

ORIGINAL

COMMONWEALTH OF PENNSYLVANIA

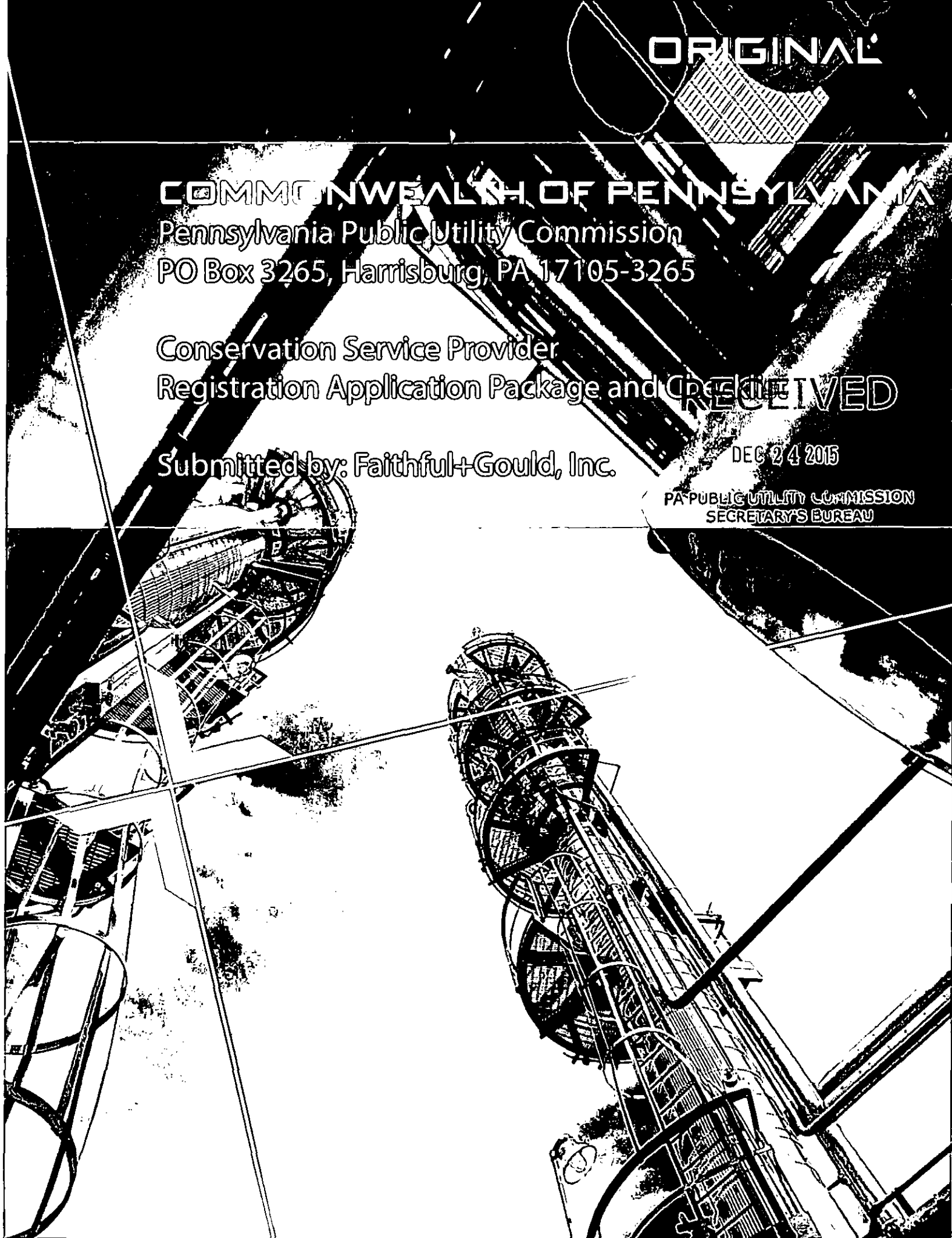
Pennsylvania Public Utility Commission
PO Box 3265, Harrisburg, PA 17105-3265

Conservation Service Provider
Registration Application Package and Check

Submitted by: Faithful+Gould, Inc.

DEC 24 2015

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU



Application Form for Parties Wishing to Register as a Conservation Service Provider

The attached application form is for those entities that desire listing on the Public Utility Commission's registry of qualified conservation service providers ("CSP"), as defined by Act 129 of 2008. It is applicable for both an initial application and the two year periodic renewal of an application.

An entity that is directly or indirectly owned, partnered or in any way affiliated with an electric distribution company ("EDC") is not eligible for the registry.

The registry lists CSPs that can advise an EDC and/or provide consultation, design, administration or management services to an EDC related to the implementation of the EDC's Energy Efficiency and Conservation plan. Therefore, an applicant must have at least two years of experience in providing program consultation, design, administration, management or advisory services related to energy efficiency and conservation services. The registry is not intended as a list of entities that limit their services to the installation of energy efficiency measures, equipment or materials to EDC customers or the public in general.

You may use the attached form to make your application. **(Remove this instruction sheet prior to filing.)** If you need more space than is provided on this form or if you are attaching exhibits, attach additional pages and exhibits immediately following the page containing the item(s) being addressed. Certified copies of documents from Commonwealth agencies or departments are not required. You are also required to file an electronic version of this document (excluding "confidential" information) using any version of Word, Word Perfect or DOS text software. One compact disc must accompany the paper copies to be filed with the Pennsylvania Public Utility Commission.

To file an application with the Pennsylvania Public Utility Commission, **file a signed and verified original and one copy**, and an electronic version of your application and attachments with the Commission's Secretary's Office in Harrisburg, Pennsylvania:

In person or by mail other than first-class:

**Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, Pennsylvania 17120**

By first-class mail:

**Secretary
Pennsylvania Public Utility Commission
Post Office Box 3265
Harrisburg, Pennsylvania 17105-3265**

Questions pertaining to completion of this application may be directed to the Bureau of Fixed Utility Services at the above address or you may call the Bureau at (717) 783-5242.

If your answer to any of these items changes during the pendency of your application or if the information relative to any item herein changes while you are operating within the Commonwealth of Pennsylvania, you are under a duty to so inform the Commission as to the specifics of any changes which have a significant impact on the conduct of business in Pennsylvania.

Confidentiality:

If any of your answers require you to disclose what you believe to be privileged or confidential information not otherwise available to the public, you should designate at each point in the Application that the answer requires you to disclose privileged and confidential information. You should then submit the information on documents stamped "CONFIDENTIAL" at the top in clear and conspicuous letters and submit one copy of the information under seal to the Secretary's Office along with the Application. Applicant must fully support its request to maintain confidentiality for the information which it believes to be confidential or proprietary. Such request shall be deemed to be a Petition for Protective Order and will be ruled upon by the Commission in conjunction with the license application. Pending disposition, the information will be used solely for the purpose of evaluating the license application, and the confidentiality of this information will be maintained consistent with the Commission's rules and regulations pertaining to confidentiality.

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Application of Faithful+Gould, Inc., d/b/a Faithful+Gould, for registration as a Conservation Service Provider ("CSP") in the Commonwealth of Pennsylvania.

To the Pennsylvania Public Utility Commission:

1. **IDENTITY OF THE APPLICANT:** The legal name, address, telephone number, FAX number and email address of the Applicant are:

2 Penn Center Plaza, 1500 John F. Kennedy Blvd., Suite 1810, Philadelphia, PA 19102

Please identify any predecessor(s) of the Applicant and provide other names under which the Applicant has operated as a CSP within the preceding five (5) years, including name, address, and telephone number.

N/A

2. **CONTACT PERSON:** The name, title, address, telephone number, FAX number and email address of the person to whom questions about this Application should be addressed are:

Trevor Green, Senior Vice President
17220 Katy Fwy, Suite 200, Houston, TX 77094
+1 832.476.3300
Trevor.green@fgould.com

3. **REGISTERED AGENT:** If the Applicant does not maintain a principal office in the Commonwealth, the required name, address, telephone number and FAX number of the Applicant's Registered Agent in the Commonwealth are:

N/A

4. **FICTITIOUS NAME:** (select and complete appropriate statement)

The Applicant will be using a fictitious name or doing business as ("d/b/a"):

Provide proof of compliance with appropriate Pennsylvania Department of State filing requirements.

or

The Applicant will not be using a fictitious name.

5. **BUSINESS ENTITY AND DEPARTMENT OF STATE FILINGS:** (select and complete appropriate statement)

The Applicant is a sole proprietor.

If the Applicant is located outside the Commonwealth, provide proof of compliance with 15 Pa. C.S. §4124 relating to Department of State filing requirements.

or

The Applicant is a:

- domestic general partnership (*)
- domestic limited partnership (15 Pa. C.S. §8511)
- foreign general or limited partnership (15 Pa. C.S. §4124)
- domestic limited liability partnership (15 Pa. C.S. §8201)
- foreign limited liability general partnership (15 Pa. C.S. §8211)
- foreign limited liability limited partnership (15 Pa. C.S. §8211)

Provide proof of compliance with appropriate Department of State filing requirements as indicated above. Please attach a copy of the proof of compliance to the Application.

Give name, d/b/a, and address of partners. If any partner is not an individual, identify the business nature of the partner entity and identify its partners or officers.

* If a corporate partner in the Applicant's domestic partnership is not domiciled in Pennsylvania, attach a copy of the Applicant's Department of State filing pursuant to 15 Pa. C.S. §4124.

or

The Applicant is a:

- domestic corporation (none)
- foreign corporation (15 Pa. C.S. §4124)
- domestic limited liability company (15 Pa. C.S. §8913)
- foreign limited liability company (15 Pa. C.S. §8981)
- Other _____

Provide proof of compliance with appropriate Department of State filing requirements as indicated above. Please attach a copy of the proof of compliance to the Application. Additionally, provide a copy of the Applicant's Articles of Incorporation.

[Please see Attachment A – Department of State filing](#)

[Please see Attachment B – Article of Incorporation](#)

Give name, title, telephone number and address of officers, partners or directors.

[Please see Attachment C – Faithful+Gould Americas Offices and Directors](#)

The Applicant is incorporated in the state of [Minnesota](#).

6. **AFFILIATES AND PREDECESSORS WITHIN PENNSYLVANIA:** (select and complete appropriate statement)

Affiliate(s) of the Applicant doing business in Pennsylvania as a CSP or an electric distribution company ("EDC") are:

[N/A](#)

Give name and address of the affiliate(s).

[N/A](#)

7. **APPLICANT'S PRESENT OPERATIONS:** (select and complete the appropriate statement)

The Applicant is presently doing business in Pennsylvania as a

Describe nature of business.

[Faithful+Gould provides project and program management consulting services to clients in the state of Philadelphia.](#)

or

The Applicant is not presently doing business in Pennsylvania.

8. **APPLICANT'S PROPOSED OPERATIONS**

Describe the type(s) of services that the Applicant is able to provide to an EDC, the EDCs the Applicant is able to serve, and the types of energy efficiency and conservation measures on which the Applicant can provide information and technical assistance to an EDC.

[Project and program management consulting services](#)

9. **TAXATION:** Complete the TAX CERTIFICATION STATEMENT attached as Appendix A to this application.

[Please see Appendix A](#)

10. **COMPLIANCE:** State specifically whether the Applicant, an affiliate, a predecessor of either, or a person identified in this Application is currently under investigation for or has been convicted of a crime involving fraud, theft, larceny, deceit, violation of consumer protection law, violation of deceptive trade law or similar activity. Identify all proceedings, by name, subject and citation, dealing with business operations, in the last three (3) years, whether before an administrative body or in a judicial forum, in which the Applicant, an affiliate, a predecessor of either, or a person identified herein has been a defendant or a respondent. Provide a statement as to the resolution or present status of any such proceedings.

[N/A – Faithful+Gould has no such action in the last three years.](#)

11. **DELINQUENCY:** State specifically whether the Applicant, an affiliate, or a predecessor of either is currently delinquent with any taxing authority in Pennsylvania.

[N/A – Faithful+Gould has not delinquent with the taxing authority in Pennsylvania.](#)

12. **BANKRUPTCY:** Identify all bankruptcy or liquidation proceedings for prior three years. Provide a statement as to the resolution or present status of any such proceedings.

[N/A – Faithful+Gould has not had any bankruptcy or liquidation proceedings for the past three years.](#)

13. **CUSTOMER COMPLAINTS:** Identify all customer complaints filed with a regulatory or prosecutory agency for prior three years. Provide a statement as to the resolution or present status of any complaints.

[N/A – Faithful+Gould has not has any customer complaints filed with a regulatory or prosecutor agency for the past three years.](#)

14. **FINANCIAL RESPONSIBILITY:**

A. Applicant shall provide sufficient information to demonstrate financial responsibility commensurate with the service proposed to be provided. Examples of such information which may be submitted include the following:

- Organizational structure including parent, affiliated or subsidiary companies. [Please see Attachment D – Organization Chart](#)

Application Type: Initial Application

Renewal- Provide Docket No. A-____ - _____

- Published parent company financial and credit information. [Please see Attachment E – Financial Statements](#)
 - A description of the types and amounts of insurance carried by Applicant. [Please see Attachment F – Sample Insurance Certificate](#)
- B. Applicant must provide the following information:
- Identify Applicant's principal officers (owners, executives, partners and/or directors, as appropriate for organizational structure, including names, titles, business addresses, telephone numbers and their professional resumes.

[Please see Attachment C – Faithful+Gould Officers and Directors.](#)

[Please see Attachment G – Faithful+Gould Officers and Directors Resumes](#)

15. **TECHNICAL FITNESS:** To ensure that the present quality and availability of service provided by electric utilities does not deteriorate, the Applicant shall provide sufficient information to demonstrate technical fitness commensurate with the service proposed to be provided. Examples of such information which may be submitted include the following:

- The identity of the Applicant's management directly responsible for operations, including names, titles, business addresses, telephone numbers and their professional resumes.

[Please see Attachment H – Faithful+Gould Energy Steering Team](#)

- Copies of any certification(s) or similar documentation that would demonstrate technical fitness, such as membership in a trade association.

[Please see Attachment I – Faithful+Gould Technical Information](#)

16. **FALSIFICATION:** The Applicant understands that the making of false statement(s) herein may be grounds for denying the Application or, if later discovered, for revoking any authority granted pursuant to the Application. This Application is subject to 18 Pa. C.S. §§4903 and 4904, relating to perjury and falsification in official matters.

17. **FEE:** The Applicant has enclosed the appropriate fee:

For an initial application the Applicant has enclosed the required fee of \$125 payable to the Commonwealth of Pennsylvania.

OR

For a renewal application the Applicant has enclosed the required fee of \$25 payable to the Commonwealth of Pennsylvania.

Applicant: Faithful+Gould, Inc.

By: Trevor Green

Title: Senior Vice President

AFFIDAVIT

[Commonwealth/State] of Texas _____ :

: SS.

County of Harris _____ :

TREVOR GREEN, Affiant, being duly [sworn/affirmed] according to law, deposes and says that:

[He/she is the Senior Vice President (Office of Affiant) of Faithful+Gould (Name of Applicant);]

[That he/she is authorized to and does make this affidavit for said Applicant;]

That the Applicant herein Faithful+Gould has the burden of producing information and supporting documentation demonstrating its technical and financial fitness to be registered as a conservation service provider pursuant to Act 129 of 2008.

That the Applicant herein Faithful+Gould has answered the questions on the application correctly, truthfully, and completely and provided supporting documentation as required.

That the Applicant herein Faithful+Gould acknowledges that it is under a duty to update information provided in answer to questions on this application and contained in supporting documents.

That the Applicant herein Faithful+Gould acknowledges that it is under a duty to supplement information provided in answer to questions on this application and contained in supporting documents as requested by the Commission.

That the facts above set forth are true and correct to the best of his/her knowledge, information, and belief, and that he/she expects said Applicant to be able to prove the same at hearing.

Trevor Green

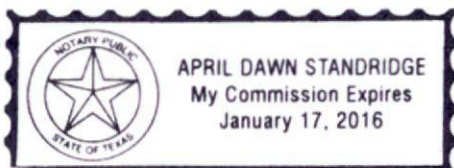
Signature of Affiant

Sworn and subscribed before me this 14th day of December, 2015.

April Dawn Standridge

Signature of official administering oath

My commission expires January 17, 2016.





APPENDIX A

Tax Certification Statement

APPENDIX A

COMMONWEALTH OF
PENNSYLVANIA
PUBLIC UTILITY COMMISSION

**TAX CERTIFICATION
STATEMENT**

A completed Tax Certification Statement must accompany all applications for new registrations or renewals. Failure to provide the requested information and/or any outstanding state income, corporation, and sales (including failure to file or register) will cause your application to be rejected. If additional space is needed, please use white 8 1/2" x 11" paper. Type or print all information requested.

1. CORPORATE OR APPLICANT NAME Faithful+Gould, Inc.	2. BUSINESS PHONE NO. (+1 212.252.7070) CONTACT PERSON(S) FOR TAX ACCOUNTS: Jack Kestner, Finance Director
3. TRADE/FICTITIOUS NAME (IF ANY) N/A	
4. LICENSED ADDRESS (STREET, RURAL ROUTE, P.O. BOX NO.) (POST OFFICE) STATE (ZIP) 2 PENN CENTER PLAZA, 1500 JOHN F. KENNEDY BLVD., SUITE 1810, PHILADELPHIA, PA, 19102	
5. TYPE OF ENTITY <input type="checkbox"/> SOLE PROPRIETOR <input type="checkbox"/> PARTNERSHIP <input checked="" type="checkbox"/> CORPORATION	

8. LIST OWNER(S), GENERAL PARTNERS, OR CORPORATE OFFICER(S)

NAME (PRINT)	SOCIAL SECURITY NUMBER (OPTIONAL)
Reza Amirghalili, President and Managing Director - Americas	_____ - _____ - _____
Paul Lakin, Senior Vice President, Director of Operations	_____ - _____ - _____
Tim Horner, Senior Vice President	_____ - _____ - _____
Trevor Green, Senior Vice President	_____ - _____ - _____
NAME (PRINT)	SOCIAL SECURITY NUMBER (OPTIONAL)
_____	_____ - _____ - _____

9. LIST THE FOLLOWING STATE TAX IDENTIFICATION NUMBERS. **(ALL ITEMS: A, B, AND C MUST BE COMPLETED)**

A. SALES TAX LICENSE (8 DIGITS) APPLICATION PENDING N/A _____ - _____ - _____ <input type="checkbox"/> <input checked="" type="checkbox"/>	C. CORPORATE BOX NUMBER (7 DIGITS) APPLICATION PENDING N/A _____ - _____ - _____ <input type="checkbox"/> <input checked="" type="checkbox"/>
B. EMPLOYER ID (EIN) (9 DIGITS): APPLICATION PENDING N/A 4 1 - 1 7 9 7 6 1 7 <input type="checkbox"/> <input type="checkbox"/>	Revenue ID # - 1000213352 Payroll Withholding # - 90650276

10. Do you have PA employees either resident or non-resident? YES NO

11. Do you own any assets or have an office in PA? YES NO

NAME AND PHONE NUMBER OF PERSON(S) RESPONSIBLE FOR FILING TAX RETURNS

PA SALES AND USE TAX Laura Kelley PHONE +1 813-281-7334	EMPLOYER TAXES Laura Kelley PHONE +1 813-281-7334	CORPORATE TAXES Laura Kelley PHONE +1 813-281-7334
--	--	---

Application Type: Initial Application

Renewal- Provide Docket No. A- _____ -

You can contact the Pennsylvania Department of Revenue at the following numbers: (717) 787-1064 or TDD# (800) 447-3020 for further information about tax identification numbers.

ATTACHMENT A

Pennsylvania Department of State Filing



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE

12/14/2015

TO ALL WHOM THESE PRESENTS SHALL COME, GREETING:

I DO HEREBY CERTIFY THAT,

FAITHFUL + GOULD, INC.

is duly registered to do business under the laws of the Commonwealth of Pennsylvania and remains a registered Foreign Business Corporation so far as the records of this office show, as of the date herein.

I DO FURTHER CERTIFY THAT this Certificate of Registration shall not imply that all fees, taxes and penalties owed to the Commonwealth of Pennsylvania are paid.



IN TESTIMONY WHEREOF, I have hereunto set my hand and caused the Seal of the Secretary's Office to be affixed, the day and year above written

Pedro A. Contes

Secretary of the Commonwealth

Certification Number: TSC151214141034-1

Verify this certificate online at <http://www.corporations.pa.gov/orders/verify.aspx>

APPENDIX B

Articles of Incorporation



8M-255

3292

ARTICLES OF INCORPORATION
OF
FAITHFUL & GOULD, INC.

The undersigned incorporator, a natural person of full age, in order to form a corporate entity under Minnesota Statutes, Chapter 302A, hereby adopts the following Articles of Incorporation:

ARTICLE I

The name of this corporation shall be Faithful & Gould, Inc.

ARTICLE II

The registered office of this corporation shall be located at 390 Towle Building, 330 Second Avenue South, Minneapolis, Minnesota 55401.

ARTICLE III

The corporation is authorized to issue an aggregate total of 10,000 shares of common stock with a stated par value of \$.01 per share. All shares shall be of one class and one series, except that the Board of Directors, by its action, may establish more than one class or series.

ARTICLE IV

No shareholder of this corporation shall be entitled to any cumulative voting rights.

ARTICLE V

No shareholder of this corporation shall have any preferential, preemptive or other rights to subscribe for, purchase or acquire any shares of the corporation of any class, whether unissued or now or hereafter authorized, or any obligations or other securities convertible into or exchangeable for any such shares.

ARTICLE VI

The number of directors of this corporation shall be fixed in the manner provided in the Bylaws.

060896

ARTICLE VII

No director of this corporation shall be personally liable to the corporation or its shareholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the corporation or its shareholders; (ii) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law; (iii) under Sections 302A.559 or 80A.23 of the Minnesota Statutes; or (iv) for any transaction from which the director derives any improper personal benefit.


The provisions of this Article VII shall not be deemed to limit or preclude indemnification of a director by the corporation for any liability of a director which has not been eliminated by the provisions of this Article VII.

If the Minnesota Statutes hereafter are amended to authorize the further elimination or limitation of the liability of directors, then the liability of a director of the corporation shall be eliminated or limited to the fullest extent permitted by the amended Minnesota Statutes.

ARTICLE VIII

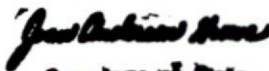
The name and address of the incorporator is Christopher J. Hignett, 390 Towle Building, 330 Second Avenue South, Minneapolis, Minnesota 55401.

IN WITNESS WHEREOF, I have hereunto set my hand this 12 day of December, 1994.



Christopher J. Hignett, Incorporator

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED
DEC 13 1994


Secretary of State



8M-255

STATE OF MINNESOTA
SECRETARY OF STATE
NOTICE OF CHANGE OF REGISTERED OFFICE/
REGISTERED AGENT

Please read the instructions on the back before completing this form.

1. Corporate Name:

Faithful & Gould, Inc.

2. Registered Office Address (No. & Street): List a complete street address or rural route and rural route box number. A post office box is not acceptable.

330 Second Avenue South, 790 Towle Building, Minneapolis MN 55401
Street City State Zip Code

3. Registered Agent (Registered agents are required for foreign corporations but optional for Minnesota corporations):

The Prentice-Hall Corporation System, Inc.

If you do not wish to designate an agent, you must list "NONE" in this box. DO NOT LIST THE CORPORATE NAME.

In compliance with Minnesota Statutes, Section 302A.123, 303.10, 308A.025, 317A.123 or 322B.135 I certify that the above listed company has resolved to change the company's registered office and/or agent as listed above.

I certify that I am authorized to execute this certificate and I further certify that I understand that by signing this certificate I am subject to the penalties of perjury as set forth in Minnesota Statutes Section 609.48 as if I had signed this certificate under oath.

Signature of Authorized Person

Name and Telephone Number of a Contact Person: Angela Preuss (612) 338-3120
..... please print legibly

Office Use Only

Filing Fee: Minnesota Corporations, Cooperatives and Limited Liability Companies: \$35.00.

Non-Minnesota Corporations: \$50.00.

Make checks payable to Secretary of State

Return to: Minnesota Secretary of State
180 State Office Bldg.
180 Constitution Ave.
St. Paul, MN 55155-1299
(612)296-2803

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED

MAY 09 1996

Judith Stone
Secretary of State m

06557

AR 5/9/96



8M-255

STATE OF MINNESOTA
SECRETARY OF STATE
NOTICE OF CHANGE OF REGISTERED OFFICE/
REGISTERED AGENT

#5

2197

Please read the instructions on the back before completing this form.

1. Corporate Name:

FAITHFUL & GOULD, INC.

2. Registered Office Address (No. & Street): List a complete street address or rural route and rural route box number. A post office box is not acceptable.

900 SECOND AVENUE SOUTH	MINNEAPOLIS	MINN	55402
500 INTERNATIONAL CENTRE			
Street	City	State	Zip Code

3. Registered Agent (Registered agents are required for foreign corporations but optional for Minnesota corporations):

NONE

If you do not wish to designate an agent, you must list "NONE" in this box. DO NOT LIST THE CORPORATE NAME.

In compliance with Minnesota Statutes, Section 302A.123, 303.10, 308A.025, 317A.123 or 322B.155 I certify that the above listed company has resolved to change the company's registered office and/or agent as listed above.

