register or you are told they are out of date
5. search our list of 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 FSA using the share fraud reporting form at www.fsa.gov.uk/scams, where you can find out about the latest investment scams. You can also call the FSA Consumer Helpline on 0845 606 1234.

If you have already paid money to share fraudsters you should contact Action Fraud on 0300 123 2040.

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.

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We provide a number of services to help our shareholders manage their holdings, keep up to date with our progress and communicate with us.

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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.

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Find out more about our Corporate Responsibility strategy and performance by visiting this section of our website.

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Charts showing share price activity.

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>

Financial news

Financial calendar

Share price and chart

Investor relations team

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