I certify that I am authorized to execute this certificate and I further certify that I understand that by signing this certificate I am subject to the penalties of perjury as set forth in Minnesota Statutes Section 609.48 as if I had signed this certificate under oath.

[Signature]
Signature of Authorized Person

Name and Telephone Number of a Contact Person: Angela J Lurie (612) 338-3120
please print legibly

Office Use Only

Filing Fee: Minnesota Corporations, Cooperatives and Limited Liability Companies: \$35.00.
Non-Minnesota Corporations: \$50.00.
Make checks payable to Secretary of State

Return to: Minnesota Secretary of State
180 State Office Bldg.
100 Constitution Ave.
St. Paul, MN 55155-1299
(612)296-2803

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED
JUL 07 1998

[Signature]
Secretary of State

MINNESOTA SECRETARY OF STATE

8M-255



NOTICE OF CHANGE OF REGISTERED OFFICE/
REGISTERED AGENT

Please read the instructions on the back before completing this form.

1. Entity Name:

Faithful & Gould, Inc.

2. Registered Office Address (No. & Street): List a complete street address or rural route and rural route box number. A post office box is not acceptable.

405 SECOND AVENUE, SOUTH	MINNEAPOLIS	MN	55401
Street	City	State	Zip Code

3. Registered Agent (Registered agents are required for foreign entities but optional for Minnesota entities):

C T CORPORATION SYSTEM INC.

If you do not wish to designate an agent, you must list "NONE" in this box. DO NOT LIST THE ENTITY NAME.

In compliance with Minnesota Statutes, Section 302A.123, 303.10, 308A.025, 317A.123 or 322B.135 I certify that the above listed company has resolved to change the entity's registered office and/or agent as listed above.

I certify that I am authorized to execute this notice and I further certify that I understand that by signing this notice I am subject to the penalties of perjury as set forth in Minnesota Statutes Section 609.48 as if I had signed this notice under oath.

[Signature]

Signature of Authorized Person

Name and Telephone Number of a Contact Person: Donna M. Cantrell (405) 478-5353
please print legibly

Filing Fee: Minnesota Corporations, Cooperatives and Limited Liability Companies: \$35.00.

Non-Minnesota Corporations: \$50.00.

Make checks payable to Secretary of State

Return to: Minnesota Secretary of State
180 State Office Bldg.
100 Constitution Ave.
St. Paul, MN 55155-1299
(651) 296-2803

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED

MAR 25 2002

Mary Hoffmeyer
Secretary of State

028204

A low-angle, upward-looking photograph of industrial structures, likely distillation columns or towers, against a bright blue sky with light clouds. The towers are made of metal and feature ladders, walkways, and various pipes. A large, stylized yellow graphic, resembling a cross or a four-pointed star, is overlaid on the lower-left portion of the image. A semi-transparent grey rectangular box is positioned in the upper-left corner, containing the text for this section.

APPENDIX C

Faithful+Gould Officers and Directors

Faithful+Gould Officers and Directors

Worldwide

CEO - Worldwide Operations – Donald Lawson

Euston Tower, 286 Euston Road, London, NW1 3AT / +44.20.7121.2912 / donald.lawson@fgould.com

CFO – Worldwide Operations – Mark Sowerby

Dunedin House, Columbia Drive, Stockton-on-Tees, TS17 6BJ / +44.1642.62.3202 / mark.sowerby@fgould.com

Americas Senior Leadership Team

President and Managing Director – Reza Amirkhalili

2318 Mill Road, Suite 1410, Alexandria, VA 22314 / 571.403.8784 / reza.amirkhalili@fgould.com

Senior Vice President, Director of Operations – Paul Lakin

20 North Wacker Drive, Suite 2243, Chicago, IL 60606 / 612.656.6117 / paul.lakin@fgould.com

Senior Vice President, Business Optimization – Tim Horner

17220 Katy Fwy, Suite 200, Houston, TX 77094 / 832.476.3325 / timothy.horner@fgould.com

Senior Vice President, Aviation Sector – Carin Rautenbach

3020 Old Ranch Parkway, Suite 180, Seal Beach, CA 90740 / 562.312.4002 / carin.rautenbach@fgould.com

Vice President, Corporate Real Estate Sector – Saeid Garebaglow

11 East 26th Street, 18th Floor, New York, NY 10010 / 917.421.1440 / saeid.garebaglow@fgould.com

Senior Vice President, Energy Sector – Trevor Green

17220 Katy Fwy, Suite 200, Houston, TX 77094 / 832.476.3309 / trevor.green@fgould.com

Senior Vice President, Manufacturing Sector – Jonathan Marshall

45 South 7th Street, Suite 2500, Minneapolis, MN 55402 / 612.656.6104 / jonathan.marshall@fgould.com

Senior Vice President, Pharmaceutical Sector – Iain McWhinney

2 Penn Center Plaza, 1500 John F. Kennedy Blvd., Suite 1810, Philadelphia, PA 19102 / 215.789.2034 / iain.mcwhinney@fgould.com

Finance Director – Jack Kestner

2318 Mill Road, Suite 1410, Alexandria, VA 22314 / 571.403.8800 / jack.kestner@fgould.com

Vice President, Human Resources – Tracy Nursey

2318 Mill Road, Suite 1410, Alexandria, VA 22314 / 571.551.5557 / tracy.nursey@fgould.com

Vice President, Marketing and Communications – Christy Ullo

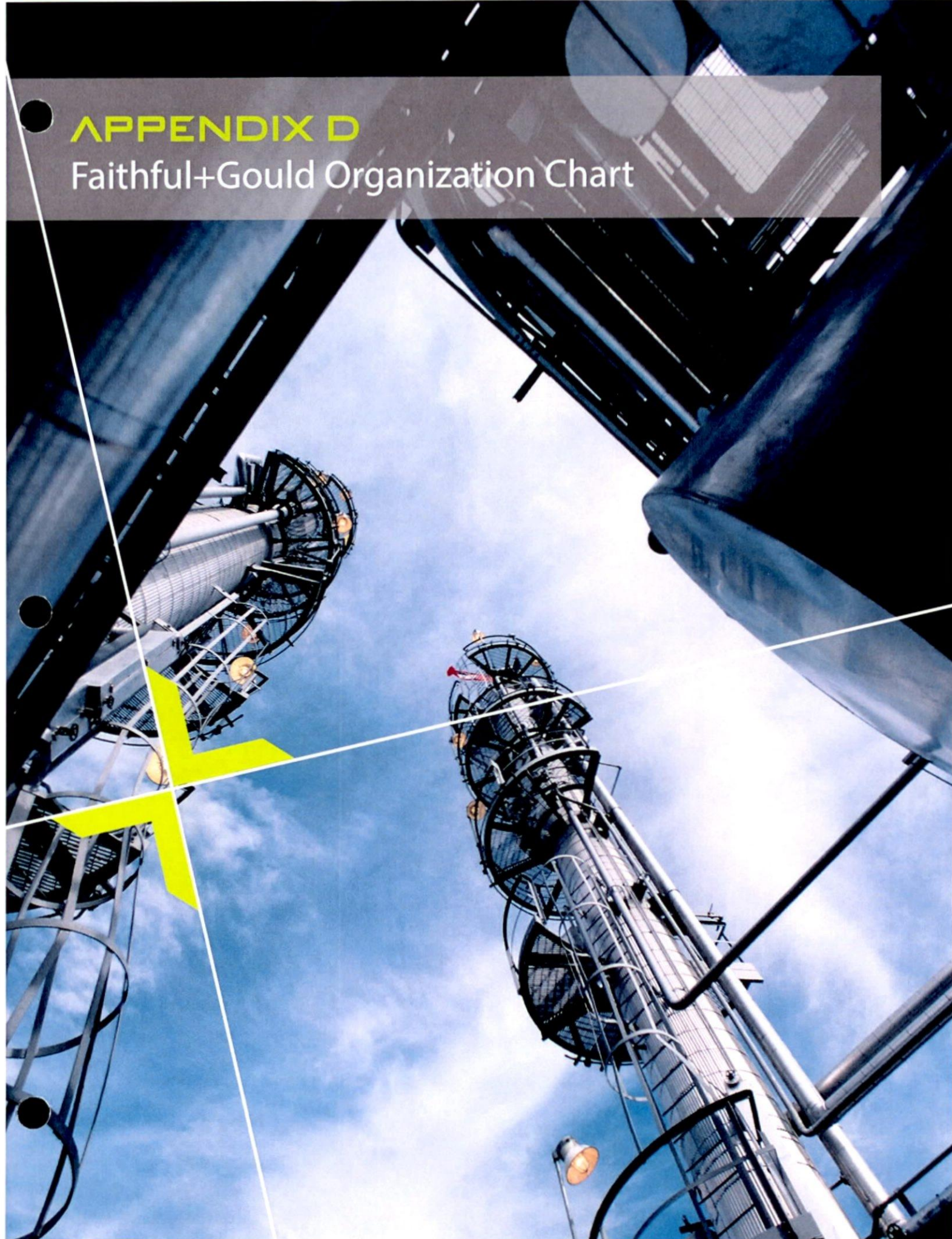
11 East 26th Street, 18th Floor, New York, NY 10010 / 917.421.1419 / christy.ullo@fgould.com

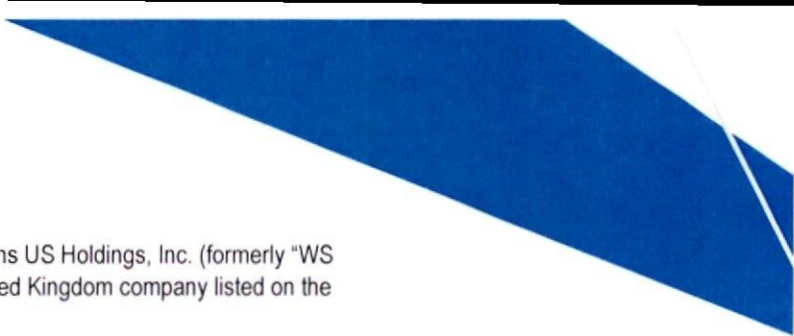
Vice President, QSSE – Mike Burnett

3200 N. Central Avenue, Suite 2400, Phoenix, AZ 85012 / 602.445.3572 / mike.burnett@fgould.com

APPENDIX D

Faithful+Gould Organization Chart



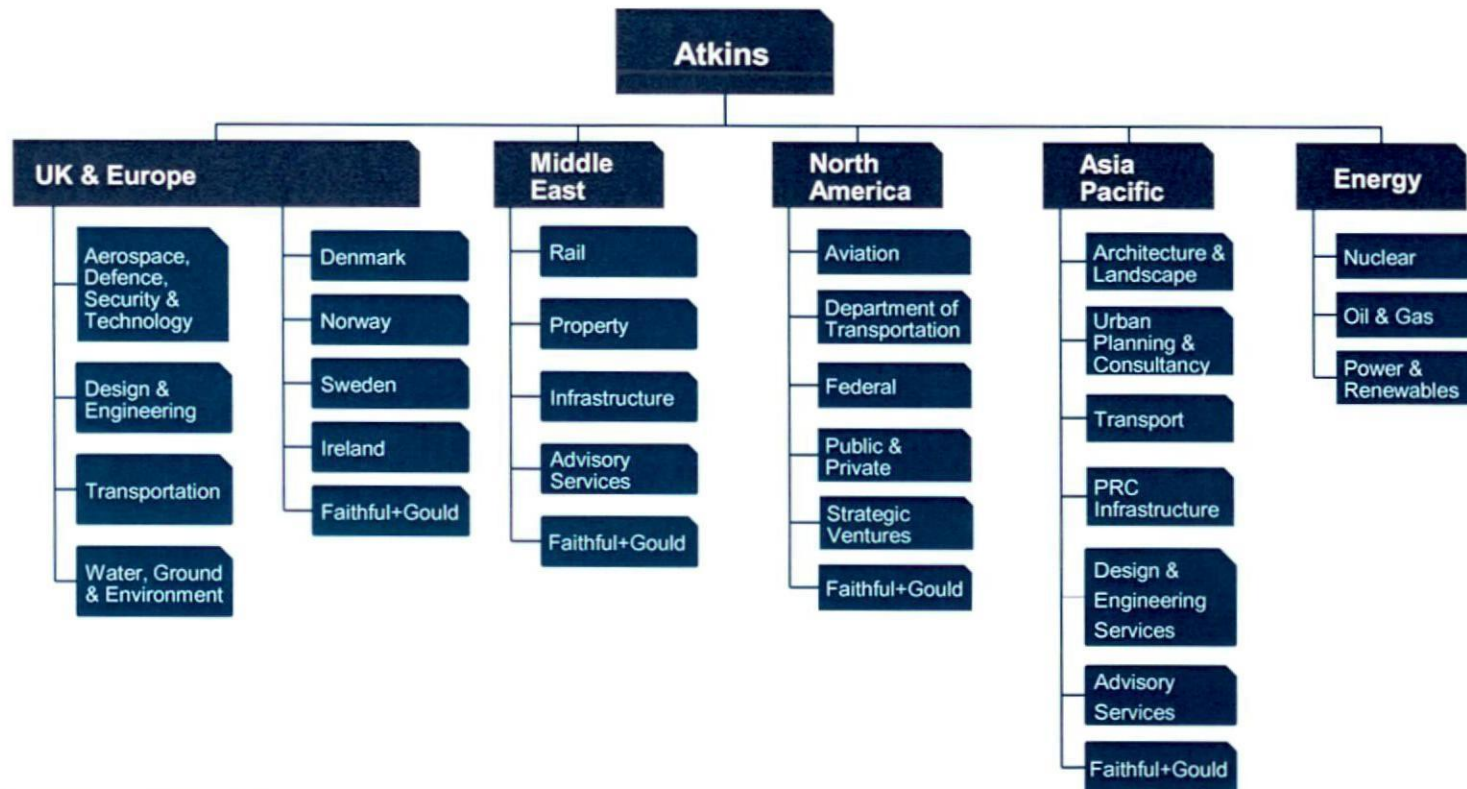


Faithful+Gould Ownership

Faithful+Gould, Inc. (the "Company") is a wholly-owned subsidiary of Atkins US Holdings, Inc. (formerly "WS Atkins US Investments Partnership"). WS Atkins Plc (the "Parent"), a United Kingdom company listed on the London Stock Exchange (ATK.L), owns Atkins US Holdings, Inc.

Consequently, WS Atkins, plc is the ultimate parent company of Faithful+Gould. F+G is the project services division of the parent company. WS Atkins, plc operates 190 offices in 60 countries on five continents around the globe. It has the breadth and depth required to successfully tackle any project. Its global network of offices virtually ensures that it can service global clients and their construction needs in almost any part of the world.

Our businesses worldwide



Note: This is not a management structure



PRESIDENT & MANAGING DIRECTOR
Reza Amirkhalili

GROWTH SERVICES

IO&T
Ron Pruzinsky

STRATEGIC FACILITY CONSULTING
Ben Dutton

TIME ON TOOLS®
Dan Leng

PPMC
Diana Kennedy

CORE SERVICES

PROJECT MANAGEMENT

COST MANAGEMENT

PROJECT CONTROLS

BUSINESS DEVELOPMENT

NATIONAL SECTORS

AVIATION
Carin Rautenbach

CORPORATE REAL ESTATE
Saeid Garebaglow

ENERGY
Trevor Green

MANUFACTURING
Jonathan Marshall

PHARMACEUTICALS & BIOTECH
Iain McWhinney

OPERATIONS

DIRECTOR OF OPERATIONS
Paul Lakin

BUSINESS OPTIMIZATION

Tim Horner

CORPORATE

COMMERCIAL
Paul Lakin

FINANCE
Jack Kestner

HUMAN RESOURCES
Tracy Nursey

MARKETING & COMMUNICATIONS
Christy Ullo

QSSE
Mike Burnett

INTERNATIONAL Offices

BRAZIL - RIO DE JANEIRO
Carlos Nazario

BRAZIL - SÃO PAULO
Carlos Nazario

CANADA - CALGARY
Steve Tubby

CANADA - TORONTO
Steve Tubby

WESTnorth ZONE

ZONE LEAD
TBA

PORTLAND
Mike Williams

SEATTLE
TBA

WESTsouth ZONE

ZONE LEAD
Phil Kirby

DENVER
Stuart Smith

LOS ANGELES
Dan Leng

PHOENIX
Stuart Smith

SALT LAKE CITY
Stuart Smith

SAN FRANCISCO
Dan Leng

CENTRALnorth ZONE

ZONE LEAD
Paul Lakin

CHICAGO
Carmelo Torrisi

MINNEAPOLIS
Kevin Wiese

CENTRALsouth ZONE

ZONE LEAD
Mike Beveridge

DALLAS
Ron Pruzinsky

HOUSTON
Mike Beveridge

EASTnorth ZONE

ZONE LEAD
Andrew Peters

BOSTON
Paul Male

NEW YORK
Andrew Peters

PHILADELPHIA
Dan Shovlin

EASTsouth ZONE

ZONE LEAD
Steve Lee

ATLANTA
Steve Plane

CAROLINAS
Steve Plane

WASHINGTON, D.C.
Steve Lee

 Faithful+Gould Senior Leadership Team (SLT)
 Faithful+Gould Management

A low-angle, upward-looking photograph of industrial structures, likely distillation columns or towers, against a bright blue sky with light clouds. The structures are made of metal and feature ladders and walkways. A large, stylized yellow graphic element, resembling a cross or a star, is overlaid on the left side of the image. A semi-transparent grey banner is positioned at the top, containing the text 'APPENDIX E' in yellow and 'Faithful+Gould Financial Statement' in white. Three black circular punch holes are visible along the left edge of the page.

APPENDIX E

Faithful+Gould Financial Statement



As one of the world's most respected design, engineering and project management consultancies, we have a responsibility to help move the world forward, one step at a time. We care about it; we want it to be a place where everyone is considered, and where lives are enriched through the implementation of our ideas.

You see, we don't just imagine; we have the power to transform potential into reality. We have the breadth and depth of expertise, the intellect and the drive to make such a future happen; not only because we can, but because we must.

Working with our clients and partners, we believe that the scale of what we can accomplish together is greater than anyone can imagine.

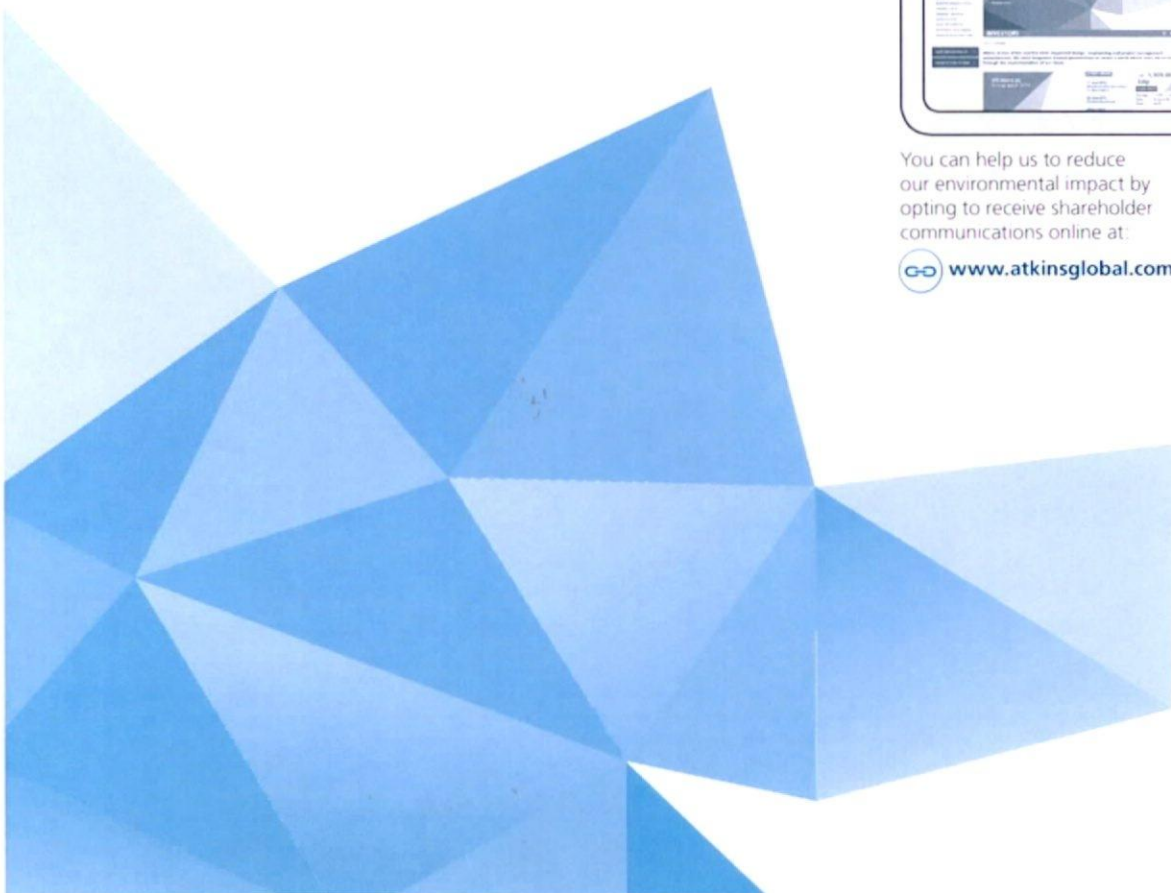
This is our time to make a difference.

>



You can help us to reduce our environmental impact by opting to receive shareholder communications online at:

 www.atkinsglobal.com/investors



Contents



Our business

Atkins is one of the world's most respected design, engineering and project management consultancies. We build long-term trusted partnerships to create a world where lives are enriched through the implementation of our ideas.



Find out more on page 12



Our markets

Due to the breadth of activities which the Group undertakes, Atkins proactively positions itself in a number of markets.



Find out more on page 14



Our strategy

Our strategy is to focus on growth and, selectively, to increase our geographic footprint and capabilities through targeted international expansion.



Find out more on page 18

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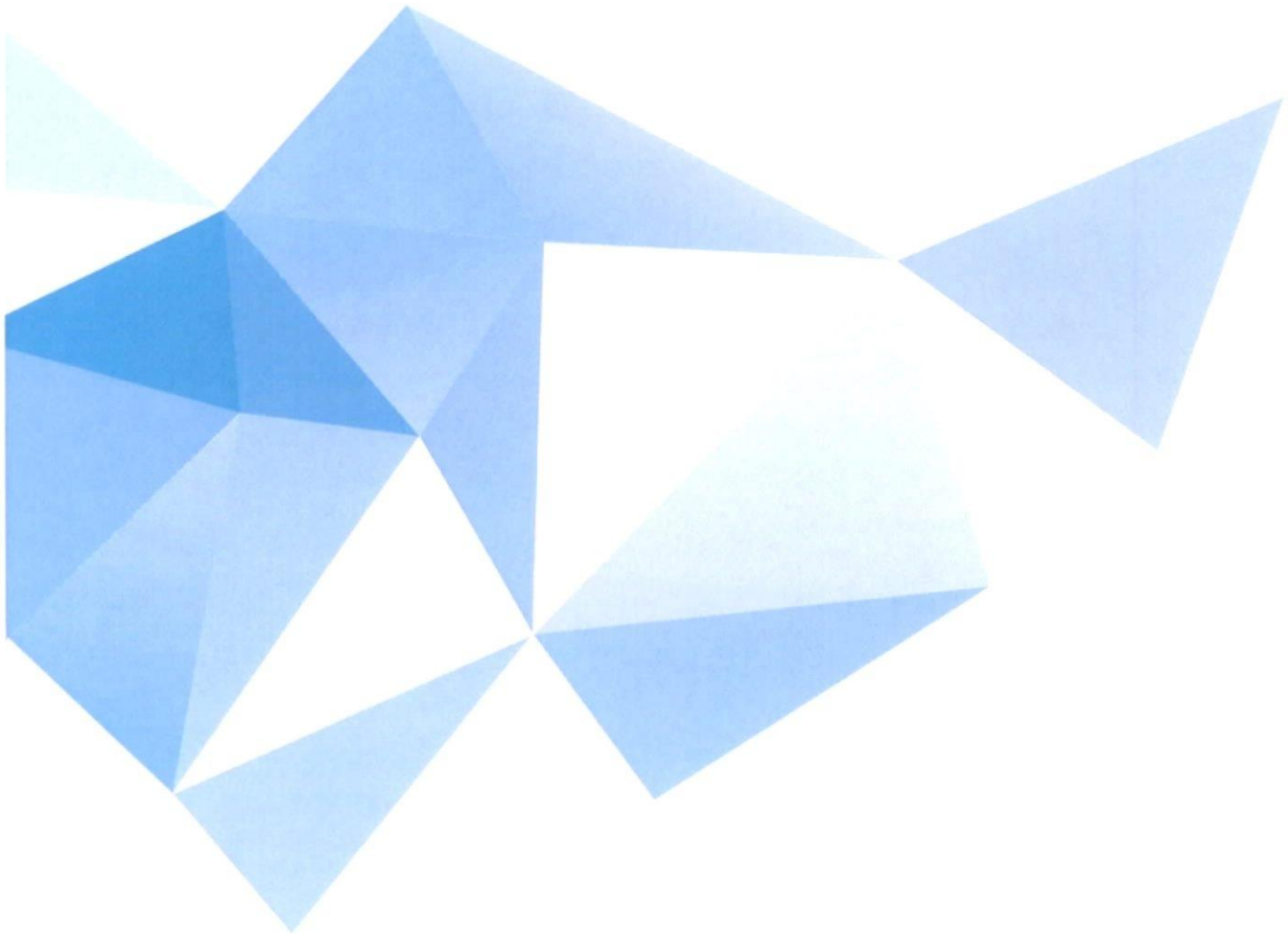
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Group at a glance

Good results and continued progress towards our 8% margin goal.

>



Group at a glance continued

Our business segments

The Group is segmented on a regional and sector basis and this is reflected in our management structure.

United Kingdom and Europe

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

Revenue

£903.8m

Employees¹

9,642

 Find out more on page 25

North America


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

Revenue

£341.4m

Employees¹

2,735

 Find out more on page 32

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.

Revenue

£216.7m

Employees¹

2,668

 Find out more on page 35

Asia Pacific

We provide engineering, planning, urban design, architecture and rail design services. In mainland China our focus is on urban planning, alongside architecture and landscape architecture design. In Hong Kong we deliver services in urban rail development and highways/bridges design.

Revenue

£109.7m

Employees¹

1,523

 Find out more on page 38

Energy

We operate 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.

Revenue

£182.0m

Employees¹

1,813

 Find out more on page 41

Notes:

- 1 Full time equivalent staff at 31 March 2015 including agency staff
- 2 There are an additional 81 staff undertaking Group functions.

Results

Underlying operating margin made good progress towards our 8.0% target.

>

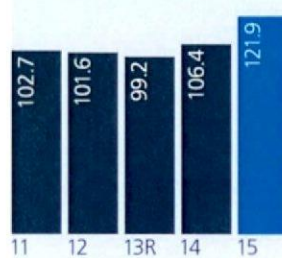
Revenue £m

+0.4%



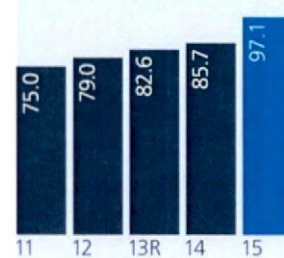
Underlying profit before tax £m

+15%



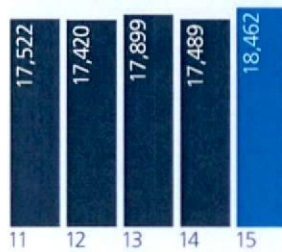
Underlying diluted EPS Pence

+13%



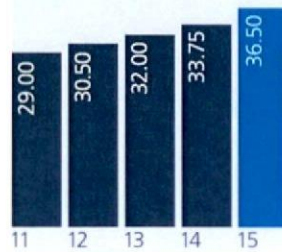
Headcount

+6%



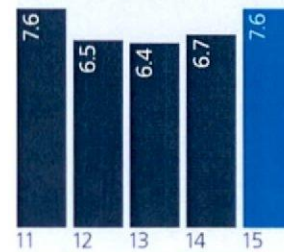
Dividend Pence

+8.1%



Underlying operating margin %

+0.9pp

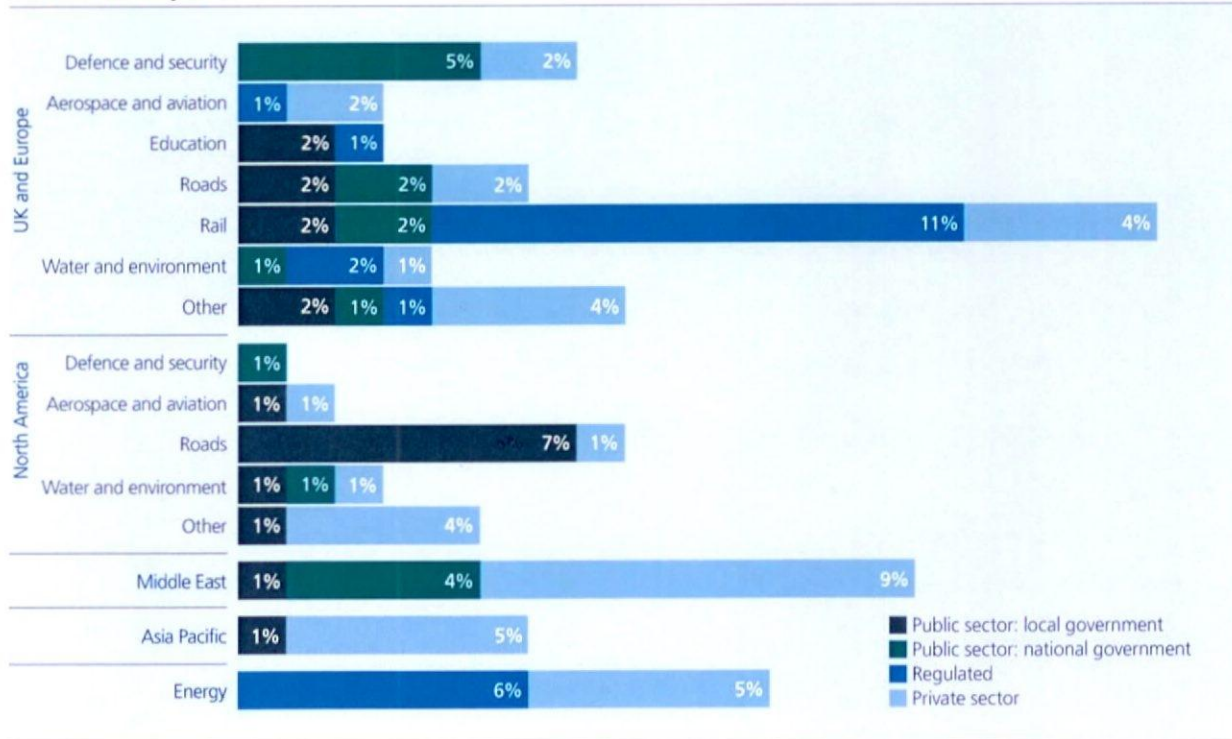


Notes:

- Revenue excludes the Group's share of revenue from joint ventures.
- Underlying profit before tax and underlying diluted EPS for FY2013 have been restated for the amendments to IAS 19 Employee Benefits.
- Underlying operating profit excludes amortisation of acquired intangibles. In addition, 2015 excludes exceptional transaction costs, impairment of goodwill and deferred acquisition payments. It includes £5m benefit of UK research and development expenditure credit following the Group's adoption of the new regime.
- Underlying profit before tax additionally excludes net profit on disposal of businesses of £0.4m (2014: £10.5m).
- Underlying diluted EPS is based on underlying profit after tax and allows for the dilutive effect of share options.
- Headcount is shown on a full time equivalent basis, including agency staff.
- Dividend relating to the year comprises the interim dividend paid in the year and the proposed final dividend.

Results continued

End market analysis



Related section

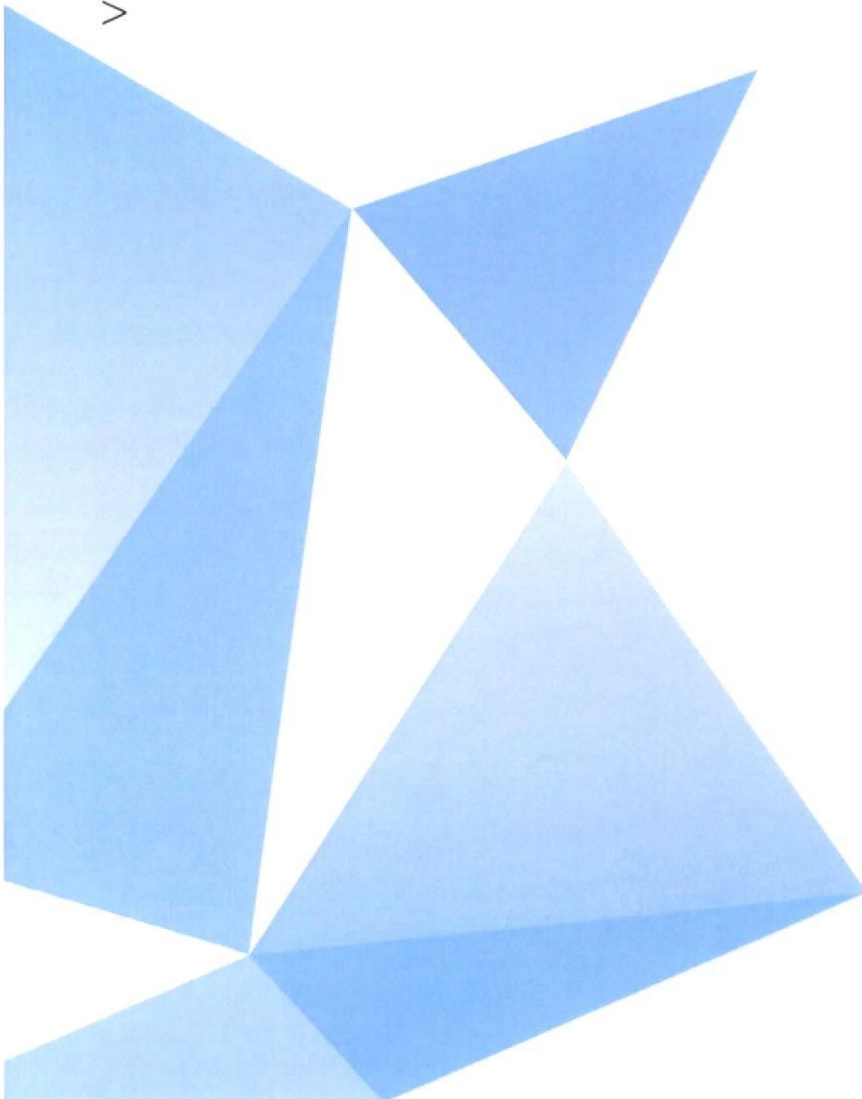
Our markets

 Find out more about our markets on page 14

Chairman's statement

Our good results were achieved despite heightened levels of uncertainty in world markets with exchange rate volatility and lower growth in many of the world's developed economies.

>



Performance

I am pleased to report that the Group delivered another set of good results against a background of continued challenges in the broader macroeconomic environment. During the year, we made further progress on the delivery of our strategy. Our portfolio optimisation is now largely complete and our margin progression has continued towards our 8% goal. We were also pleased to have recently completed a number of acquisitions during the period.

Macroeconomic environment

Our results were achieved despite heightened levels of uncertainty in world markets with exchange rate volatility and lower growth in many of the world's developed economies. Falling oil prices, volatile stock markets, and economic and political uncertainties affected many of our regions. The falling oil price has led the world's oil companies to review capital expenditure and also affected the economic climate in the Middle East.

China's recent higher growth rate declined somewhat and that, coupled with the Government's introduction of a programme of anti-corruption initiatives, led to deferrals in the award of projects and payments. Delays in project approvals also affected Hong Kong, following the pro-democracy activity.

In the UK, the Government's commitment to infrastructure investment continued with major programmes in the rail, road and water sectors all progressing as expected.

In North America, the economic recovery was encouraging but remains fragile with long-term visibility around infrastructure investment being impacted by the uncertain political environment.

Strategy

Our operational excellence programme is delivering efficiencies, particularly in North America. In addition, on 1 April 2015 we reorganised our UK business to enhance our client focus, improve efficiency and drive business performance.

Chairman's statement continued

We also completed a number of strategic acquisitions in North America and Europe. In September 2014 we received approval from the US Government which facilitated the successful completion of our acquisition of Nuclear Safety Associates. This acquisition will enhance the capability of our Energy business, and extend our nuclear footprint in North America in the federal and commercial US nuclear industries. In October 2014, we acquired Houston Offshore Engineering, a leading offshore oil and gas business based in Houston, Texas. This business brings to the Group vast experience in the design of offshore deep water floating production platforms. Our acquisition of Terramar, one of Norway's leading project management consultancy firms, was also completed during the third quarter.

In September 2014, we completed the disposal of our 77 person business in Poland to Multiconsult, a Norwegian multidisciplinary consultancy and design business. We intend to exit the Portuguese market where we currently employ 48 staff.

People

We are fortunate to have a team of excellent people around the world who are winning and delivering fantastic work. They play a central role in everything that we do and I would like to thank them for their continued outstanding contribution. Together, we're making a huge difference.

We continue to maintain our focus on inspiring and encouraging more young people to pursue a career in the engineering sector. During the year, we welcomed almost 400 new graduates across the Group and accelerated our apprentice programme by recruiting 71 apprentices within our UK business.

A more diverse workforce can help to address the critical skill shortage in parts of our business and our commitment to building a more diverse organisation continues to gain momentum. We have increased the number of our women's professional networks around the world

and our flexible working practices have been introduced across our Energy business and in our global design centres. Our Energy business is also piloting a programme to support women returning to work after maternity leave. In the UK, we were delighted to be recognised as one of The Times Top 50 Employers for Women 2015.

During the year, we have invested in our brand to create a new purpose statement to capture the 'what', 'how' and 'why' of Atkins. Rather than simply what we do, we want to be known for what we stand for, the things that drive us, and the way we work. Our purpose brings all that together in one description and is outlined in the Strategy section (page 19).

Board of directors

Rodney Slater and Alun Griffiths retired from the Board at our annual general meeting on 30 July 2014. Rodney served the Board for three years and I would like to thank him for his input during that time. Alun was with the Group for 28 years and served on the Board as an executive director for seven years; he was succeeded as Group HR director by James Cullens. During his tenure, Alun made a significant contribution to the Board and more broadly throughout the Company. He will be missed and I would like to thank Alun for his longstanding dedication to the Group.

I am delighted to welcome Catherine Bradley to the Board. She joined as a non-executive director on 9 June 2015 and brings significant corporate finance and acquisition experience obtained in the UK, Asia, the US and Europe.

Dividend

The Board is recommending a final dividend of 25.5p per ordinary share in respect of the year ended 31 March 2015, making the total dividend for the year 36.5p (2014: 33.75p), an increase of 8.1%. If approved at the Company's annual general meeting, the dividend will be paid on 21 August 2015 to ordinary shareholders on the register on 10 July 2015.

Further details regarding dividend payments can be found in Investor Information (page 203).

Outlook

The Group has maintained its resilience to challenging markets worldwide through the breadth and depth of its market positioning. 2015 continues to see a heightened level of uncertainty in world markets with the consensus of forecasts of world economic growth between 2.8% and 3.8% overall, but with significant regional variations. Sustained low oil prices and economic and political uncertainties provide a complex backdrop to near-term developments.

In the UK, we are encouraged by the continuing overall commitment by the recently elected Government to infrastructure and the National Infrastructure Plan and we believe our refreshed operating model positions us well to take full advantage of this. In North America, as our technical professional organisation matures, we expect productivity will continue to increase and help drive further margin improvement. In Energy we see a good pipeline of work across nuclear and renewable balancing ongoing staff reductions in oil and gas. In the Middle East economies, the reduction in oil prices may have some near-term impacts on decision making and the launch of major capital spending commitments. However, we believe essential infrastructure will remain a priority and the long-term objectives of governments in core markets are unlikely to be diverted significantly. Asia Pacific remains well placed to deliver on its strategic growth plan, helped by the acquisition of Confluence in 2013. Overall, the outlook remains positive.

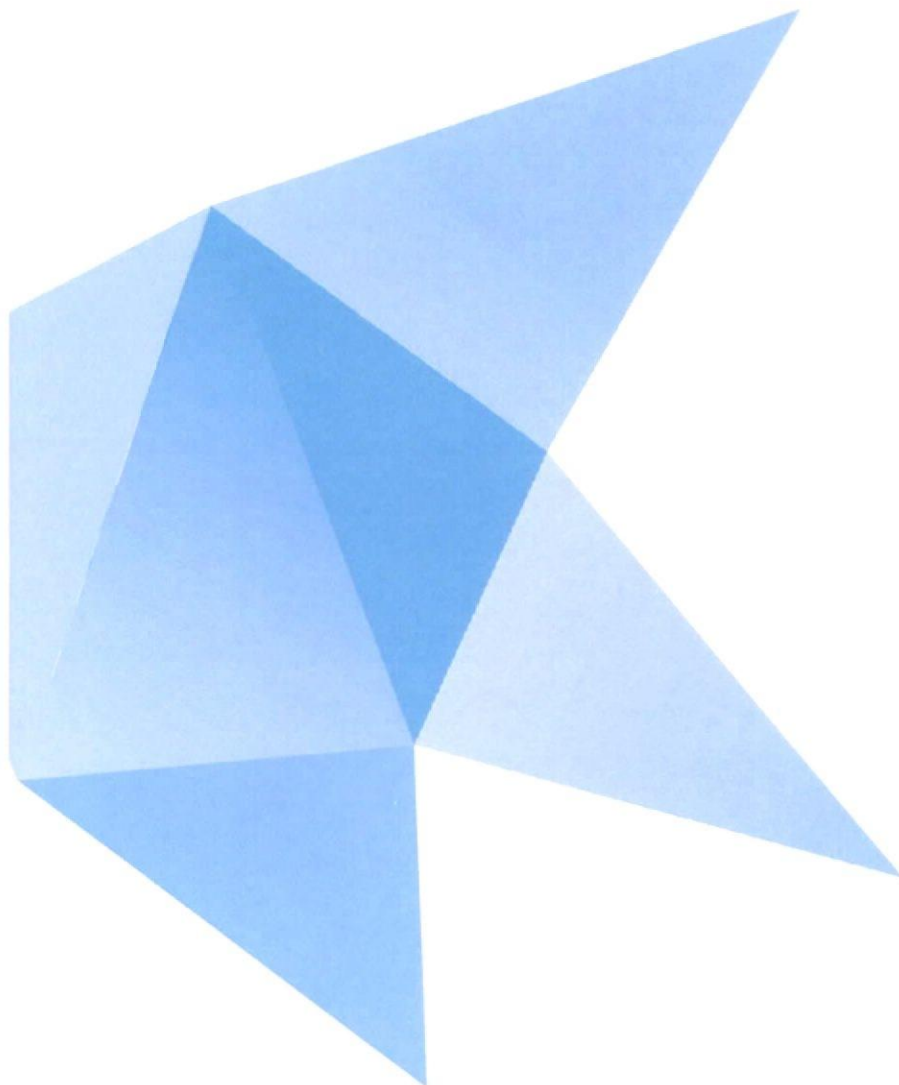
Allan Cook CBE

Chairman
10 June 2015

CEO's statement

We have delivered another year of good results and demonstrated that our strategy is working.

>



We delivered good results this year. We are pleased to report that we have made progress in all areas of our strategy, which comprises the three pillars of operational excellence, portfolio optimisation and sector and regional focus. We have delivered efficiencies, particularly in North America and, on 1 April 2015, we reorganised our UK business to enhance our client focus, improve efficiency and drive business performance. Our focus on growing organically has been boosted this year with strategic acquisitions in Europe and North America. Together, these actions are resulting in tangible progress towards our 8% margin goal as evidenced by solid growth in profitability and excellent cash performance.

Business performance

Our underlying profit before tax was £121.9m, an increase of 14.6% over last year's profit of £106.4m, on revenue that increased 0.4% to £1.76bn (2014: £1.75bn). This profit includes the benefit of £5.0m of research and development expenditure credit following early adoption of new rules in the UK. In previous years the equivalent benefit was shown as a reduction in the tax charge.

As discussed in more detail in the Business review (page 23), we believe underlying profit is a more representative measure of performance, removing the items that may give a distorted view of performance. The unadjusted reported profit before tax was £106.7m (2014: £114.2m).

Revenue and profit before tax were adversely affected by currency headwinds of £22.8m and £1.1m respectively against a constant currency basis.

Reported operating profit was £118.5m (2014: £113.7m), at a margin of 6.7% (2014: 6.5%), while the more representative underlying operating profit was £134.1m (2014: £116.4m) giving an improved underlying margin of 7.6% (2014: 6.7%).

CEO's statement continued

The net profit on disposal of £0.4m is explained in more detail in note 8 to the Financial Statements (page 153) and comprises £0.5m of deferred consideration received in relation to our previously disposed UK highways services business and a loss of £0.1m on the disposal of our Polish business.

Headcount closed the year at 18,462 (2014: 17,489), reflecting organic headcount growth and the acquisitions of Nuclear Safety Associates (NSA), Houston Offshore Engineering (HOE) and Terramar.

Our United Kingdom and Europe business saw a much improved second half performance after a mixed first half. We faced a market downturn in our aerospace business in the year and our profitability was also affected by a number of contract variation negotiations in our UK rail business, which have now been largely resolved. By contrast, our highways and transportation and design and engineering businesses continued to benefit from the UK Government's focus on infrastructure investment. Our highways and transportation business won significant contracts for Highways England as one of its key suppliers on the Collaborative Delivery Framework and also for the Welsh Government's M4 corridor project and Transport Scotland's A9 upgrade. All sectors of our design and engineering business have strong pipelines of secured workload and opportunities. Our rail business remains busy, operating at a high level of staff utilisation, reflecting strong markets in the areas of signalling, electrification and station design. Our water and environment business returned to growth during the second half of the year. This improved performance was due to increased volumes from contracts secured with water utility clients for the 2015 to 2020 regulatory period (AMP6). Our Faithful+Gould business has performed well with continued signs of recovery in the market.

In Scandinavia, we continue to work across a number of important rail and road infrastructure projects. We believe that the strategic acquisition of Terramar will position us to secure further work in the well-funded infrastructure markets in Norway, as well as unlocking further project management opportunities.

In North America, we saw an improvement in both operating profit and margin as we embedded our new operating structure, despite a first half impacted by currency headwinds. Our consultancy business's more focused, client-centric model made solid progress, increasing win rates and positioning the business to maximise existing relationships and create new opportunities. We benefited from good new contract wins in the environmental and general engineering services areas of our business in Florida, Nevada and Colorado, and were reappointed on significant contracts for the Federal Emergency Management Agency as well as contracts to oversee transport solutions for highways authorities in Florida, Texas and Georgia. Our strategic ventures business completed its first year of operation with a diverse portfolio of rail, transit and energy and renewables clients. Faithful+Gould had a quieter year following the conclusion of some client programmes and we were impacted by cost reduction measures taken by clients in the oil and gas sector.

I am pleased to report that our Middle East business delivered a strong overall performance this financial year, with revenue and operating profit up significantly as we continued our focus on major projects and programmes in rail, infrastructure and property. Good progress was made on the mobilisation and design delivery for our major metro projects, including Riyadh Metro, Doha Metro Red Line South and Doha Metro Gold Line, the latter a notable win in the first half of the year. There continues to be demand for metro projects across

the region, with further opportunities to work selectively for design and build contractors. Our work with the Qatari Government, advising on infrastructure planning and design projects to meet its National Vision 2030, has continued through the year. Property sector activity in the United Arab Emirates experienced an upturn in confidence in 2014 resulting in increased property workloads with selective clients. Our Faithful+Gould business had a strong year with growth across the region buoyed by the Confluence acquisition in 2013, which added project management strength. We have also seen a number of successes in the property sector.

Our Asia Pacific region had a good year, particularly in our core markets of Hong Kong and China, despite the Government's introduction of anti-corruption measures and the subsequent slowdown in contract awards in mainland China and the impact of pro-democracy demonstrations in Hong Kong. Our work outside the region with Chinese contractors continued to gain momentum. We are focused on expanding our footprint in southeast Asia. In Indonesia we won a substantial masterplanning project and in Malaysia and Vietnam we continue to pursue projects selectively in the transport and property sectors. The acquisition of Confluence, through our Faithful+Gould business in the region, has enabled us to achieve particular success in Singapore on several high profile projects in more diverse sectors and strengthened our multidisciplinary offering to clients.

CEO's statement continued

Our Energy business continued to perform well despite the effect of the falling oil price. During the year, we were delighted to complete two acquisitions in North America. In October, the successful acquisition of HOE added 150 people in North America with world class skills in deepwater floating production platforms, while the completion of the NSA purchase added 130 specialists in nuclear safety, design engineering, and professional security services. Our expertise and international footprint has helped us secure long-term framework agreements for both consultancy and design services for major international oil and gas operators and our international nuclear portfolio remains strong. The Middle East market continues to provide opportunities for growth with a strong pipeline of work, including the recent award of a contract to provide engineering services to Shanghai Electric Power Construction Corporation in support of Aramco.

Priorities

We are committed to becoming an even more responsible and sustainable organisation. During the year, this has been supported by the introduction of our new code of conduct, Behaving the Atkins Way. The code provides a strong leadership statement and direction and emphasises the importance of ensuring the safety and wellbeing of all our people while encouraging and empowering them to challenge and raise concerns about any dishonest, unethical, unacceptable or unsafe behaviour.

Work to implement our strategy continues. We see attractive prospects in a number of our existing sectors, most notably Energy. Other sectors on which we place a particular focus will evolve over time. Security remains an attractive sector but is not yet a business of scale. The challenging environment in aerospace has also seen a reduction of the market and this will be less of a focus area in future. We continue to expand our market facing offering in geographic areas where we already have a presence, for example in Asia Pacific.

Conclusion

These results could not have been achieved without the hard work of our people worldwide and I would like to thank them all for their dedication, for their focus and the way they work together as one Atkins to truly make a difference for our clients.

We have delivered another year of good results and demonstrated that our strategy is working. Organic growth remains our priority but, during the year, we have underpinned it with acquisitions that added new skills and expanded our regional presence while successfully disposing of our Polish business. We start the new financial year with an attractive pipeline of opportunities across the Group and a strong balance sheet. Our operational excellence programme continues to maintain our focus on improving our overall operating margin, towards our 8% goal. We are confident of delivering further growth in the coming year.

Prof Dr Uwe Krueger

CEO

10 June 2015

Strategy

The primary objective of the Group is to create shareholder value through profitable growth.



Strategy

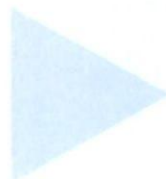
Over the next few pages we outline our business, our markets and our strategy.

Our business



Atkins is one of the world's most respected design, engineering and project management consultancies. We build long-term trusted partnerships to create a world where lives are enriched through the implementation of our ideas.

- What we do
- Our business model
- How we add value
- Our differentiators



Find out more on page 12

Our markets



Due to the breadth of activities which the Group undertakes, Atkins proactively positions itself in a number of markets.

- Macro trends
- External market drivers
- Market size and share
- Competitive environment
- Regional markets



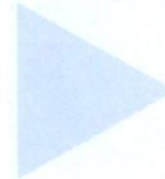
Find out more on page 14

Our strategy



Our strategy is to focus on growth and, selectively, to increase our geographic footprint and capabilities through targeted international expansion.

- Our purpose
- Our strategy
- Progress against our strategy
- Strategic evolution



Find out more on page 18

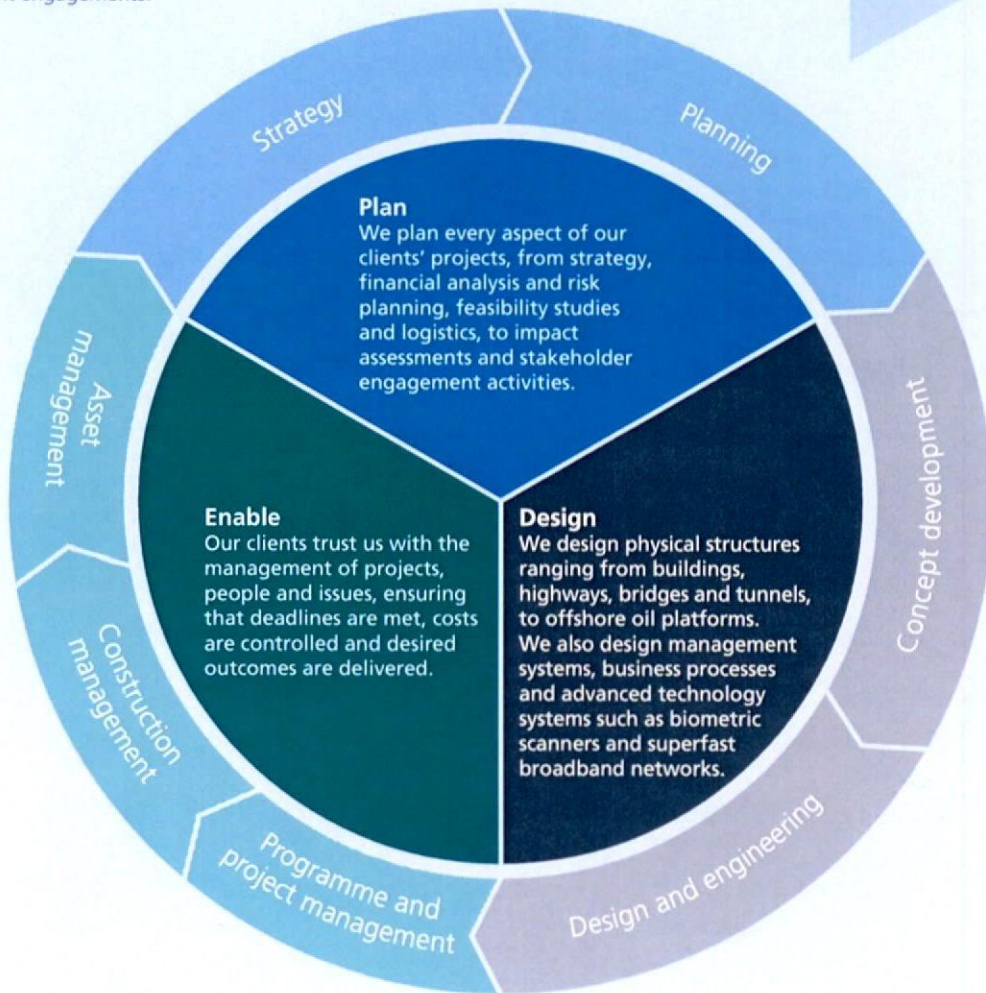
Our business



What we do

Our core business is helping our clients to plan, design and enable major capital programmes. The solutions we provide range from upfront strategic advice to large outcome-focused programme management engagements.

Areas of our business



Strategy continued

Our business



Our business model

Design, engineering and project management services are key to infrastructure development. When clients are undertaking capital projects they need professional support with planning, designing and enabling activities – from policy, strategic choices, feasibility, concept and detailed design, through to project and programme management, implementation and operation. At each stage, services are sought from design, engineering and project management consultancies.

Large or particularly complex projects may only be able to be undertaken by organisations of scale, where a breadth of expertise and deep technical knowledge must be applied in combination to deliver the project.

Our business may be characterised as follows:

- we are a people business selling the specialist output from our talented teams
- the services we provide demand high end critical thinking and expert judgement
- we operate in many parts of the world and in many market sectors
- we undertake projects of different sizes but increasingly those of larger scale and complexity.

How we add value

Our strength lies in our client relationships and the breadth and depth of our technical expertise, which enables us to provide practical solutions to the most complex challenges for clients in a number of sectors.

Our differentiators

We aim to put our clients at the centre of what we do, work more collaboratively and exploit technology wherever we can to secure our future profitable growth.

Clients

Our thought leadership, key account management and agility place us well for increased client intimacy and focus. We focus on winning work and delivering for our clients.

Collaboration

External partnerships provide both domestic and international opportunities including significant work in, for example, metros and nuclear markets. Internal cooperation also remains a priority, including the work undertaken by our global design centres (GDCs) in Bangalore and Delhi in India.

Technology

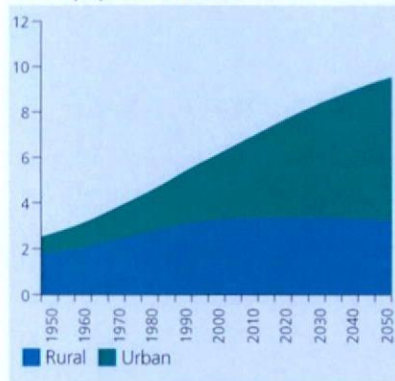
We are pursuing advances in design and engineering. Innovation and research and development are taking place in client programmes and Group activities.

Our markets



Macro trends Urbanisation

World population billion



Source: United Nations, Population Division, Department of Economic and Social Affairs World Urbanisation Prospects: The 2014 Revision

The world population is increasingly moving to urban environments. The UN estimates that more than half of the world's population now lives in cities and that by 2050 this number will be almost two thirds of a projected nine billion population.

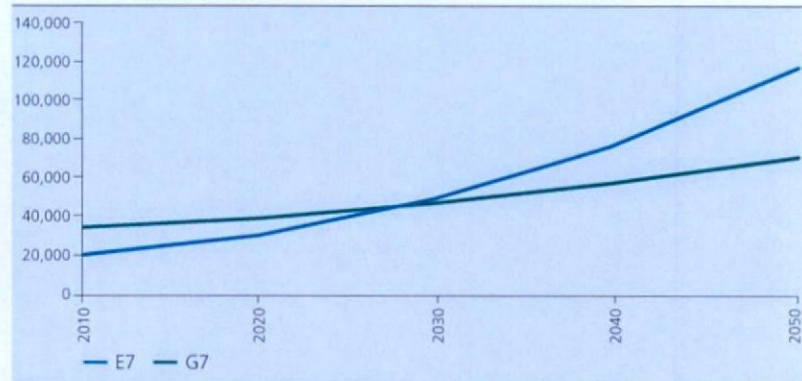
Not all regions of the world have reached the 50% level and the urbanisation trend is most marked in growth markets outside the developed world. It is anticipated that urban growth will be concentrated in Africa and Asia over the next few years. According to the UN, it is expected that half of the population of Asia will live in urban areas by 2020, while Africa is likely to reach a 50% urbanisation rate in 2035.

This overarching driver will create ongoing demand for new and improved infrastructure in a number of allied sectors.

Growth in emerging markets

E7 and G7 growth paths in MER terms

GDP constant 2014 US\$ billions



Source: IMF World Economic Outlook, PwC World in 2050 projections

In a report on economic growth projections to 2050 (The World in 2050), PricewaterhouseCoopers (PwC) projects the world economy to grow at an average of just over 3% per annum in the period 2014 to 2050. The economic power shift away from the established advanced economies is anticipated to continue. In purchasing power parity terms, the E7 economies (China, India, Brazil, Russia, Indonesia, Mexico and Turkey) had already overtaken the G7 economies (the US, Japan, Germany, the UK, France, Italy and Canada) by 2014.

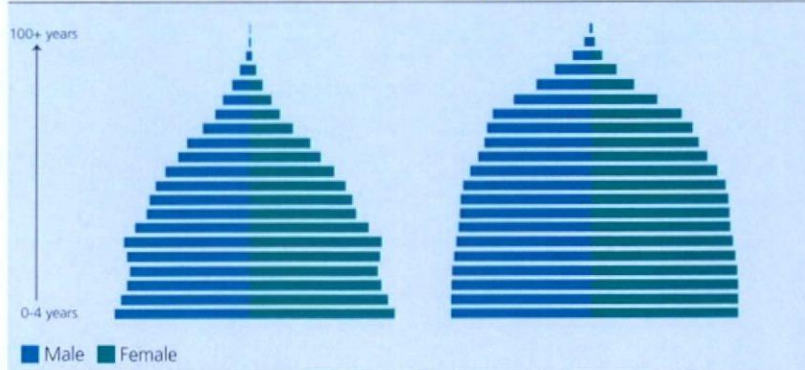
PwC's model projections suggest that the E7 countries could overtake the G7 countries in around 2030 in market exchange rate terms, with China, India and the US likely to be the three largest economies in the world by 2050. There are many uncertainties surrounding any such projections but higher growth is anticipated in China and emerging Asia more generally. The PwC model suggests that the E7 could grow at an average rate of 3.8% per annum during the period 2014 to 2050, while the G7 could grow at an average rate of just 2.1% per annum over the same time period. As PwC notes, global strategies need to strike the right balance between mature, lower risk, advanced economies and faster growing but generally higher risk emerging markets.

Strategy continued
Our markets



Work delivery/demographics

Population in 5 year age bands (2015) Population in 5 year age bands (2060)



Source: UN population projections

In more and more situations, we are moving parts of the work we undertake for our local clients to other Group locations. This may be to one of our GDCs or offices in other parts of the world where we undertake the work in our centres of excellence for a particular discipline. Seamless delivery and robust processes are required to achieve this.

As we change the way in which we work, society is also shifting and ageing. According to the UN, between 2015 and 2060 two thirds of the growth in the overall population will be in the 40 to 79 age group and, within this, the number of 60 to 79 year olds will increase by more than one billion. This will have implications for the way we work as the priorities of the population and infrastructure needs change.

Technology

By 2019, there will be more than 11 billion mobile connected devices, about four billion more than there were in 2014.



Source: Cisco Visual Networking Index: Global Mobile Data Traffic Forecast Update, 2014-2019

Technological advances in the design and engineering of projects are having an impact on the industry. Through building information modelling and other tools, 3D, 4D and 5D (including time and cost information) design is becoming more prevalent. In addition, the application of large data sets and cloud-based applications to analysis (historic and predictive) is creating new ways of looking at projects in the planning and design stage, is simplifying and speeding up infrastructure construction and maintenance efforts, and is tying the satisfaction of end user needs much more closely to the built environment.

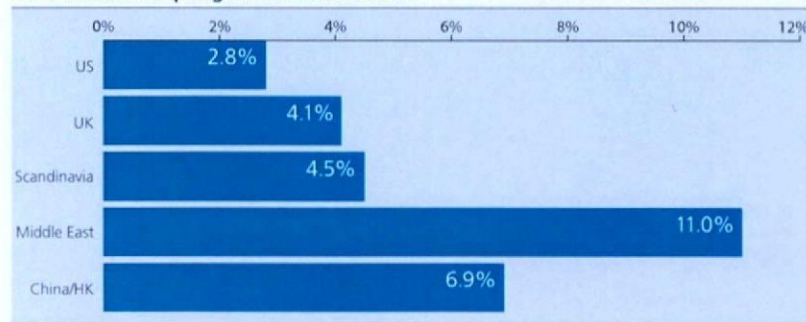


Strategy continued
Our markets



External market drivers

Construction output growth rates 2015-20



Source: Business Monitor International, MarketLine

UK and Europe

There are significant investment requirements to replace the UK's ageing infrastructure, with growth of more than 4% forecast over the next five years. The £466bn National Infrastructure Plan is weighted towards the transport (31%) and energy (59%) sectors.

North America

Continued economic recovery in the US is expected to drive significant renewed infrastructure investment to replace its ageing asset base. Future investment forecast in the roads and water sectors, following a period of underfunding, drives growth of over 2% in the next five years according to Business Monitor International (BMI).

Middle East

Substantial growth in Middle East infrastructure spend is set to continue, supported by long-term regional development strategies and major upcoming global events. Double digit growth in Middle East construction spend in the regions in which we operate is forecast over the next five years according to BMI, with significant rail investment.

Asia Pacific

Acceleration and scale of urbanisation continues to drive significant levels of infrastructure spend across the Asia Pacific region.

Energy

Our assessment of the addressable global market is estimated at more than \$9bn per annum and is projected to grow steadily.

Strategy continued

Our markets



Market size and share

There are a number of industry surveys that capture the top firms in regions and sectors by revenue. The calculation of true market share remains difficult due to the large number of very small firms in each region that do not form part of these surveys. However, we use the information available, together with our own industry knowledge, to develop our own best estimate of market share.

We estimate that the market for our skills in selected geographies is in excess of £100bn per annum and, such is the fragmented and extensive nature of the competition, we command an overall share of less than 2% of our addressable market.

Market shares vary enormously by individual sector – from around a third in UK rail signalling works/structures down to very small market shares in niche activities. By region, we estimate our market share as more than 5% from our significant position in the UK and, demonstrating the potential for growth, around 2% in the Middle East and less than 1% in each of the US, Europe and Asia Pacific.

Competitive environment

Due to the breadth of activities that the Group undertakes, competitors are generally sector or service specific.

Each region of the world is characterised by a small number of large players, often with multinational reach, together with a large number of smaller companies that tend to have very specific niche skills. Typically, therefore, competitors at the local level are divisions of large companies or smaller privately owned specialists.

Barriers to entry vary across the sectors in which we operate – from very high in areas such as nuclear, where specific domain knowledge and certification is required, to much lower barriers in more generalist areas of civil infrastructure design and project management.

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	Market	Focus	Risks
United Kingdom and Europe	<p>Strong demand for infrastructure with UK National Infrastructure Plan – large project pipeline includes High Speed 2, Crossrail 2, Thames Tideway Tunnel, airport expansion</p> <p>Well-funded markets in rail, roads and water</p> <p>Continuing pressure from the UK Government for value for money</p> <p>Scarce specialist resources</p> <p>Non infrastructure markets remain mixed</p>	<p>Reorganised UK business with additional market focus on core sectors – driving growth in well-funded infrastructure areas</p> <p>Growth in major projects in roads and rail</p> <p>Continued activity in selected water markets and property sector</p> <p>Focus on security and intelligence</p> <p>Pursue aerospace opportunities in response to renewed market demand</p>	<p>Key risks revolve around potential for continuing and increased government austerity measures impacting investment in public sector infrastructure</p> <p>Economic conditions could lead to reduced levels of private sector infrastructure spend</p> <p>Adverse movements in liability assumptions or asset values result in a significant increase in the Group's defined benefit pension obligations</p> <p>Medium- to longer-term potential shortage of professional technical staff</p>
North America	<p>Legacy infrastructure ageing – water, ports, transportation</p> <p>Transportation funding challenges at the federal, state and local levels</p> <p>Federal priorities aligned to spending bills</p>	<p>Grow core market leading business in transportation targeting key expansion opportunities</p> <p>Progressively develop federal offering and target large infrastructure programmes at state, municipal and city level</p>	<p>Main risks are in connection with uncertainties around continued state, city and private investment in core infrastructure</p>
Middle East	<p>Continued growth with large capital investment programmes being sustained particularly in rail and metro sector</p> <p>Regional growth resulting from economic diversity and population growth and urbanisation as well as traditional oil market driver</p> <p>The Kingdom of Saudi Arabia (KSA) is our largest market, Qatar is buoyant and the United Arab Emirates (UAE) is experiencing increasing activity in real estate development</p>	<p>Multidisciplinary integrated services for clients with sector-led focus on major projects and programmes in property, rail and infrastructure</p> <p>Geographic focus in the growth markets of the KSA, Qatar and UAE</p>	<p>Increased complexity of commercial conditions</p> <p>Potential for project delays</p> <p>Regional stability</p> <p>Uncertainty around potential impact of oil price levels on government spending</p>
Asia Pacific	<p>Government spending commitments continue to provide opportunities in Hong Kong for major infrastructure developments</p> <p>Medium-term demand for urban planning and architecture expected in mainland China with short-term impact of Government's anti-corruption measures on pipeline and existing projects</p> <p>Strong demand for engineering and design services in southeast Asia</p>	<p>Maintain strong position in public infrastructure in Hong Kong with continued diversification</p> <p>Extend activity in urban planning, architecture and design in mainland China</p> <p>Strategic options in Singapore, Malaysia and Vietnam</p> <p>Evaluate market entry in other regions</p>	<p>Access to work in mainland China</p> <p>Continuing demand from Hong Kong</p> <p>Predictability and deliverability of projects coming to market in wider southeast Asia</p>
Energy	<p>Overall low single digit world market growth rate, but potentially much higher in specific sectors and locations</p> <p>Oil price uncertainty may impact investment in general move by oil majors to operating expenditure from capital expenditure</p>	<p>Maintain core business in supporting existing assets primarily in the UK</p> <p>Increase design activity</p>	<p>World energy demand does not seem to be slackening but there is uncertainty around potential impact of oil price levels</p> <p>Safety, environmental and reputational issues remain key</p>

Strategy continued
Our strategy



Our purpose

Our purpose reflects the principles and qualities valued by people inside and outside our organisation that differentiate Atkins from our competitors and guide the way we do things:

As one of the world's most respected design, engineering and project management consultancies, we have a responsibility to help move the world forward, one step at a time. We care about it; we want it to be a place where everyone is considered, and where lives are enriched through the implementation of our ideas.

You see, we don't just imagine; we have the power to transform potential into reality. We have the breadth and depth of expertise, the intellect and the drive to make such a future happen; not only because we can, but because we must.

Working with our clients and partners, we believe that the scale of what we can accomplish together is greater than anyone can imagine. This is our time to make a difference.

Our strategy

The primary objective of the Group is to deliver shareholder value through profitable growth.

The overall strategy for the Group was established and communicated in 2011. Annual reviews test the progress and continuing relevance of each aspect of the strategy.

Three pillars of activity form the basis of our strategy – operational excellence, portfolio optimisation, and sector and regional focus.

These align with our business model, drive an appropriate risk profile for the Group and allow us to monitor progress through our key performance indicators.



Strategy continued
Our strategy



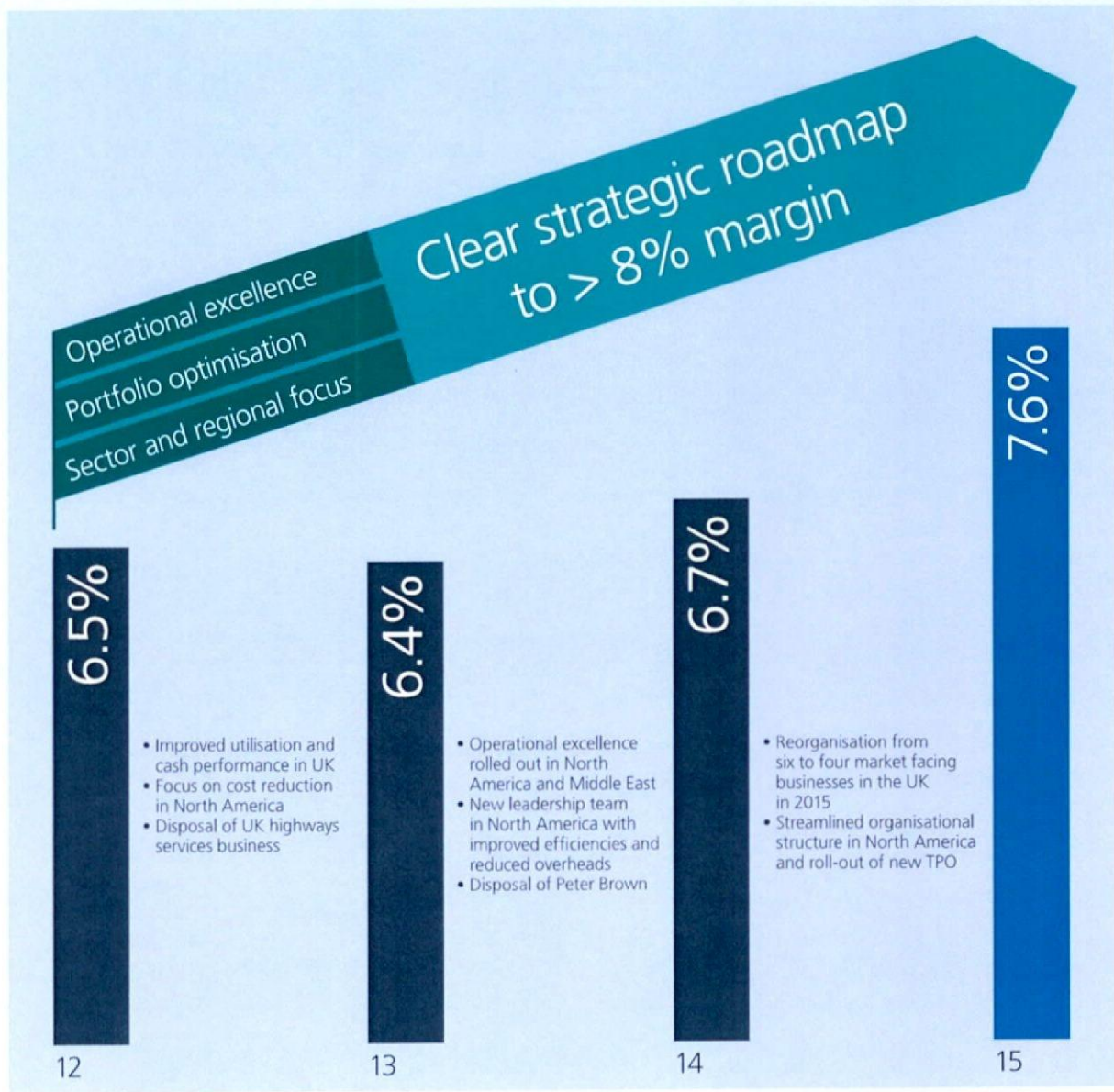
Progress against our strategy

	Context	Progress and next steps															
Operational excellence	<p>We continue to drive an improved operational performance across the Group – with a distinct emphasis on optimising financial delivery on our projects – and we are successfully implementing our operational excellence programme.</p> <p>This involves a continued focus on utilisation and margin, together with an increased emphasis on billing and cash collection.</p>	<p>Group operating margin %</p> <table border="1"> <tr><th>Year</th><th>Operating Margin %</th></tr> <tr><td>12</td><td>6.5</td></tr> <tr><td>13</td><td>6.4</td></tr> <tr><td>14</td><td>6.7</td></tr> <tr><td>15</td><td>7.6</td></tr> </table> <p>UK reorganisation in progress.</p> <p>Further utilisation improvements from our technical professional organisation (TPO) structure in North America.</p> <p>Increased use of GDCs as a source of competitive and quality resources.</p>	Year	Operating Margin %	12	6.5	13	6.4	14	6.7	15	7.6					
Year	Operating Margin %																
12	6.5																
13	6.4																
14	6.7																
15	7.6																
Portfolio optimisation	<p>A second aspect of ensuring we are well positioned for the future is an ongoing review of the businesses in our portfolio, continuing to focus the Group on higher growth, higher margin activities.</p>	<p>Revenue £m</p> <table border="1"> <tr><th>Year</th><th>Revenue £m</th></tr> <tr><td>10</td><td>~100</td></tr> <tr><td>11</td><td>~110</td></tr> <tr><td>12</td><td>~120</td></tr> <tr><td>13</td><td>~130</td></tr> <tr><td>14</td><td>~140</td></tr> <tr><td>15</td><td>~150</td></tr> </table> <p>■ Organic/bolt-on revenue ■ Asset management ■ PBSJ ■ Highways services ■ Peter Brown ■ Core</p> <p>We have made excellent progress in this area over the last few years with the sale of our business in Poland, the UK highways services operations and the disposal of the Peter Brown construction management at risk business, together with the sale of our UK asset management business and the disposal of our non controlling interest in the RMPA (Colchester Garrison) private finance initiative.</p>	Year	Revenue £m	10	~100	11	~110	12	~120	13	~130	14	~140	15	~150	
Year	Revenue £m																
10	~100																
11	~110																
12	~120																
13	~130																
14	~140																
15	~150																
Sector and regional focus	<p>We organise our Group along regional lines with the addition of Energy as a segment addressing global clients. While this structure is reflected in the organisation of the Group, we also undertake pan Group coordination of key sectors with multiple jurisdictions.</p>	<p>Energy and Asia Pacific revenue £m</p> <table border="1"> <tr><th>Year</th><th>Energy Revenue (£m)</th><th>Asia Pacific Revenue (£m)</th></tr> <tr><td>12</td><td>128.4</td><td>82.9</td></tr> <tr><td>13</td><td>151.9</td><td>88.0</td></tr> <tr><td>14</td><td>169.6</td><td>100.5</td></tr> <tr><td>15</td><td>182.0</td><td>109.7</td></tr> </table> <p>■ Energy ■ Asia Pacific</p> <p>Sectors and regions on which we place a particular focus will evolve over time.</p> <p>Energy and Asia Pacific currently remain the primary sector and regional areas on which we will focus.</p> <p>The security market, and in particular IT and cyber security, offers a good pipeline of opportunities, although by contrast recent challenges in aerospace mean this will be less of a focus area in future.</p>	Year	Energy Revenue (£m)	Asia Pacific Revenue (£m)	12	128.4	82.9	13	151.9	88.0	14	169.6	100.5	15	182.0	109.7
Year	Energy Revenue (£m)	Asia Pacific Revenue (£m)															
12	128.4	82.9															
13	151.9	88.0															
14	169.6	100.5															
15	182.0	109.7															

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Our strategy



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Business review

Overview of the business and performance in the year

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

>

Our business

Our core business is helping our clients to plan, design and enable capital programmes that resolve complex challenges in the built environment. We are able to provide our clients with professional support to plan, design and enable projects from policy, strategic choices, feasibility concept and detailed design, through to project and programme management, implementation and operation.

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 safety, volume, staff turnover, 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 undertaken. They measure both profitability and the efficiency with which we have turned operating profits into cash.

Business review continued

Work in hand measures our secured workload as a percentage of the budgeted revenue for the next year. Staff numbers and staff turnover are measures of capacity and show us how effective we have been in recruiting and retaining our key resource.

Safety in the workplace and on our project sites is paramount and forms part of our commitment to quality and reliability and, as such, we track the accident incident rate (AIR) across the Group. The AIR is an industry measure of the number of reportable accidents per 100,000 staff and is explained in more detail in the Corporate sustainability review (page 60).

As a people business, staff turnover is an important metric for us and shows the rate at which staff chose to leave the Group.

KPIs for the year ended 31 March 2015 are shown on page 24, along with prior year comparatives.

Review of the year

As outlined in the CEO's statement and in more detail in the Financial performance review section (page 45), this has been another good year in terms of Atkins' financial performance.

Our underlying profit before tax was £121.9m, an increase of 14.6% over last year's profit of £106.4m, on revenue that increased 0.4% to £1.76bn (2014: £1.75bn). This profit includes the benefit of £5.0m of research and development expenditure credit (RDEC) following early adoption of new rules in the UK. In previous years the equivalent benefit was shown as a reduction in the Group's tax charge.

We believe underlying profit is a more representative measure of performance, removing the items that may give a distorted view of performance. In the current year we have removed profits on disposals and costs associated with disposals of £0.4m (2014: £10.5m), amortisation of acquired intangible assets of £6.9m (2014: £2.7m), exceptional transaction costs of £4.4m (2014: £nil), impairment of goodwill of £2.8m (2014: £nil) and deferred acquisition payments of £1.5m (2014: £nil). The unadjusted reported profit before tax was £106.7m (2014: £114.2m).

Revenue and profit before tax were adversely affected by currency headwinds of £22.8m and £1.1m respectively against a constant currency basis.

Reported operating profit was £118.5m (2014: £113.7m), at a margin of 6.7% (2014: 6.5%). As we state above, we believe a more representative measure of operating profit adds back amortisation of acquired intangible assets of £6.9m (2014: £2.7m), exceptional transaction costs of £4.4m (2014: £nil), impairment of goodwill of £2.8m (2014: £nil) and deferred acquisition payments of £1.5m (2014: £nil).

This shows a more representative underlying operating profit of £134.1m (2014: £116.4m), at an improved underlying margin of 7.6% (2014: 6.7%).

The net profit on disposal of £0.4m is explained in more detail in note 8 to the Financial Statements (page 153) and comprises £0.5m of deferred consideration received in relation to our previously disposed UK highways services business and a loss of £0.1m on the disposal of our Polish business.

Underlying diluted EPS increased 11.4p per share to 97.1p (2014: 85.7p), an increase of 13.3%.

The Group pension schemes have seen an overall actuarial gain of £6.0m over the year, with the net liability reducing to £298.4m. This is due to a combination of increased liability losses of £237.2m as a consequence of changes in economic assumptions, being more than offset by asset gains over the year of £243.2m. The fair value of plan assets has increased to £1,528.8m (2014: £1,236.3m) and the liabilities have increased to £1,827.2m (2014: £1,560.5m).

Operating cash flow in the year was £133.9m (2014: £95.5m), representing 99.8% (2014: 82.0%) of underlying operating profit. The Group's liquidity remains strong with closing net funds of £179.3m (2014: £188.3m).

As at 31 March 2015, the Group had secured 51% (2014: 51%) of budgeted revenue for the coming financial year, this excludes in both periods the future workload of our Polish business, which was sold in the year.

A segmental analysis follows (starting on page 25) that explains more fully each of our segments. We outline their financial performance in the period, their strategy, business model and external factors driving their business together with specific risks relating to the segment. We have also provided information on their performance in relation to safety, sustainability and staff-related matters.

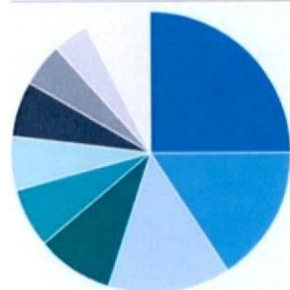
Business review continued

Key performance indicators	Note	2015	2014	Change
Financial metrics				
Revenue	1	£1,756.6m	£1,750.1m	+0.4%
Operating profit		£118.5m	£113.7m	+4.2%
Underlying operating profit	2	£134.1m	£116.4m	+15.2%
Operating margin		6.7%	6.5%	+0.2pp
Underlying operating margin	2	7.6%	6.7%	+0.9pp
Underlying profit before tax	3	£121.9m	£106.4m	+14.6%
Operating cash flow		£133.9m	£95.5m	+40.2%
Underlying diluted EPS	4	97.1p	85.7p	+13.3%
Work in hand	5	51%	51%	n/a
Safety – AIR	6	77	130	-53
People				
Staff numbers 31 March	7	18,462	17,489	+5.6%
Average numbers for year		17,898	17,565	+1.9%
Staff turnover	8	12.0%	11.3%	+0.7pp

Notes:

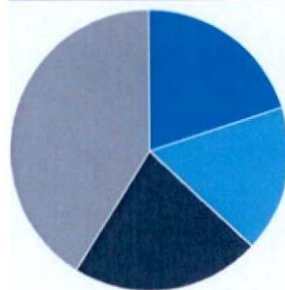
- Revenue excludes the Group's share of revenue from joint ventures
- Underlying operating profit excludes amortisation of acquired intangibles. In addition, 2015 excludes exceptional transaction costs, impairment of goodwill and deferred acquisition payments. It includes £5m benefit of UK RDEC following the Group's adoption of the new regime
- Underlying profit before tax additionally excludes net profit on disposal of businesses of £0.4m (2014: £10.5m)
- Underlying diluted EPS is based on underlying profit after tax and allows for the dilutive effect of share options
- Work in hand is the value of contracted and committed work as at 31 March that is scheduled for the following financial year, expressed as a percentage of budgeted revenue for the year
- The AIR tracks the number of reportable accidents per 100,000 staff
- Staff numbers are shown on a full time equivalent basis, including agency staff
- Staff turnover is the number of voluntary staff resignations in the year, expressed as a percentage of average staff numbers

Revenue by sector



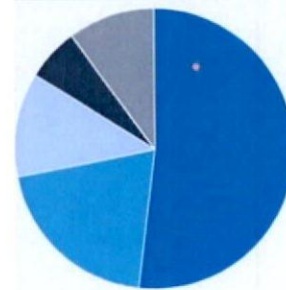
- Rail (including mass transit) 25%
- Roads 16%
- Energy 14%
- Defence and security 9%
- Water and environment 7%
- Aerospace and aviation 6%
- Urban development 6%
- Buildings 5%
- Education 4%
- Other 8%

Revenue by client type



- Public sector: local government 20%
- Public sector: national government 17%
- Regulated 22%
- Private sector 41%

Revenue by segment



- United Kingdom and Europe 52%
- North America 20%
- Middle East 12%
- Asia Pacific 6%
- Energy 10%

Location pie charts relate to the location of the client

Segmental performance

United Kingdom and Europe

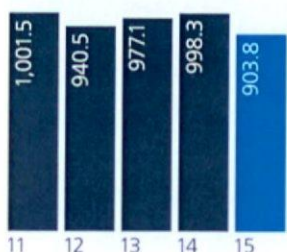
Good momentum in our core markets.



Key performance indicators	2015	2014	Change
Financial metrics			
Revenue	£903.8m	£998.3m	-9.5%
Operating profit	£60.7m	£62.6m	-3.0%
Operating margin	6.7%	6.3%	+0.4pp
Work in hand			
	45.3%	49.2%	-3.9pp
Safety – AIR			
	105	192	-87
People			
Staff numbers at 31 March	9,642	9,544	+1.0%
Average staff numbers for the year	9,405	9,751	-3.5%
Staff turnover	11.9%	9.5%	+2.4pp

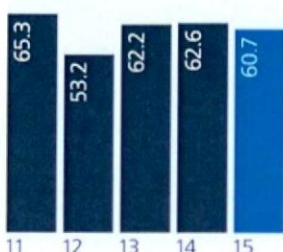
Revenue £m

-9%



Operating profit £m

-3%

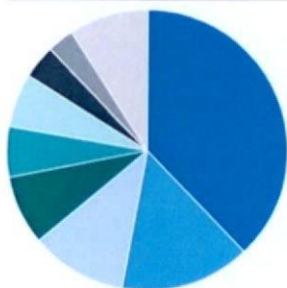


Average staff numbers

-4%

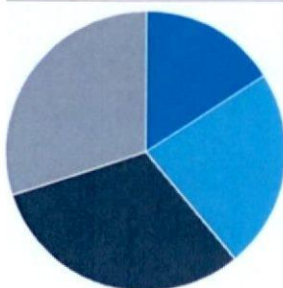


Revenue by sector



- Rail (including mass transit) 38%
- Defence and security 15%
- Roads 11%
- Water and environment 8%
- Aerospace and aviation 6%
- Education 6%
- Urban development 4%
- Buildings 3%
- Other 9%

Revenue by client type



- Public sector: local government 16%
- Public sector: national government 23%
- Regulated 31%
- Private sector 30%

Segmental performance continued

United Kingdom and Europe

Performance

Our United Kingdom and Europe business delivered a much improved second half performance after a mixed first half. Full year revenue decreased 9.5% to £903.8m, reflecting the sale of our highways services business last financial year and our Polish business in 2014, a market downturn in aerospace and difficult trading conditions in Scandinavia and Portugal.

On an ongoing basis, excluding disposals and changes to joint venture reporting, revenue actually increased by 2.7% driven primarily by the UK where we have seen good momentum in our core markets, which continue to be well-funded.

The operating margin at 6.7% includes the benefit of around £5m of research and development expenditure credit (RDEC) following early adoption of new rules in the UK. In previous years the equivalent benefit was shown as a reduction in the tax charge. On a comparative basis excluding the effects of RDEC, the disposals and changes to joint venture reporting give a margin of 6.0%.

We successfully completed the acquisition of Terramar, one of Norway's leading project management consultancy firms, during the third quarter. Our strategy of portfolio optimisation also continued with the disposal of our Polish business to Multiconsult, a Norwegian consultancy and design business, in September 2014.

Closing staff numbers rose by 1% to 9,642, with growth driven by our rail, design and engineering and highways and transportation businesses as well as the acquisition of the 65 person Terramar business. This was partially offset by the sale of our Polish business and the rightsizing of our aerospace business.

Business model

Our focus is on the planning, design and enabling of our clients' capital programmes and projects in and around infrastructure, as well as providing engineering consultancy services to wider markets. We are a technical consultancy, providing advice, design and engineering together with project management skills for public and private sector clients. Our multidisciplinary skills allow us to draw on expertise from across the business, including our resource pool of professional technical staff in India, to deliver complex projects and to support other Group businesses with specialist expertise.

As we continue to progress our operational excellence programme, we have recently announced a reorganisation and rationalisation of our UK operations into four market facing divisions, which took effect on 1 April 2015. The new organisation structure is designed to maximise our core technical skills and bring people together into new market, business development and project delivery teams to support competitive bidding and focus on delivering projects effectively. Overall, we believe these changes will make it easier for us to collaborate and share ideas internally, allowing us to provide our clients with greater innovation and a broader range of expertise, together with best use of technology and resources. We expect the reorganisation to deliver year on year margin progress in a stable market.

Strategy

Our strategy focuses on maintaining our market leadership positions in the UK and realising the opportunities arising from the UK Government's commitment to stimulate the economy through infrastructure investment and from regulatory spend in rail, utilities and airports. Our defence, security and aerospace markets provide good diversity to our infrastructure exposure.

Our operational excellence programme continues to improve the underlying processes of the business, ensuring increased time to focus on our clients' needs and project delivery.

Our ability to leverage skills and capability from a variety of industry sectors and professional disciplines provides a strong selling proposition to our clients. We see multiple opportunities for our broad multidisciplinary offering, providing good growth potential.

Business drivers

The economic environment significantly affects the opportunities available to our business and the UK Government's recognition of infrastructure as a core enabler of growth provides a positive stimulus. Our diversified portfolio provides resilience to market fluctuations, as does the fact that a number of our markets remain well-funded. We intend to exit the Portuguese market where we currently employ 48 staff.

Scandinavian markets continue to benefit from investment in infrastructure from the public and private sectors, providing stable, well-funded market conditions.

Added resilience is brought to our UK business by its ongoing support for projects in other regions, together with the use of our global design centres in India, which provide flexibility of delivery and access to high quality, lower cost resources.

Our market leadership position in the UK is underpinned by the technical excellence of our people and the quality of their work. For example, we were delighted to be shortlisted for four awards at the 2015 MCA (Management Consultancies Association) awards.

Segmental performance continued United Kingdom and Europe

People

Excluding the people who transferred with the sale of our Polish business, our United Kingdom and Europe headcount increased very slightly during the year. Staff turnover increased to 11.9% from 9.5% as market conditions continued to improve.

In the UK, we continue to implement programmes to assist with the attraction, engagement and retention of talented people and to be recognised by a number of independent organisations as a great place to work. In *The Sunday Times* 25 Best Big Companies to Work For we rose from 18th to 16th place and we appeared in the top 25 for the ninth time in 11 years. We are one of the largest and most popular recruiters of newly graduated engineers and were shortlisted for the TARGETjobs most popular graduate recruiter in the construction, civil engineering and surveying sector in 2015. In Denmark, as part of *Engineer the Future* – we collaborate with a number of organisations, institutions and companies to encourage many more people to choose a career in technology development.

The ongoing promotion of science, technology, engineering and mathematics (STEM) careers to young people continues to be a focus. Our eight STEM hubs in the UK enable a more coordinated approach to STEM activity with schools, colleges and community groups.

During the year, 364 young people joined the UK business on formal education and development programmes including 71 apprentices.

Atkins is a founder member of the 5% Club (see the People section (page 57) for more detail). As at 31 March 2015, 8.9% of our UK staff were on a formalised apprentice, sponsored student or graduate programme.

We are focused on increasing the proportion of female employees and have developed a range of flexible

working options to help us both recruit and retain staff. During the year, the proportion of females in the UK increased slightly to 25% and we were recognised as one of *The Times* Top 50 Employers for Women 2015.

In line with the rest of the Group, we measure employee engagement through our Viewpoint employee opinion survey. In the UK, our results in 2014 showed a slight decrease compared with the previous year reflecting changes in the business and some of our markets. In Europe, the result was unchanged. Both results continued to outperform the global norm for the professional services sector.

Safety and sustainability

Workplace health, safety and wellbeing continue to be a high priority. The overall AIR has improved this year, primarily as a result of the sale of our highways services business and the introduction of proactive measures such as the Atkins operating safely system (see the Corporate sustainability review (page 61) for more information).

We won Engineering Practice of the Year at the Irish Building and Design Awards for our approach to sustainability and innovation, our commitment to training, and the depth and breadth of our projects.

We have formalised a volunteering policy commitment in the UK. These volunteer days have mainly been used to support charity organisations such as RedR and Engineers without Borders.

Risk

We recognise that there is a risk in the medium- and longer-term of a shortage of professional technical staff in our industry. To help address this, we commissioned a study, *The skills deficit: consequences and opportunities for UK infrastructure*. We have outlined in the People section (page 55) our approach to recruiting apprentices and sponsoring students and graduates to help mitigate this risk.

The majority of the Group's post-employment benefit liability sits within the UK business and is comprised of defined benefit pension obligations, the largest of which is within the Atkins Pension Plan, which is closed to the future accrual of benefits (see note 29 (page 182) for more detail).

The pension obligations are recognised as a risk due to their size and the fact that the ongoing liability is a function of a number of assumptions, not least the life expectancy of members. This risk is mitigated by ongoing cash contributions to the pension fund, which have been agreed with the pension trustees, along with measures to manage ongoing volatility.

We identify, review and assess risks across all our businesses and the process is explained in more detail in the Principal risks and uncertainties section (page 48).

Outlook

The outlook for our United Kingdom and Europe business as a whole is stable, despite a slowdown in our aerospace business.

In the UK, the infrastructure markets continue to present opportunities for our broad multidisciplinary offering as the UK Government stimulates the economy with its commitment to infrastructure spend. We believe our refreshed operating model is well placed to address this need. Our Faithful+Gould business enters the new financial year with its diverse portfolio providing an order book that is comfortably ahead of last year.

Notwithstanding the current competitive landscape in Scandinavia, our core markets remain well-funded, with a good pipeline of infrastructure projects, supported by government commitments.

Our secured work in hand in the United Kingdom and Europe is 45.3% (2014: 49.2%) of next year's budgeted revenue and, with our reorganisation in place, this gives us confidence for the year ahead.

Segmental performance continued United Kingdom and Europe

United Kingdom

Key performance indicators	2015	2014	Change
Financial metrics			
Revenue	£835.6m	£922.0m	-9.4%
Operating profit	£59.4m	£58.1m	+2.2%
Operating margin	7.1%	6.3%	+0.8pp
Work in hand			
	46.0%	49.9%	-3.9pp
People			
Staff numbers at 31 March	8,885	8,810	+0.9%
Average staff numbers for the year	8,675	9,017	-3.8%
Staff turnover	12.1%	9.5%	+2.6pp

Performance

Our UK business has seen headline revenue reduce by 9.4% to £835.6m (2014: £922.0m) and headcount growth of 0.9%. Excluding disposals and the change in the accounting treatment of joint ventures gives a more representative increase in revenue of 2.7%.

The full year operating margin was 7.1% (2014: 6.3%). Operating profit includes RDEC and joint venture reporting changes, excluding these gives an operating margin of 6.4% (2014: 7.2%).

Our aerospace business faced a market downturn in the year and profitability was further impacted by a number of outstanding contract variation negotiations in our UK rail business, which have now been largely resolved. During the first half, we also rightsized our water and environment business. By contrast, our highways and transportation and design and engineering businesses continue to benefit from the UK Government's maintained focus on infrastructure investment, and performed strongly during the year.

Operations Rail

Our rail business remained busy, operating at a high level of staff utilisation, reflecting strong markets in the areas of signalling, electrification and station design. As a result our headcount continued to grow steadily during the year.

Work continued on signalling projects awarded under the two major frameworks for the Sussex/Wessex and Kent/Anglia areas, including East Sussex that was completed successfully in February 2015 and a major resignalling project in east Kent. This was in addition to ongoing work on our other non-framework signalling contracts at Cardiff and Wolverhampton.

In partnership with Network Rail, Laing O'Rourke and VolkerRail, we are jointly delivering the Stafford area improvement programme, and continue to support the delivery of a number of other technically challenging projects for Network Rail, including the transformation of Birmingham New Street station, which will open in September 2015.

The UK's electrification programme presents a substantial opportunity for our rail business. In partnership with Parsons Brinckerhoff, we are the lead design organisation for the electrification of the Great Western main line between London and South Wales. We are also working with Carillion Power Lines to deliver the Midland Mainline electrification programme.

Following our involvement in early stage design for phase one of High Speed 2 between London and the West Midlands, we believe we are well placed to win further opportunities in phase two.

Our overall financial performance was adversely impacted by a number of outstanding contract variation negotiations. We have reached resolution on the large majority of these which, as previously indicated, impacted positively on our regional cash performance at the end of the period.

Segmental performance continued United Kingdom and Europe

Highways and transportation

Our highways and transportation business focuses on three core areas: strategic advice, design consultancy and asset management. In addition, we provide operational maintenance and design for the M25, London's orbital motorway, as part of our role within the M25 Connect Plus consortium.

In November 2014, Highways England appointed Atkins as one of its key suppliers on the Collaborative Delivery Framework (CDF). The CDF will deliver important upgrades to motorways and trunk roads across England over the next four years. We will provide design and engineering expertise for upcoming programmes including major improvements. Among the projects in the CDF pipeline are the A14 trunk road between Cambridge and Huntingdon and a programme of smart motorway schemes.

In 2014, we were appointed to provide design development expertise to the Welsh Government's M4 corridor project around Newport working with design partners Arup and RPS. The proposals include the development of 24km of new motorway and a 2.5km long viaduct crossing of the river Usk, as well as major remodelling of M4 junctions 23 and 29.

In a joint venture with Mouchel, we have been awarded the design contract for the third stage of Transport Scotland's ambitious programme to upgrade a 177km stretch of the A9 between the cities of Perth and Inverness to full dual carriageway standard by 2025. We will provide multidisciplinary design work for the 50km stretch of road between Dalraddy and Inverness.

We were also appointed in collaboration with CH2M as designer for the Aberdeen western peripheral route/Balmedie to Tipperty. The contract will include the design and construction of 58km of new dual carriageway as well as new side roads, access tracks and more than 100 new structures, including two significant focal point bridges over the rivers Dee and Don.

Water and environment

Our water and environment business returned to growth during the second half of the year. This improved performance was due to increased volumes from contracts secured with water utility clients in the prior year, including Thames Water and Severn Trent Water, delivering their programmes for the 2015 to 2020 regulatory period (AMP6).

We have bid successfully for similar collaborative opportunities with other water companies and secured frameworks with United Utilities, Southern Water and are one of three selected consultants for Wessex Water, giving us confidence in continuity of workload for our water engineering team in AMP6.

Our work in sustainable development continues to grow, evidenced by recent commissions for significant land developments which we are leading in South Africa and Morocco, as well as additional sites for the development sector in the UK.

During the year, the business undertook work on major UK infrastructure projects including Crossrail and High Speed 2, and recent awards on major highways and rail projects are drawing on our specialist environmental and ground engineering teams.

Faithful+Gould

Our UK business has performed well with continued signs of recovery in our market. The Scape Asset Management, Surveying and Design Services public sector framework has provided a steady stream of work, particularly in education. Wins include appointments at the universities of York, Edinburgh, Loughborough and Wolverhampton and for Kent county and Leicester city councils. The London and southeast commercial property sector is improving and we have been appointed to work for Solum Regeneration at London Bridge and Walthamstow, and Argent at Paradise Circus, Birmingham and Kings Cross, where we have been appointed on the development of block R7, a new 13,000 square metre office space set over 12 floors.

Our market position in the nuclear sector continues to grow. We have been appointed by Capenhurst Nuclear Services as the programme management office to deliver its new process plant, the Legacy Cylinder Facility.

In Scotland, we have been appointed to provide project management and multidisciplinary design services on Cockenzie Marine Park, an old power station site being redeveloped into flexible large scale manufacturing facilities, and for EDI Group in its redevelopment of the Fountainbridge site in Edinburgh.

Design and engineering

Our design and engineering business has performed well during the year. The business serves customers across five key market segments: education, airports, defence, transportation and mixed use development. All sectors have strong pipelines of secured workloads and opportunities. The division also works closely with the Group's Energy business to deliver the buildings and infrastructure elements of major UK projects.

Segmental performance continued United Kingdom and Europe

In the education sector, we successfully won the design contract to work with Laing O'Rourke on the Priority Schools Building Programme in Yorkshire. We will continue to focus on higher and further education opportunities going forward.

Our airports team continues to win and deliver significant programmes of work at both London Gatwick and Heathrow.

Our defence infrastructure portfolio includes major programmes of work for BAE Systems, designing facilities for air and sea-based defence.

In January, the business was appointed by Transport for London as part of one of the major consulting groups developing the detailed plans for Crossrail 2. It is also supporting the Middle East business on the Doha Metro Gold Line project.

We continue to support London Legacy Development Corporation on the transformation of Queen Elizabeth Olympic Park.

We have also supported initial nuclear new build infrastructure work in the UK, including EDF Energy's new Hinkley Point reactor, and remain heavily involved in nuclear decommissioning work, including a role on the Silos Direct-encapsulation Plant project at Sellafield. We are the client's engineer on Tidal Lagoon Swansea Bay, creating the world's first man made, energy-generating lagoon.

Defence, aerospace and communications

Overall our defence, aerospace and communications business experienced a difficult year.

Our aerospace business was impacted by a significant market downturn as our major client, Airbus, moved from design to production on a number of its programmes. We reduced the number of people engaged on aerospace projects in both the UK and India, with the majority of those affected successfully redeployed into growth areas of the business, including defence and energy. We are focused on developing our relationships with other aerospace partners and the business is now stable.

We are well positioned in defence where discussions with front line commands secured important contract wins and we are encouraged by further pipeline opportunities.

Management consulting

Our management consultancy business provides the UK Government and various industry clients with practical capability to run the full lifecycle of technology enabled change programmes.

We continue to deliver security work for central government, as well as supporting Heathrow Airport's IT outsourcing contract in partnership with Capgemini, leveraging our position in aviation.

We have established a strong capability in holistic security and this team is delivering a range of high profile projects, including a number of cyber security assignments for multinational private sector clients.

Segmental performance continued United Kingdom and Europe

Europe

Key performance indicators	2015	2014	Change
Financial metrics			
Revenue	£68.2m	£76.3m	-10.6%
Operating profit	£1.3m	£4.5m	-71.1%
Operating margin	1.9%	5.9%	-4.0pp
Work in hand	38.2%	42.3%	-4.1pp
People			
Staff numbers at 31 March	757	734	+3.1%
Average staff numbers for the year	730	734	-0.5%
Staff turnover	9.7%	9.7%	n/a

Performance

Our Europe business is primarily focused on the rail and highways infrastructure markets in Scandinavia, with smaller operations in Portugal and Ireland.

Headline revenue reduced by 10.6% to £68.2m reflecting the sale of our Polish operation and an increasingly competitive market in Scandinavia. Margins decreased to 1.9% (2014: 5.9%) reflecting losses in our Polish and Portuguese businesses and workload issues in Sweden.

Headcount rose to 757 (2014: 734), with the disposal of our Polish operation in September 2014 being offset by the acquisition of Terramar in Norway.

Operations

In Denmark, we continue to work across a number of major rail and road infrastructure projects, including the new railway line between Copenhagen and Ringsted and the European Rail Traffic Management System signalling programme. Atkins' teams of specialists are collaborating with the client and suppliers in a joint team to ensure a successful implementation of the project, which is currently in the design phase.

We have maintained a good order book through the year. The Danish Government has announced a major programme of investment in rail infrastructure and rolling stock, and we believe we are well positioned to benefit from this.

In Sweden, we successfully bid with our partners on the Molnby Depot and Gothenburg-Borås High Speed Line contracts which will generate good work for us. Bidding activity remains high as a series of projects come to market. We are also working on a number of other significant infrastructure projects, such as the Hallsberg double tracking project and the Mälärbanan rail systems project for the state transport authority, Trafikverket. The market outlook, and medium-term pipeline and order book, remain good.

We are focused on expanding our position in the Norwegian infrastructure and project management markets. We believe that the strategic acquisition of Terramar will position us to secure further work in the well-funded infrastructure markets in Norway, as well as unlocking further project management opportunities.

We made further progress on our portfolio optimisation strategy, with the sale of our 77 person business in Poland to Multiconsult which completed in September 2014.

Our operations have stabilised in Ireland and showed some modest growth through the year with headcount increasing for the first time since 2008 on the back of some good wins in the water and highways sectors. In Portugal, the continuing difficult economic conditions will curtail any meaningful growth in the medium term and we intend to exit the Portuguese market, where we currently employ 48 staff.

Segmental performance continued

North America

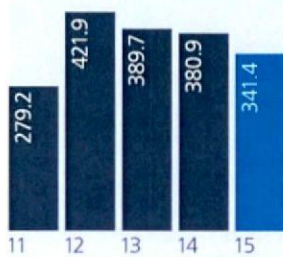
Our new, more focused, client-centric operating model made solid progress.



Key performance indicators	2015	2014	Change
Financial metrics			
Revenue	£341.4m	£380.9m	-10.4%
Operating profit	£20.0m	£19.1m	+4.7%
Operating margin	5.9%	5.0%	+0.9pp
Work in hand			
	61.6%	58.8%	+2.8pp
Safety – AIR			
	31	117	-86
People			
Staff numbers at 31 March	2,735	2,836	-3.6%
Average staff numbers for the year	2,794	2,970	-5.9%
Staff turnover	10.7%	11.5%	-0.8pp

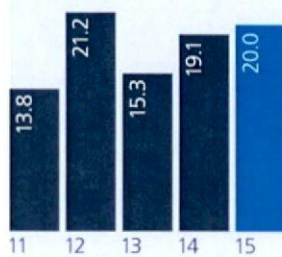
Revenue £m

-10%



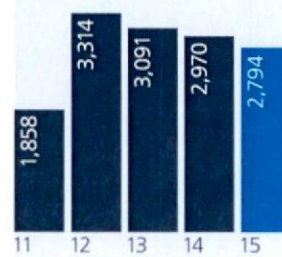
Operating profit £m

+5%

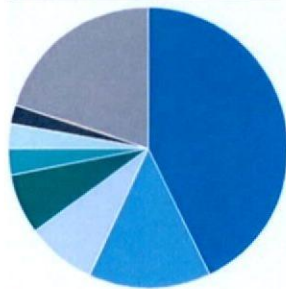


Average staff numbers

-6%

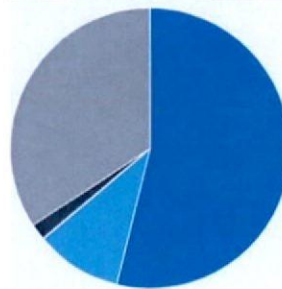


Revenue by sector



- Roads 43%
- Water and environment 14%
- Aerospace and aviation 8%
- Defence and security 7%
- Buildings 3%
- Rail 3%
- Urban development 2%
- Other 20%

Revenue by client type



- Public sector: local government 54%
- Public sector: national government 10%
- Regulated 2%
- Private sector 34%

Segmental performance continued North America

Performance

Our North America segment, which consists of our consultancy and Faithful+Gould businesses, saw a 4.7% increase in operating profit over last year, to £20.0m (2014: £19.1m) at an improved margin of 5.9% (2014: 5.0%). Revenue was down 10.4%, reflecting first half currency headwinds, and a change in the Group's accounting for joint ventures. Excluding these effects, together with the impact of the prior year disposal of Peter Brown, revenue was down 3.8%. Our consultancy business delivered revenue of £274.5m (2014: £305.3m) and operating profit of £18.1m (2014: £17.4m), at an improved margin of 6.6% (2014: 5.7%).

Faithful+Gould had a more challenging year, delivering operating profit of £1.9m (2014: £4.9m). Results were adversely affected by bad weather on the East Coast and industrial action across some of the oil and chemical sites on which we work, both of which impacted our delivery capability.

In the prior year we disposed of our Peter Brown business which contributed a loss in the period to March 2014 of £3.2m and revenue of £6.8m.

During the year, our consultancy business established a new, more focused, client-centric operating model, which made solid progress, increasing win rates and positioning the business to capitalise better on existing and new market opportunities. Our focus on implementing and embedding our operational excellence programme contributed to our improved margin.

Average staff numbers reduced by 5.9% as a result of the implementation of our new operating model and reduced oil and gas workloads for Faithful+Gould.

Business model

Our new consultancy operating model established five client-focused businesses supported by a technical professional organisation (TPO) to ensure the best people are assigned to the work quickly and efficiently, irrespective of staff location.

The five client facing businesses consist of transportation, public and private, federal, aviation and strategic ventures, which includes areas such as rail, energy, technology and future-proofing cities. The model is now established and proving successful in aligning with our clients' needs.

The TPO is gaining momentum and focusing on recruiting, retaining and developing world class technical professionals in our industry. This supports our objective of providing new and innovative technical and business solutions to our clients, resulting in broader, deeper client relationships and the opportunity to work on their largest and most complex projects.

Our operational excellence programme is also focused on centralising, simplifying and streamlining the management and administration of key shared services. We believe that the efforts to streamline these areas will yield structural cost reductions in the medium term.

Strategy

We will continue to focus on growing our business by concentrating on excellent project delivery and client service, expanding our services and focusing on securing larger, longer-term projects. As a result of our shift in focus last year, we increased our win rate and on average won larger contracts. In particular, we increased the number of clients delivering more than \$5m of business per year, while reducing the number of clients delivering less than \$0.1m per year.

We are shifting our focus to major infrastructure programmes in our core markets and strengthening our capability to compete for major projects and programmes by drawing on resources from across the business and leveraging the Group's worldwide capabilities.

Business drivers

The majority of North America's projects are government funded, in part or in whole, either through a state or local government or directly through federal agencies. Publicly funded projects provide greater stability although they tend to be awarded more slowly and are at greater risk of being delayed due to changing priorities or political scrutiny.

Operations

Our transportation business has delivered another good performance, particularly with important clients such as the departments of transportation in Florida, Texas, Colorado and Georgia. Other notable contract reselections, extensions and task awards include the Central Florida Expressway and Camino Real Regional Mobility Authority.

Our public and private business has increased its focus on larger projects and programmes and on select clients. These efforts have resulted in an increase in average contract size. Our client portfolio is expanding with new environmental and general engineering services appointments with city and county governments in Florida, Nevada, and Colorado, and at the state level for organisations such as the Louisiana Coastal Protection and Restoration Authority and South Florida Water Management District.

In aviation, we continue to execute successfully our programme management contract at New Orleans' Louis Armstrong and Atlanta's Hartsfield-Jackson international airports. Notable new contract awards at airports include Los Angeles International, Tampa International and additional work at Austin-Bergstrom International.

Segmental performance continued

North America

Our federal business has expanded its presence in the flood mapping sector with reselection as one of two consultants to provide nationwide mapping services to the Federal Emergency Management Agency. In addition, we were successfully reappointed on our Federal Highway Administration design and construction management services and our Federal Transit Administration programme management contracts.

Our strategic ventures business completed its first year of operation with a diverse portfolio of rail, transit and energy and renewables clients for whom we provide environmental, planning, permitting, programme management, asset management and engineering services.

Faithful+Gould's North American business had a quieter year following the conclusion of some key client programmes and cost reduction measures taken by clients in the oil and gas sector redirecting their demand for our services. Notwithstanding this, the oil and gas sector remains a key part of the business with ongoing work for many of the large operators.

People

Our North American consultancy headcount has remained stable due to sustained recruitment efforts throughout the year. Turnover has stabilised and is now in line with industry norms.

We remain focused on attracting then retaining staff, and we continue to measure employee engagement through our Group wide Viewpoint employee opinion survey. The overall score remains in line with industry benchmarks, but the exercise did highlight areas targeted for improvement as we bed in our TPO.

The implementation in 2014 of My Career, our Group wide online performance management system, is improving the quality of our performance management activities by creating greater links between performance and reward.

We are committed to recruiting, retaining, developing, and elevating minority and women professionals through initiatives such as our sponsorship of WTS International (WTS). Founded in 1977, WTS has a specific mission of fostering lifelong career goals for women in the transportation industry. Our support has included scholarship programmes through our charitable giving foundation, The Atkins Foundation.

Safety and sustainability

Our safety culture plays a central role in how we deliver work. Sustainability and employee wellbeing continued to be an area of focus. We reduced overall injuries by 18% compared with last year and our AIR was reduced by 67%. We exceeded the Group's global AIR goals in all areas. Our serious injury rate is more than four times lower than the industry average.

The Atkins Foundation supports projects that aim to improve the long-term quality of life for those in our local communities. It primarily supports community initiatives focused on education and response to natural disasters. Special consideration is given to programmes that promote science, technology, engineering and mathematics (STEM) subjects.

Risk

A majority of our work is government funded and, as a result, political uncertainty and deadlock caused by the 2016 presidential election may lead to delays in federal programmes and funding. We are closely monitoring Congress's activities for continued funding of programmes, particularly around transportation and highways, where delays would have an adverse impact on our workload.

Previously reported Department of Justice and Securities and Exchange Commission enquiries relating to potential Foreign Corrupt Practices Act violations by The PBSJ Corporation prior to its acquisition by the Group have now been resolved with an agreed settlement of \$3.4m.

We identify, review and assess risks across all of our businesses and the process is explained in more detail in the Principal risks and uncertainties section (page 48). This year we commenced the implementation of our online service delivery process in North America, for more information see the market section (page 51).

Outlook

We see stable market conditions in the key states in which we operate. Economic conditions in states such as Florida, Texas, California and Georgia are showing promising developments in funding, coupled with growing investment interest from the private sector.

Our work in hand improved year on year both as a function of improved win rates and the scale and longevity of individual awards, increasing our secured work in hand as a percentage of next year's budgeted revenue to 61.6% (2014: 58.8%) giving a solid platform for future growth.

We will continue our cost and efficiency efforts in the new financial year, building on the savings realised in the year ended 31 March 2015.

As our refreshed consultancy business model embeds further, we expect productivity to continue to increase, helping to drive further margin improvement.

Segmental performance continued

Middle East

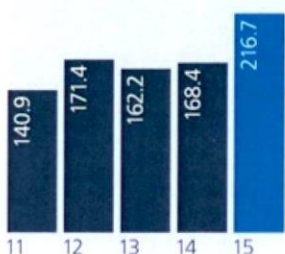
A strong overall performance with revenue and operating profit up significantly.



Key performance indicators	2015	2014	Change
Financial metrics			
Revenue	£216.7m	£168.4m	+28.7%
Operating profit	£22.5m	£14.4m	+56.3%
Operating margin	10.4%	8.6%	+1.8pp
Work in hand			
	74.2%	62.7%	+11.5pp
Safety – AIR			
	36	53	-17
People			
Staff numbers at 31 March	2,668	2,071	+28.8%
Average staff numbers for the year	2,421	1,985	+22.0%
Staff turnover	16.1%	16.0%	+0.1pp

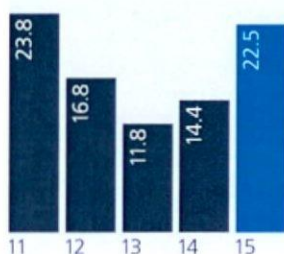
Revenue £m

+29%



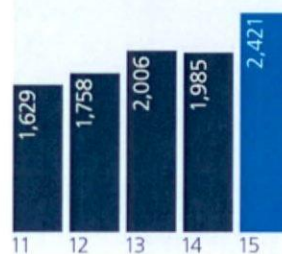
Operating profit £m

+56%

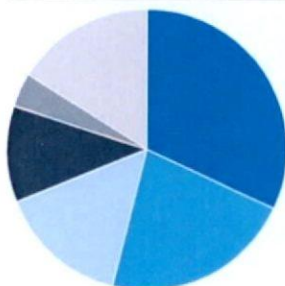


Average staff numbers

+22%

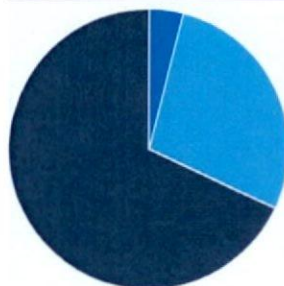


Revenue by sector



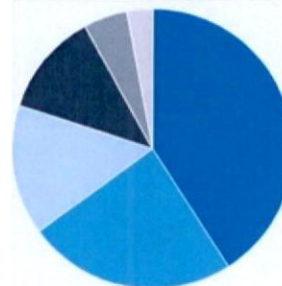
- Rail (including mass transit) 32%
- Urban development 22%
- Roads 15%
- Buildings – commercial/residential 11%
- Aviation 4%
- Other 16%

Revenue by client type



- Public sector: local government 4%
- Public sector: national government 28%
- Private sector 68%

Revenue by geography



- Qatar 41%
- Kingdom of Saudi Arabia 24%
- Dubai 15%
- Abu Dhabi 12%
- Sultanate of Oman 5%
- Other 3%

Segmental performance continued

Middle East

Performance

Our Middle East business had a strong overall performance this financial year, with revenue up 28.7% to £216.7m (2014: £168.4m) and operating profit up 56.3% on last year. This improvement is a consequence of our continued strategic focus on major projects and programmes in rail, infrastructure and property in the United Arab Emirates (UAE), Qatar and the Kingdom of Saudi Arabia (KSA). We have also seen very good cash performance which is a result of our continued focus in this area and also reflects advance payments on our strategically important metro projects. Operating margin improved to 10.4% (2014: 8.6%).

Business model

Our business model is to maintain strong local resources in our chosen markets, complemented by multi-skilled design centres within the region and in India. This provides agility and efficiency by maximising our ability to mobilise for major projects, while minimising exposure to individual market resource demands and constraints.

Strategy

Our strategy in the Middle East is to focus on what we believe to be the region's most robust markets and sectors; namely infrastructure, rail and property in the UAE, Qatar and KSA. The region offers good opportunities linked to the drive for economic diversification and the need to invest in social infrastructure. Our strategy is aimed at carefully selecting and securing critical projects and programmes with established key clients. In addition, local resources support our energy business in the region, which is reported within our Energy segment.

Business drivers

The economic climate in the Middle East is primarily driven by the global oil price, which affects demand for our services since regional spending ultimately flows through to capital investment in infrastructure, transportation and property. Regional security issues and changes in leadership, whether real or anticipated, can also serve to heighten market sensitivity.

While we have not seen an immediate short-term impact on our workload from the rapid decline in the oil price, there has been a consequent slowing of decision making and more uncertainty around some property and infrastructure projects.

The longer-term need to invest in strategically important infrastructure development that supports economic growth and diversification will continue to drive demand for our services. We have a clear view of well-funded programmes, although timing and scope are increasingly subject to review.

Operations

Our business built on its strong first half to deliver a significant improvement in full year performance, further reinforcing its position among the Middle East's leading design and engineering consultancies.

Good progress was made on the mobilisation and design delivery for our major metro projects, including Riyadh Metro, Doha Metro Red Line South and latterly Doha Metro Gold Line, a notable win in the first half of the year.

The Gold Line, for which Atkins is lead designer for a consortium comprising Greece's Aktor, Yapi Merkezi and STFA of Turkey, India's Larsen & Toubro and the local Qatari contractor Al Jaber Engineering, is the largest civils package of works to be awarded on Doha Metro.

With a capital cost of approximately £2.5bn, the project crosses the city from east to west and includes 15km of twin tunnels and 13 underground stations. There continues to be good demand for metro projects across the region, with further opportunities to work selectively for design and build contractors within our core markets.

Transport infrastructure, including roads, bridges and utilities networks, is of critical strategic importance across the region, particularly in Qatar, where we continue to work with the Qatari Government, advising on infrastructure planning and design projects to meet its National Vision 2030. Our major projects include the Central Planning Office, which is making an important contribution to the coordination of Qatar's major transport programmes, and a significant framework contract to upgrade Doha's roads and drainage systems.

In KSA, we supported strategic programmes that are driving the Kingdom's long-term economic growth and diversification, including an ongoing partnership with Bechtel to advise the Economic Cities Authority on the development of four new cities. In addition, we are supporting the Royal Commission of Jubail and Yanbu with its major industrial development activity in the Eastern Province, having signed a third framework contract to provide technical planning consultancy in the final quarter of the financial year.

In Abu Dhabi, we have a broad portfolio of infrastructure projects with clients including Abu Dhabi and Al Ain Municipality, the Department of Municipal Affairs and Musanada. Notable projects include the design of infrastructure for a £1.3bn, 42 square kilometre Emirati community in North Wathba.

Segmental performance continued

Middle East

Property sector activity in the UAE experienced an upturn in confidence in 2014, linked to Dubai's successful bid to host Expo 2020, resulting in increased property workloads with selective clients. Our current key projects include Dubai Opera House and the residential element of Al Habtoor City, a major new development along Sheikh Zayed Road, the city's main arterial highway.

Our Faithful+Gould business in the Middle East has had a strong year with growth across the UAE, KSA and Qatar. The Confluence acquisition in 2013 added project management strength to the business and we have seen a number of successes in the property sector, notably at the Atlantis 2 super-luxury five star hotel in Dubai, the National Laboratories project in Qatar, Mall of the Emirates extensions and Reem Mall in Abu Dhabi, and new projects for Majid al Futtaim and Al Farwaniyah on Al Zahia Mall in Sharjah. We are also supporting Aramco in KSA as it undertakes a large programme of sports stadia construction.

People

Headcount grew strongly, up 597 year on year, reflecting, in part, deployment on our major metro projects. Improved market conditions also led to greater competition for staff, particularly in important markets such as Qatar and the UAE. However, we were pleased that staff turnover remained flat at 16.1% (2014: 16.0%) across the region.

We measure staff engagement through our Group wide Viewpoint survey. Our overall engagement score for the Middle East improved by five percentage points year on year, putting us significantly above the benchmark for our industry sector. This is reinforced by the large proportion of people who indicated in the survey that they are proud to work for Atkins and that they care about the success of the organisation.

During the course of the year, a Middle East women's professional network was established to encourage and enable talented women throughout the region to reach more senior roles. The initiative includes projects to make Atkins an employer of choice for women in the region, with engagement and networking sessions, as well as coaching and mentoring activities.

Safety and sustainability

The improvement in our AIR was driven by an increase in headcount while the number of major accidents was unchanged.

We are demonstrating strong leadership through the implementation of the Atkins minimum requirements (AMR) for construction safety in the region, which provides a platform for close engagement with clients and their supply chains for construction supervision projects, including health, safety and welfare regulations. As discussed in the Corporate sustainability review (page 61), the AMR has achieved industry recognition.

We extended our commitment to sustainability leadership through the continued funding of the chair and senior lecturer of sustainable design of the built environment at the British University in Dubai.

Risk

Certain countries within the Middle East have greater potential for political change. In addition, it is a region where there is an increased risk of payment delays. Our extensive experience of operating in the Middle East over the last 40 years gives us a level of insight into the political environment which, combined with our focused strategy of carefully selecting both the countries in which we operate and our clients, enables us to mitigate political and commercial risks.

Further uncertainty around the oil price presents a principal risk because of the potential impact on government spending and the knock on effect on private sector confidence. Our focus on strategically important projects and programmes gives us a relative degree of insulation from short-term changes, which partially mitigates this commercial risk.

Construction safety remains an elevated risk in the Middle East. We are mitigating this wherever possible and have been instrumental in creating improved standards for the industry.

We track risks across all our businesses. This process is explained in more detail in the Principal risks and uncertainties section (page 48).

Outlook

We have a strong order book standing at 74.2% of next year's budgeted revenue (2014: 62.7%), which reflects our success in winning long-term, major projects. Many of these will continue throughout next year and are considered unlikely to be affected by the oil price uncertainty. We see balanced opportunities across the key property, infrastructure and rail sectors in our focus markets of Qatar, the UAE and KSA.

Segmental performance continued

Asia Pacific

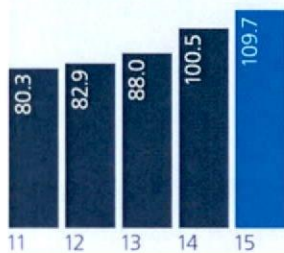
Good growth in revenue and improved margin.



Key performance indicators	2015	2014	Change
Financial metrics			
Revenue	£109.7m	£100.5m	+9.2%
Operating profit	£9.8m	£8.0m	+22.5%
Operating margin	8.9%	8.0%	+0.9pp
Work in hand			
	49.2%	49.3%	-0.1pp
Safety – AIR			
	77	47	+30
People			
Staff numbers at 31 March	1,523	1,498	+1.7%
Average staff numbers for the year	1,561	1,357	+15.0%
Staff turnover	12.2%	16.4%	-4.2pp

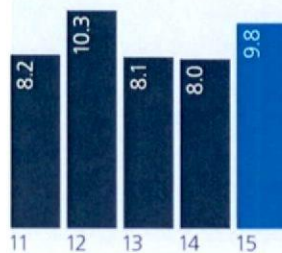
Revenue £m

+9%



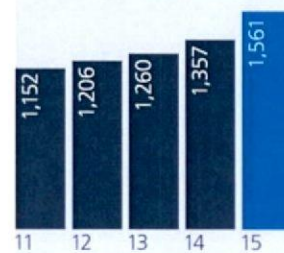
Operating profit £m

+23%

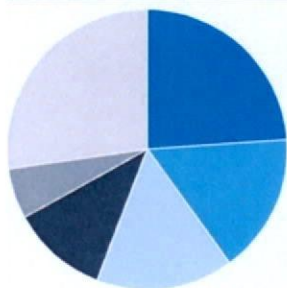


Average staff numbers

+15%

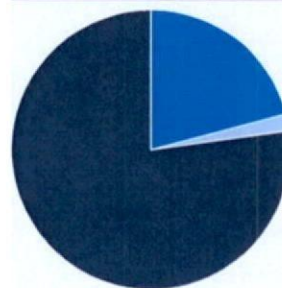


Revenue by sector



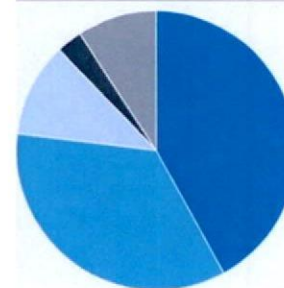
- Buildings 24%
- Urban development 16%
- Rail (including mass transit) 16%
- Water and environment 11%
- Roads 6%
- Other 27%

Revenue by client type



- Public sector: local government 21%
- Public sector: national government 2%
- Private sector 77%

Revenue by geography



- Hong Kong 42%
- Mainland China 35%
- Singapore 11%
- Australia 3%
- Other Asia Pacific 9%

Segmental performance continued

Asia Pacific

Performance

Our Asia Pacific region saw good growth in revenue this financial year, up 9.2% to £109.7m (2014: £100.5m).

Our operating margin improved compared with last year to 8.9% (2014: 8.0%), despite our continued investment in IT and personnel costs associated with our drive to expand into new territories.

Headcount was slightly ahead, closing at 1,523 (2014: 1,498), due to the market slowdown in mainland China which constrained growth.

Business model

In Asia Pacific, we operate predominantly in Greater China supplemented by a network of offices across Malaysia, Vietnam, Singapore, India and Australia. We provide our clients with a range of services throughout the entire cycle of urban development, supporting them both in-country and overseas, working in partnership with chosen Chinese contractors.

We have strengthened our regional capability in project management and also draw upon our Group wide expertise to deliver the most technically appropriate solutions to our clients.

Strategy

In Hong Kong, we continue to diversify our client base and strengthen our relationships with internationally renowned contractors through our design and build projects. We have also assigned a dedicated team to pursue government projects.

In mainland China, despite the property market slowdown due to the transition from an investment to service led economy and the introduction by the Government of a programme of anti-corruption measures, our planning and architecture business remains client focused and is well prepared for the continued growth cycle.

Across the region, we aim to develop our advisory role, forming strategic partnerships with engineering companies and contractors to secure higher value opportunities. As our partners increasingly look for opportunities to invest as well as construct, we seek to work with them at the planning and design stage as well as during implementation.

As the urbanisation of countries in southeast Asia continues, we retain a clear focus on urban planning, transport infrastructure and property. In India, we provide urban planning with a focus on programme and project management in the infrastructure, buildings and property sectors. In delivering our strategy of geographic diversification, we are gaining traction in the wider region, with project wins in Malaysia, Vietnam, Indonesia and Singapore.

Business drivers

Our growth potential in the Asia Pacific region is underpinned by the speed and scale of urbanisation driving both government spending and the rate of private sector investment.

Outside Asia Pacific, good business opportunities exist for the Group as a whole as major Chinese companies invest in large scale infrastructure development projects outside their domestic market.

Operations

In Hong Kong, following our appointment to project manage the implementation of major elements of the West Kowloon Cultural District in April 2014, the first foundation works for the M+ Museum and Conservation and Storage Facility have begun. Our team dedicated to pursuing government projects also made good progress, winning a major assignment from the Drainage Services Department to upgrade the sewerage facilities in West Kowloon and Tsuen Wan.

We have been appointed by Leighton-China State JV to carry out the detailed design for temporary works for the underground Exhibition Station and 300 metre long western approach tunnels on Shatin-Central Link, one of the major MTR lines that are under construction.

We have won a consultancy service contract for the detailed design of 650 hectares of reclaimed land in preparation for the construction of the third runway system at Hong Kong International Airport. The expansion plan will allow the airport's annual passenger capacity to increase by 30 million a year upon commissioning by the planning year of 2023 according to the Airport Master Planning of 2030.

In China, the UK Foreign & Commonwealth Office-funded Eco Low-Carbon Urban Planning Methodology continues to enhance our reputation as a pioneer for sustainable urbanisation. We also won a new contract to undertake the development planning of Shangrao High-speed Railway New District, a district of 72.8 square kilometres in Jiangxi Province strategically located within China's high-speed railway network.

Our 2014 memorandum of understanding for global strategic cooperation with China Communications Construction Company Ltd. and its subsidiary China Harbour Engineering Company Ltd. (CHEC) has resulted in work on the Colombo Port City development in Sri Lanka (alongside CHEC).

Segmental performance continued

Asia Pacific

In southeast Asia, we won a substantial masterplanning project in Jakarta, Indonesia during the year. In Malaysia and Vietnam, we continue to pursue projects selectively in the transport and property sectors. In particular, we are pursuing an increased number of private sector roles by bringing our programme and project management, design, engineering and technical capability together to provide a fully integrated service.

In India, we see good opportunities in the property, masterplanning and transportation sectors. We are working closely with our team in Hong Kong to target selected clients and niche opportunities in the Indian property market.

Our Faithful+Gould business has fully integrated Confluence strengthening our multidisciplinary offering to clients. Our appointment as engineering project manager on the Formula 1 Singapore Grand Prix has been extended for a further three years and our pharmaceutical sector workload remains strong for clients such as Abbott, GSK, Johnson&Johnson, Novartis and Roche. While economic growth has slowed in China and India, we continue to see opportunities in the hospitality sector and have been appointed to project manage the refurbishment works at one of Singapore's most iconic resorts.

People

Overall headcount in our Asia Pacific region was slightly ahead in the year although there were marked variations by territory. Staff turnover has decreased to 12.2% (2014: 16.4%), reflecting market conditions. Our ability to attract and retain staff remains a key area of focus for us this year.

We are investing in and developing our human resources infrastructure to support our regional expansion plans, and have also invested in technology and personnel to ensure that we are able to support and sustain our next phase of growth.

In Asia Pacific, our equal opportunities employment approach has helped attract and retain female employees, with 43% of the overall headcount being female and with a 27% representation in senior management roles. Over 40% of all our new hires for graduate engineer and experienced candidate positions, outside Faithful+Gould, were female.

Our work with engineering campuses to showcase the varied opportunities and work culture that Atkins has to offer has resulted in 50% of our overall graduate engineers being female in our global design centres (GDCs). The GDCs have also introduced a flexible working policy. Currently over 20% of the GDC workforce is female.

Safety and sustainability

Against a strong background in health and safety, we were disappointed our AIR increased again this year although the increase is due to a single office-related incident.

In November, we won the Sustainability Award at the British Business Awards 2014 in China. The awards recognise and promote excellence in innovation, enterprise and endeavour in British and Chinese business. The Sustainability Award recognises organisations that have demonstrated a commitment to the building of a sustainable business in China.

In India, we have set up a health and safety forum to review and share safety best practice with other consultants.

Risk

During the year, we have seen political unrest in Hong Kong and the introduction of widespread anti-corruption measures on mainland China, both resulting in potentially increased risk for our business. We continue to monitor developments closely in both territories. If this impacts the flow of work we will take appropriate action regarding headcount and resourcing.

We are expanding our footprint across the region and we recognise that this expansion brings increased risks. These risks have been identified as lack of commercial transparency, political instability and risks associated with operating within unfamiliar regulatory, tax and employment regimes. We mitigate these risks by undertaking research into both the market and specific clients, as well as using professional advisors to assist with legal and regulatory compliance.

We identify, review and assess risks across all of our businesses and the process is explained in more detail in the Principal risks and uncertainties section (page 48). This year we implemented successfully our online service delivery process in Asia Pacific, for more information see the market section (page 51).

Outlook

Asia Pacific remains well placed to deliver on its strategic growth plan, helped by the acquisition of Confluence in October 2013. In mainland China, growth is expected to be impacted by the slowdown in the economy during the second half of this year and the Government's anti-corruption campaign, but to remain attractive. Our move to focus on higher quality projects will continue.

In Hong Kong, the Legislative Council's delayed approval of funding has caused a reduction in the pipeline of public work. However, across the segment work in hand is consistent with last year at 49.2% (2014: 49.3%) of our budgeted revenue, and we believe the potential in the region remains underpinned by the speed and scale of urbanisation.

Segmental performance continued

Energy

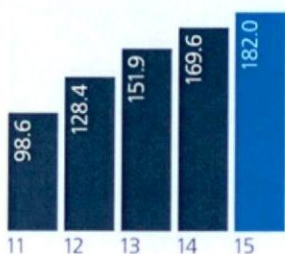
Continued good performance despite the low oil price.



Key performance indicators	2015	2014	Change
Financial metrics			
Revenue	£182.0m	£169.6m	+7.3%
Operating profit	£20.4m	£15.1m	+35.1%
Operating margin	11.2%	8.9%	2.3pp
Work in hand			
	29.8%	31.8%	-2.0pp
Safety – AIR			
	63	0	+63
People			
Staff numbers at 31 March	1,813	1,461	+24.1%
Average staff numbers for the year	1,633	1,424	+14.7%
Staff turnover	8.6%	11.7%	-3.1pp

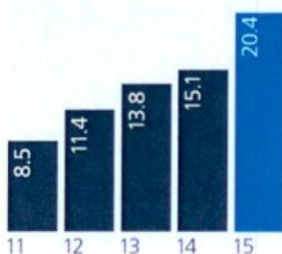
Revenue £m

+7%



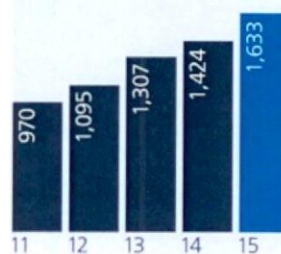
Operating profit £m

+35%

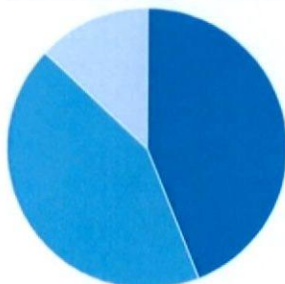


Average staff numbers

+15%

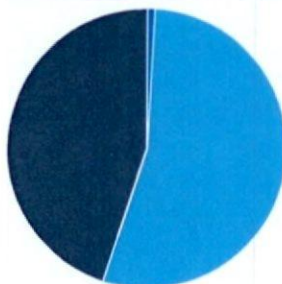


Revenue by sector



- Oil and gas 44%
- Nuclear 43%
- Power (including renewables) 13%

Revenue by client type



- Public sector: national government 1%
- Regulated 54%
- Private sector 45%

Segmental performance continued

Energy

Performance

Our Energy business continued to perform well despite the effect of the low oil price. Revenue was up 7.3% year on year (5.4% on an underlying basis excluding this year's acquisitions and changes to joint venture accounting) and staff numbers increased 24.1% to 1,813. The year on year improvement in operating margin was supported by a reduced level of bidding costs on major programmes as compared with last year. Growth has been supported by successful partnering arrangements and two acquisitions in North America. The downturn in certain oil and gas markets during the second half was more than offset by growth in our nuclear business.

Business model

The Energy business operates worldwide competing against a wide range of competition, from large multinational engineering consultancies to specialist niche players.

Strategy

We remain focused on oil and gas, nuclear, conventional power generation and renewables. In these industries we are applying our high end, multidisciplinary engineering skills during both design and operational phases to assure the integrity and economic performance of our clients' facilities.

We continue to look at investment opportunities to selectively expand our geographic footprint and service offering through organic growth, as well as extending and creating new partnering arrangements and targeting acquisitions.

Business drivers

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

In nuclear and conventional power generation, the imperative to keep existing generation and distribution facilities operating safely for longer remains, as well as the need for technical support around nuclear decommissioning. As many countries look to develop nuclear power as part of their long-term strategy for more secure, low carbon energy, we are seeing momentum gather on nuclear new build programmes around the world. Our skills are therefore in high demand across the entire nuclear lifecycle.

In oil and gas, we continue to see a similar focus on keeping existing production and distribution facilities operating safely for longer, drawing on our safety and integrity services. As the oil and gas industry seeks to reduce operating costs as a consequence of the low oil price, there is continued demand for our advanced engineering skills and lifecycle expertise.

Operations

Nuclear

Approval from the US Government in September 2014 saw the successful completion of our acquisition of Nuclear Safety Associates. The acquisition not only enhances the capability of the Group's Energy business, with 130 specialists in nuclear safety, design engineering, and professional security services, but also establishes our nuclear footprint in North America in both the federal and commercial US nuclear industries.

Elsewhere our international nuclear portfolio remains strong as we continue to provide a broad range of services to the Emirates Nuclear Energy Corporation in the Middle East on the £20bn Barakah New Nuclear Programme, through our joint venture with French engineering consultancy Assystem, n.triple.a., and to the €15bn International Thermonuclear Experimental Reactor programme in the South of France, through our role as architect engineer, as part of the Engage consortium.

In the year, we signed a memorandum of understanding (MOU) with the China National Nuclear Corporation that will enable us to focus on supporting China's entry into the UK new build market. This MOU represents our first step in building a longer-term relationship with Chinese companies in the energy industry.

Our position in the UK's nuclear decommissioning market strengthened in the year with the award of a new contract with Sellafield Ltd for its £1.4bn Silos Direct-encapsulation Plant project, one of the largest high hazard nuclear waste projects in the world, as part of a joint venture with AREVA and Mace. This award is testament to the success of our strategic partnerships, which continue to deliver some excellent opportunities for the Group.

Segmental performance continued

Energy

We continue to be busy on existing nuclear generation and life extension work through our role as an EDF Energy UK Strategic Supply Chain Partner and providing design, engineering, infrastructure and project management services to URENCO's €540m capital expenditure programme.

Our position in the UK nuclear new build market remains strong as we continue to provide engineering and related technical services to Horizon Nuclear Power and EDF Energy for a new generation of nuclear power stations in the UK.

Oil and gas

While the oil price has resulted in challenging market conditions for some of our oil and gas teams, the division overall remains resilient. With much of our experience and expertise in operational support, our clients are seeking the added value that our skills in asset integrity management and production optimisation can bring to improve operational efficiency.

We continue to expand our ability to provide services on a worldwide scale through our operational hubs in the UK, Middle East, North America and Asia Pacific. In October 2014, the successful acquisition of Houston Offshore Engineering added 150 people in North America with world class skills in deepwater floating production platforms.

Further expanding our expertise and international footprint has helped us secure long-term framework agreements for both consultancy and design services for major international oil and gas operators such as BP, Shell, Maersk, Chevron, Apache, Nexen and Statoil.

An addition to our long-term framework agreements, a notable win in the year was a five year contract for the provision of structural integrity management services with Talisman Sinopec Energy UK Limited, elevating us to a tier one supplier and building on our previous 10 year multidisciplinary working relationship.

A new five year agreement with Centrica to support decommissioning projects in the UK and Netherlands demonstrates how our cross-industry expertise and decommissioning experience in both nuclear and oil and gas has become an important differentiator in the decommissioning market.

The Middle East market continues to provide opportunity for growth with a strong pipeline of work, including the recent award of a contract to provide engineering services to Shanghai Electric Power Construction Corporation in support of a major project for Aramco and we continue to support the Abu Dhabi Marine Operating Company with the safe life extension of existing critical infrastructure.

Elsewhere, our international oil and gas operations remain busy on projects such as supporting Eni UK Limited's portfolio of assets in Australia, a contract for the INPEX Corporation-operated Ichthys LNG Project, offshore Western Australia, and acting as technical advisor and engineering designers on Singapore's liquefied natural gas (LNG) terminal as part of a five year engineering services agreement for our full range of capabilities, building on our portfolio of projects in the LNG market.

Power

Our power division continues to maintain a significant portfolio in providing high end technical support to large scale power generation and transmission projects with clients such as National Grid, Drax, Eggborough and ENERGOS in the UK.

We became framework partner to SSE Hornsea Ltd in the year to provide end to end support through the development and execution of major projects at two gas storage sites in the UK. Our ability to draw on expertise from different parts of the Group, including project costing and management capabilities from Faithful+Gould, was key to establishing this long-term partnership.

This division continues to access new international markets with the award by the Hyundai Engineering and Construction Company to provide engineering design services for the Abu Dhabi Water & Electricity Authority Mirfa Independent Water and Power Project in Abu Dhabi.

As well as building our pipeline in the Middle East, we have been engaged by China Light and Power in Hong Kong to look at options to extend the life of its generating assets. These contracts follow the award of the open ended contract providing engineering design services to Tennessee Valley Authority's coal and gas plants as part of our teaming arrangement with Merrick & Co in North America last year.

Segmental performance continued

Energy

Marine renewables

Our portfolio of work in the marine renewables industry continues to expand with the addition of another engineering design services contract for three offshore substations at DONG Energy's proposed Hornsea Project One offshore wind farm. We have secured major contracts with DONG Energy's eight offshore substations, including those at the planned Burbo Bank Extension, Race Bank and Walney Extension offshore wind farm projects in the UK. Our work on Statoil's Dudgeon Offshore Wind Farm also continues.

We have been commissioned by the Carbon Trust to carry out an industry study into the use of low frequency AC technology for offshore wind farm power transmission. This commission to explore ways to reduce the costs of wind power grid integration, together with our work in developing offshore floating technology, improves the viability for wind farms to be located further offshore and therefore helps to position us at the forefront of the industry's next development phase.

People

Overall headcount increased by 352 due in part to our two North American acquisitions. Underlying headcount increased approximately 7%, underpinning good business performance. Staff turnover has fallen in line with our expectations and reached a four year low of 8.6% (2014: 11.7%).

We measure employee engagement through our Group wide Viewpoint survey. Our overall engagement score for Energy remains significantly better than the benchmark for our industry sector. A significant majority of people indicated that they are proud to work for Atkins.

Our people have used a variety of platforms to encourage students to consider a career in engineering, including visits by our graduates to school and university events.

We continue to work to increase the proportion of female employees and have introduced a range of flexible working options to help us both recruit and retain staff. This and other initiatives helped us to increase the level of new recruits in the UK this year that are female from 23 to 30, which is 24% of total hires, an increase of 6%. A women's professional network is now well established in our major office locations and we are piloting a programme to support women returning to work after maternity leave.

Safety and sustainability

The year on year increase in our AIR is the result of a single reportable accident, compared with zero accidents in the prior two years.

Worldwide, we currently have over 120 safety engineers who provide technical and safety engineering services to the onshore and offshore assets of the majority of large oil companies and we provide similar services to the nuclear and power industries.

We are helping society to make the transition to a low carbon economy through our work on a wide range of low carbon enabling technologies such as nuclear, offshore wind, tidal, carbon capture and storage, and biomass. We also work on helping to extract the world's remaining oil and gas resources sustainably.

Risk

The risks identified as being most pertinent to Energy are the oil price remaining low for an extended period and those associated with the safety, environmental and reputational consequences of an error in our work given the high hazard nature of the facilities on which we work.

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

We assess risks across all of our businesses and this is explained in more detail in the Principal risks and uncertainties section (page 48).

Outlook

The outlook for our Energy business remains good despite the ongoing market impact of falling oil prices.

We are well positioned in growth markets and have work in hand at 29.8% (2014: 31.8%) of budgeted revenue. We are monitoring the trading environment in oil and gas closely and will react rapidly and adapt to changes; we anticipate reduced volumes in this industry during the coming year and if necessary will redeploy resources to other parts of Energy and across the Group as a whole.

Financial performance review

Performance summary

Our underlying profit before tax was £121.9m, an increase of 14.6% over last year's profit of £106.4m, on revenue that increased 0.4% to £1.76bn (2014: £1.75bn). This profit includes the benefit of £5.0m of research and development expenditure credit (RDEC) following early adoption of new rules in the UK. In previous years the equivalent benefit was shown as a reduction in the tax charge.

We believe underlying profit is a more representative measure of performance, removing the items that may give a distorted view of performance. In the current year, we have removed net profits on disposals and costs associated with disposals of £0.4m (2014: £10.5m), amortisation of acquired intangible assets of £6.9m (2014: £2.7m), exceptional transaction costs of £4.4m (2014: £nil), impairment of goodwill of £2.8m (2014: £nil) and deferred acquisition payments of £1.5m (2014: £nil). The unadjusted reported profit before tax was £106.7m (2014: £114.2m).

	2015	2014	Change
Underlying profit before tax	121.9	106.4	14.6%
Having adjusted for:			
Exceptional items	(4.4)	–	
Impairment of goodwill	(2.8)	–	
Amortisation of acquired intangibles	(6.9)	(2.7)	
Deferred acquisition payments	(1.5)	–	
Net profit on disposal of businesses	0.4	10.5	
Profit before tax	106.7	114.2	(6.6)%

Revenue and profit before tax were adversely affected by currency headwinds of £22.8m and £1.1m respectively against a constant currency basis.

Reported operating profit was £118.5m (2014: £113.7m), at a margin of 6.7% (2014: 6.5%). As we state above, we believe a more representative measure of operating profit adds back amortisation of acquired intangible assets of £6.9m (2014: £2.7m), exceptional transaction costs of £4.4m (2014: £nil), impairment of goodwill of £2.8m (2014: £nil) and deferred acquisition payments of £1.5m (2014: £nil).

This shows a more representative underlying operating profit of £134.1m (2014: £116.4m) giving an improved underlying margin of 7.6% (2014: 6.7%).

The net profit on disposal of £0.4m is explained in more detail in note 8 to the Financial Statements (page 153) and comprises £0.5m of deferred consideration received in relation to our previously disposed UK highways services business and a loss of £0.1m on the disposal of our Polish business.

Headcount closed the year at 18,462 (2014: 17,489), reflecting headcount growth and the acquisitions of Nuclear Safety Associates, Houston Offshore Engineering and Terramar.

Net finance costs

Net finance costs were £14.5m (2014: £13.6m). The year on year increase was primarily the result of the increase in the net finance costs on net post-employment benefit liabilities in the UK.

Tax

The Group's income tax expense for the year was £21.0m (2014: £17.9m), giving an effective tax rate of 19.7% (2014: 15.7%). The Group's underlying effective tax rate was 20.1% (2014: 19.0%). The increase in the effective tax rate is primarily due to the adoption of the new RDEC regime in the UK, explained in more detail below. Apart from this, the effective tax rate is lower than the UK statutory rate of 21% (2014: 23%) due to continued utilisation of tax losses not previously recognised, the impact of prior year adjustments and our regional profile of profits.

The Group has early-adopted the new RDEC regime in the UK with effect from 1 April 2013. This regime permits research and development (R&D) credits to be recognised above the line rather than as an incentive delivered entirely via tax relief. For the year ended 31 March 2015, this resulted in an increase in our reported profit before tax of £5.0m.

Earnings per share (EPS)

Basic EPS from continuing operations was 87.8p (2014: 98.4p). Underlying diluted EPS on continuing operations was 97.1p (2014: 85.7p), an increase of 13.3%.

Pensions Funding

Cash contributions of £32.0m (2014: £32.0m) were made to the Atkins Pension Plan (the Plan) during the year. Under the latest agreed recovery plan the Group will contribute £32.8m to the Plan for the year ending 31 March 2016, with annual contributions escalating by 2.5% each year until 31 March 2025.

There were no pension settlement or curtailment gains in 2015 or in the comparative period.

Charges

The total charge to the Consolidated Income Statement in respect of defined benefit schemes was £16.0m (2014: £14.3m), comprising current service cost of £2.2m (2014: £2.1m), administrative expenses of £0.2m (2014: £0.2m) and a net interest expense of £13.6m (2014: £12.0m). The charge relating to defined contribution schemes increased to £39.8m (2014: £37.9m).

IAS 19 (revised 2011) – valuation and accounting treatment

The Group determines pension scheme funding with reference to actuarial valuations, but for reporting purposes uses IAS 19 (revised 2011). Under IAS 19 (revised 2011) the Group recognised a reduced retirement benefit liability of £298.4m at 31 March 2015 (2014: £324.2m).

The assumptions used in the IAS 19 (revised 2011) valuation are detailed in note 29 to the Financial Statements (page 182).

Financial performance review continued

Cash

Net funds as at 31 March 2015 were £179.3m (2014: £188.3m), made up as follows:

	2015 £m	2014 £m
Cash and cash equivalents	235.4	237.3
Loan notes receivable	21.8	20.3
Financial assets at fair value through profit or loss	33.4	31.5
Borrowings due no later than one year	(61.0)	(55.2)
Borrowings due later than one year	(50.2)	(45.5)
Finance leases	(0.1)	(0.1)
Net funds	179.3	188.3

Cash generated from continuing operations was £133.9m (2014: £95.5m), representing 99.8% (2014: 82.0%) of underlying operating profit, and can be summarised as follows:

	2015 £m	2014 £m
Profit before interest and tax	121.2	127.8
Add depreciation	16.3	14.7
Add amortisation and impairment	15.8	7.5
EBITDA	153.3	150.0
Comprising:		
– Underlying EBITDA	158.8	139.5
– Exceptional item	(4.4)	–
– Deferred acquisition payments	(1.5)	–
– Net profit on disposal of business	0.4	10.5
	153.3	150.0
Pensions deficit funding	(32.0)	(32.0)
Movement in working capital	3.8	(9.6)
Movement in non-current payables	(1.3)	(0.7)
Movement in provisions	(0.7)	(1.8)
Income from other investments	(2.2)	(1.2)
Other non-cash items	13.0	(9.2)
Operating cash flow	133.9	95.5

The movement in non-cash items of £13.0m consists primarily of foreign exchange costs and share based payments, whereas the movement in non-cash items in 2014 of (£9.2m) consisted primarily of the profit on disposal of the highways services business and the loss on disposal of the Peter Brown business.

Net tax paid amounted to £17.8m (2014: £10.9m) with the increase due primarily to higher withholding taxes on cross border trading and higher US payments in this current year.

Net capital expenditure in the year, including the purchase of computer software licences, amounted to £25.2m (2014: £16.9m).

Capital structure

As at 31 March 2015, the Group had shareholders' funds of £205.0m (2014: £130.2m) and the Company had shareholders' funds of £196.3m (2014: £186.4m). The Company had 104.5m fully paid ordinary shares in issue at 31 March 2015 (2014: 104.5m). For further details, refer to note 31 to the Financial Statements (page 191).

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 procedures, requirements and authority levels for treasury activities. The Board delegates responsibility for the detailed review of the policies to the Audit Committee.

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 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. 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 19 to the Financial Statements (page 167).

The Group funds its ongoing activities through cash generated from its operations and, where necessary, borrowings and finance leases. The Group's debt facilities are described in note 26 to the Financial Statements (page 179). Utilisation of the Group's facilities is a consequence of prior and current year acquisitions and ongoing organic growth. As at 31 March 2015 the Group had £138.1m of undrawn committed borrowing facilities available (2014: £141.5m).

There have been no significant changes to the Group's treasury procedures, requirements and authority levels during the year.

Critical accounting policies

The Group's principal accounting policies are described in note 1 to the Financial Statements (page 135). The Financial Statements for the year ended 31 March 2015 have been prepared under International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 may ultimately differ from those estimates. Material estimates applied

Financial performance review continued

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, defined benefit pension schemes, tax, research and development, and joint arrangements.

Contract accounting

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

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

Goodwill impairment

As set out in note 1 to the Financial Statements (page 135), goodwill is subject to impairment review both annually and when there are indications that the carrying value may not be recoverable. The carrying value of goodwill is compared to the recoverable amount, which is the higher of the value in use and fair value less costs to sell.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units (CGUs), or groups of CGUs, that are expected to benefit from the synergies of the combination. Each CGU or group of CGUs to which the goodwill is allocated represents the lowest

level within the entity at which goodwill is monitored for internal management purposes.

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

Following the downturn in the European aerospace market, the carrying amount of goodwill arising on the acquisition in 2007 of the Dutch consultancy Atkins B.V. (formerly Nedtech Engineering B.V.) was reviewed and, as a consequence, has been reduced to its recoverable amount through the recognition of an impairment loss of £2.8m. This loss was included in administrative expenses in the Group's Consolidated Income Statement.

Defined benefit pension schemes

Accounting for pensions involves judgement about uncertain events in the future such as inflation, salary levels at retirement, longevity rates, rates of return on plan assets and discount rates. Assumptions in respect of pensions and post-employment benefits are set after consultation with independent qualified actuaries. Management believes the assumptions are appropriate. However, a change in the assumptions used would have an impact on the Group's results and net assets. Any differences between the assumptions and the actual outcome will affect results in future years. An estimate of the sensitivity to changes in key assumptions is disclosed in note 29 to the Financial Statements (page 182).

Tax

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

potential liabilities in respect of uncertain tax positions where additional tax may become payable in future periods and such provisions are based on management's assessment of exposures.

As set out in note 1 to the Financial Statements (pages 135 to 146), deferred tax is accounted for on temporary differences using the liability method, with deferred tax liabilities being provided for in full and deferred tax assets being recognised only to the extent that it is judged probable that future taxable profits will arise against which the temporary differences can be utilised.

Research and development

All R&D expenditure is written off to the Consolidated Income Statement as incurred. In the UK, the Group has early adopted the new UK RDEC regime with effect from 1 April 2013. These credits have characteristics more akin to government grants than income taxes and therefore are offset against the relevant expenditure in the income statement rather than via the tax charge.

The credits are recognised to the extent that there is reasonable assurance that they will be received, albeit that the claim process takes place sometime after the original expenditure was incurred. In the balance sheet, the receivable reduces the overall current tax payable for the Group.

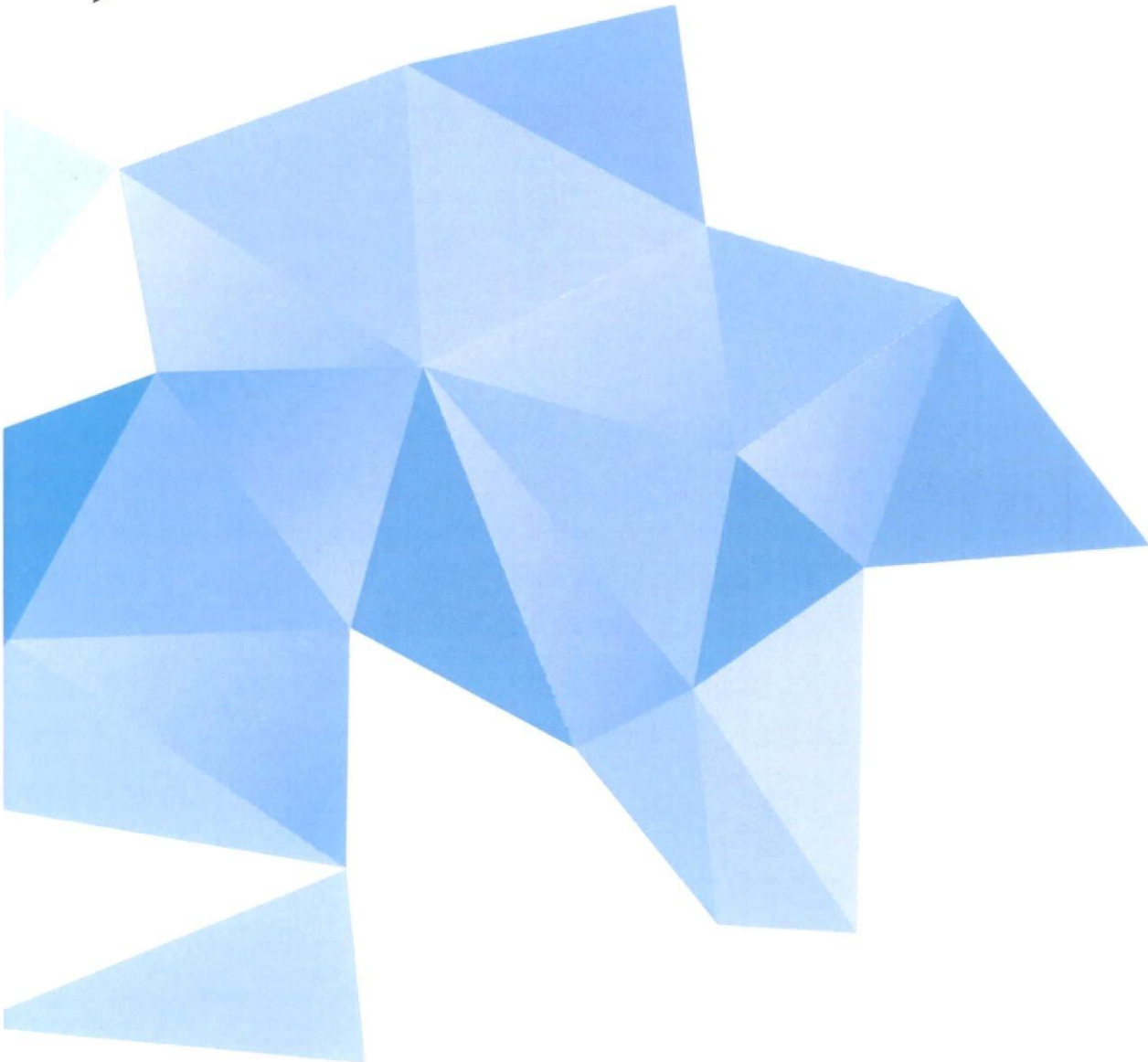
Joint arrangements

The Group holds 50% of the voting rights in some of its joint arrangements. However, the Group has joint control over these arrangements as under the respective contractual agreements unanimous consent is required from all parties to the agreements for all relevant activities. These joint arrangements are not structured through separate legal vehicles and the terms of the arrangements provide the Group and the other parties to the arrangements with the rights to the assets and obligations for the liabilities, or other facts and circumstances indicate this is the case. Therefore, these arrangements are classified as joint operations of the Group.

Principal risks and uncertainties

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

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Principal risks and uncertainties continued



Effective risk management is embedded in our governance framework, which is summarised in the Corporate governance report (pages 72 to 79).

Our risk management framework supports the Board in assessing and determining the nature and extent of the significant risks it is willing to accept in achieving its strategic and operational objectives.

This framework, and the associated risk management structure, allow us to identify consistently, assess, prioritise, manage and report risks of both a strategic and operational nature. Our strategic and operational risk registers allow us to assign owners and mitigation strategies to identified risks. Ownership is not the exclusive responsibility of senior management but is passed down to appropriate staff members.

The registers are routinely reviewed by the Group Risk Committee. It also receives presentations from selected risk owners to provide a more detailed explanation of the risk, including the associated mitigation measures, controls and key actions that are required to manage it.

We also assess all potential project opportunities using an online service delivery process which includes a risk categorisation tool that scores and ranks these opportunities using a traffic light system. This determines the risk profile and is one factor that informs the required level of review of each opportunity as it moves through the Group's 'stage gate' bid approval process. This process, combined with the risk management framework, is applied across the Group and is designed to achieve progressive improvement in the quality and rigour of our bidding process.

We continue to manage a number of potential risks and uncertainties which could have a material impact on our strategic and operational objectives. Many of these risks are common to other companies and we assess them regularly to establish the principal risks for the Group.



The table outlines the principal risks, the mitigating activities undertaken in respect of each of them and indicates the direction of change of each in the year. We continue to assess these risks under two main categories: strategic and operational.

Where applicable, the table cross-references principal risks with segment-specific risks.

Principal risks and uncertainties continued

Strategic



 Risk increasing
  Risk decreasing
  No material change to risk

Risk (in alphabetical order)	Mitigation	Activities in the year ended 31 March 2015	Change in year
<p>Economic outlook</p> <p>Imposition of government austerity measures has an impact on our trading performance as spending on public sector infrastructure is reduced.</p> <p>Worsening economic conditions lead to reduced levels of private sector infrastructure spend and have an adverse impact on our clients' ability to pay for our services.</p>	<p>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.</p> <p>We reshaped our business so that nearly 50% of our revenue is now delivered outside the UK. Our medium-term goal is to generate more than 75% of revenue from our non-UK and Energy businesses.</p> <p>To provide resilience and remain competitive, we utilise our global design centres (GDCs) in India to support market opportunities and projects across the regions in which we operate.</p> <p>We seek to redeploy our people around the Group to meet demand in growth markets and sectors, frequently moving work to people and people to work to enhance Group agility and staff utilisation.</p> <p>We perform periodic client credit checks and maintain regular management reviews of credit terms, trade debtors and work in progress.</p>	<p>We are focused on targeting growth in well-funded infrastructure markets.</p> <p>During the year we increased the utilisation of our Indian GDCs, increasing staff numbers across our two sites (Delhi and Bangalore).</p>	
<p>Financial</p> <p>A deterioration of the Group's financial position limits our ability to invest in growth.</p> <p>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.</p>	<p>We review the Group's trading and funding position on an ongoing basis.</p> <p>The Group's treasury function manages and monitors external funding and investment requirements and risks arising from the Group's financial instruments risks, including foreign exchange risk, interest rate risk and price risk, credit risk and liquidity risk.</p> <p>We have made good progress in implementing our strategy to continue to de-risk our defined benefit pension schemes. We will continue to manage the assets and liabilities of our pension schemes.</p>	<p>In early 2015, we amended and extended our five year revolving credit facility of £200m which now matures in 2020. This is in addition to our 2012 debut issue in the US private placement market, which together broaden the sources of funding available to the Group.</p> <p>We have continued to monitor and manage our strategy to de-risk our defined benefit pension schemes during 2015. In 2014, we successfully concluded our negotiations on the triennial actuarial funding valuation with the Trustee of the Atkins Pension Plan, which resulted in an extension of the associated deficit repayment plan to 31 March 2025.</p> <p>Further information is contained in the United Kingdom and Europe review (page 27).</p>	
<p>Geopolitical</p> <p>Political instability in the regions within which we operate has a negative impact on our ability to deliver contractual services and receive payment, and endangers the safety of our people.</p> <p>Political transition leads to uncertainty or deadlock delaying government funded programmes.</p>	<p>We have focused on geographies that have more stable trading markets and environments with regional growth resulting from economic diversity, population growth and urbanisation.</p> <p>We closely monitor our operating geographies and markets to identify geopolitical change that could potentially have an impact on the trading conditions across the Group.</p> <p>We obtain the latest professional risk and security information provided by external organisations before engaging in contracts in new geographies and we regularly monitor the economic stability and the security of the markets in which we continue to trade.</p>	<p>The operational leadership team and senior management periodically review geopolitical influences that have the potential to affect the economic and safety environment in our operating geographies and markets.</p> <p>During the year we developed a security standard for our staff when working in low, medium and high risk geographies. Testing of this standard is underway in anticipation of a Group wide roll out during the year ending 31 March 2016.</p> <p>Further information is contained in the Middle East review (page 37), Asia Pacific review (page 40) and North America review (page 34).</p>	


Principal risks and uncertainties continued

Strategic continued

 Risk increasing
  Risk decreasing
  No material change to risk

Risk (in alphabetical order)	Mitigation	Activities in the year ended 31 March 2015	Change in year
<p>Market</p> <p>Worsening market conditions, for example a fall in commodity prices or a shift in industry demand, lead to changes in contracts resulting in increased risk transfer from clients as competitors accept more onerous contract terms to win work.</p> <p>Reductions in the amount of available work increase pricing pressure and reduce our operating margins.</p>	<p>We have robust, integrated online service delivery review processes, which include risk classification, peer reviews and Group authority approvals during the key stages of bidding work, entering into contracts and during delivery of our projects.</p> <p>We continue to focus our strategy on sectors with strong sustainable growth prospects, good levels of funding and higher technical barriers to entry.</p> <p>We have a strategic focus on operational excellence and, through a series of initiatives together with the increasing use of our GDCs in India, we aim to deliver a competitive cost base while also supporting and enabling growth across the Group.</p>	<p>We are continuing to drive operational performance across the Group to improve our margins.</p> <p>We continue to embed our integrated online service delivery process across the Group and this year we implemented successfully the online service delivery process in Asia Pacific and commenced the implementation of the process in North America.</p> <p>During the year, we carried out a review of our online service delivery process to ensure it continues to provide a robust standard for winning, delivering and reducing contract and commercial risk across the Group.</p> <p>During the second half of the year we have taken action to reduce our resources in our oil and gas business, redeploying elsewhere within the Group where possible, in response to reduced demand for our services from a number of our clients as they have reacted to the fall in oil prices.</p>	
<p>Regulatory/legal</p> <p>Legislation and regulations restrict our ability to operate in certain locations or perform certain activities leading to the need to exit these markets.</p> <p>Breaches of regulation or legislation result in fines, imprisonment and reputational damage.</p>	<p>We seek external advice about new and/or changing trading restrictions, communicating these changes across our business as necessary.</p> <p>We operate a Group trading standard and associated country approval list, detailing the approved procedure for trading worldwide. The country approval list details the risk profile for countries around the world across matters including trade restrictions, corruption and travel security, which determine the level of approval required to trade there.</p> <p>We continue to invest in training and communication in the area of compliance.</p> <p>We have a whistleblower hotline that is available to all our people, suppliers, subcontractors, clients and third parties.</p>	<p>The Group code of conduct was launched during the year with all our people either receiving or being provided with access to a copy. To ensure that all our people have read and understood the code, an e-learning module has been built and tested ready for launch during the year ending 31 March 2016.</p> <p>During the year the Group trading standard and the associated country approval list have been reviewed and updated, and these are accessible to all our people via our intranet.</p>	



Operational

Risk (in alphabetical order)	Mitigation	Activities in the year ended 31 March 2015	Change in year
<p>Crisis event</p> <p>A significant one-off event affecting a key business location, project or our people could interrupt service delivery, threaten life and/or cause reputational damage to our business.</p>	<p>We have a Group crisis management plan in place to enable us to respond quickly to such events.</p>	<p>A review of the Group's crisis management plan was carried out during the year, as was our plan in the Middle East. This included a simulated exercise of a regional crisis event that was escalated to the Group.</p>	

Principal risks and uncertainties continued

Operational continued

 Risk increasing
  Risk decreasing
  No material change to risk

Risk (in alphabetical order)	Mitigation	Activities in the year ended 31 March 2015	Change in year
<p>Health, safety and environmental Shortcomings in our design or works' supervision result in a health, safety or environmental incident involving our people, clients or other third parties leading to injury, loss of life and/or significant damage to our reputation with all stakeholders.</p>	<p>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.</p> <p>Our Group wide behavioural awareness programme, Safe and Secure by Choice, supports our commitment to creating a leading health and safety culture.</p> <p>We have implemented our safety standards worldwide.</p> <p>We mandate accident and near-miss reporting and provide a whistleblower hotline to enable our people, suppliers, subcontractors, clients and third parties to raise concerns confidentially.</p> <p>We invest in training of and communication to our people about the importance of safety and security in the workplace.</p>	<p>Our standard to assess the competency of construction contractors and set the minimum requirements expected on site during the supervision of the services and works continued to be communicated to Group businesses around the world during the year. Further information is contained in the Middle East review (page 37).</p> <p>During the year we developed a security standard for our people when working in low, medium and high risk geographies. Testing of this standard is underway in anticipation of a Group wide roll out during the year ending 31 March 2016.</p> <p>We also developed the Atkins operating safely (AOS) system this year. The system includes an online risk assessment and enables employees to be tracked while working on site. It has initially been implemented in the United Kingdom and Europe with a wider roll-out to the rest of the Group planned during 2015/16.</p> <p>The International Standard for Driving, ISO 39001, has been adopted providing a minimum standard across the Group. The whole Group, apart from Europe, currently uses the travel tracker system through local travel providers. Implementation of the standard in Europe is planned during the financial year ending 31 March 2016.</p> <p>Part of our code of conduct focuses on the safety behaviours of our employees, highlighting the importance of reporting health and safety incidents. The Safe and Secure by Choice awareness campaign rolled out during the year includes sections on personal safety, able to challenge, driving and near miss reporting.</p>	
<p>Physical and data security Confidential client business and/or 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 our people.</p> <p>Our business systems suffer an attack from hackers or viruses.</p> <p>The safety and security of our people is threatened.</p>	<p>We use appropriate physical security, secure networks and encryption to protect data.</p> <p>We train our people and provide guidance on best practice in information assurance.</p> <p>The Group security officer seeks to ensure best practice and continually raise the profile of security across the business.</p>	<p>During the year, we continued to provide information assurance guidance and training across our business. Information assurance guidance and behaviour based training modules for the Group are also being developed to complement and improve the effectiveness of our controls in this area and these will be made available to all our people.</p> <p>We have developed a security standard (protecting our people and property) and an information assurance standard. These are scheduled to be rolled out during the financial year ending 31 March 2016.</p> <p>Recognising the increasing focus on privacy, the protection of personal data and the expectations of our clients, people and other stakeholders in this regard, a Group data protection manager was appointed to develop our approach to data protection further.</p> <p>Achieved certification to the UK Government's new Cyber Essentials Plus standard.</p>	

Principal risks and uncertainties continued

Operational continued

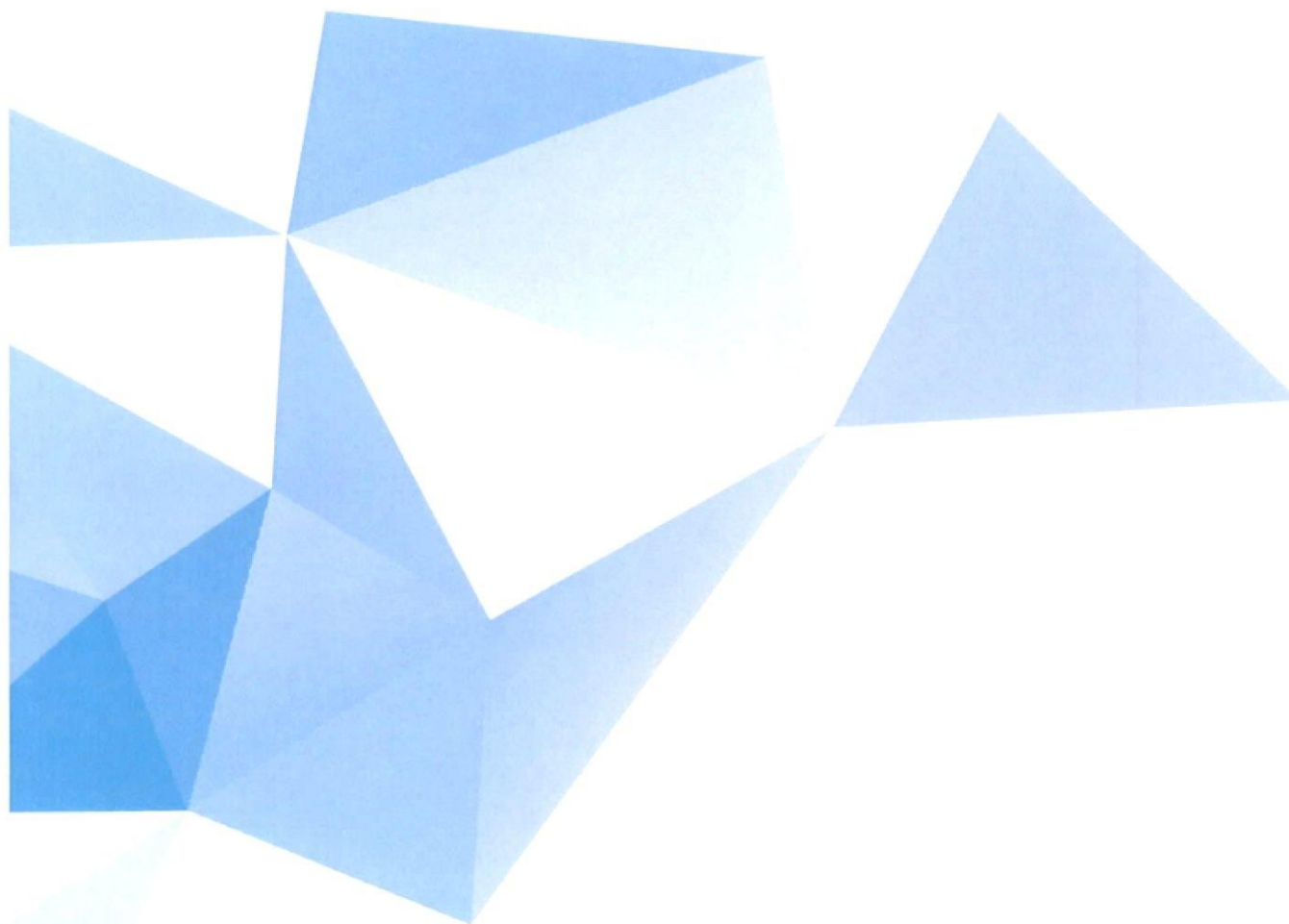
⬆ Risk increasing ⬇ Risk decreasing ➡ No material change to risk

Risk (in alphabetical order)	Mitigation	Activities in the year ended 31 March 2015	Change in year
<p>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.</p>	<p>We continue to implement our online project management system to drive consistently high standards across the Group.</p> <p>We invest in ongoing project management excellence training programmes for our people.</p> <p>We continually improve project controls, which include regular financial reviews of project performance.</p>	<p>We continued during the year to invest in increasing the project management capabilities across all sectors (people, processes and systems) by developing a new project management competency framework.</p>	➡
<p>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.</p>	<p>Regular business reviews evaluate a number of metrics including headcount, staff turnover, vacancy levels and employee engagement.</p> <p>We maintain a succession management plan across the Group.</p> <p>Regular succession planning reviews provide support for internal mobility, development of an effective talent pipeline and career path management.</p> <p>An annual review of our staff engagement through our Viewpoint survey ensures that the morale and motivation of our people is managed effectively.</p>	<p>During the year we regularly reviewed data relating to headcount, staff turnover, vacancy levels and employee engagement.</p> <p>Sector succession plans are developed, reviewed and implemented each year to ensure that we retain our best talent.</p> <p>A talent management pilot has been launched to focus on our high potential people in succession management planning across the Group.</p> <p>We implemented improvements across the Group during the year to define and support career paths within the Group including technical, project management, business management and business development routes.</p> <p>We continue to use a variety of channels, including our annual Viewpoint survey, to engage in a two way dialogue with our people.</p>	⬇
<p>Technical delivery Design errors or omissions lead to client dissatisfaction, financial losses and damage to our reputation for technical excellence.</p>	<p>Our robust service delivery process, and the associated stage gate review procedures during the bidding, contracting, delivery and completion stage, ensure that the Group has the capability to deliver the technical requirements within our contracts.</p> <p>We use seven design principles which govern all our technical work and are embedded in our business management system. Technical reviews and checking during delivery of our projects remains a key control.</p> <p>Our technical assurance guidance is included within our business management system.</p> <p>We have implemented a programme of continual technical training and development.</p> <p>'Network chairs' lead our technical centres of excellence across the Group.</p>	<p>We have continued to develop our standard in project manager competence and development and electronic data management across all sectors during the year.</p> <p>We developed a technical assurance standard during the year establishing the minimum assurance requirement for our technical deliverables to our clients in the Group. We also refreshed the technical assurance guidance in our business management system.</p> <p>During 2014, we set up a working group of representatives from all our operating businesses and relevant corporate functions to develop and disseminate best practice regarding technical assurance and governance.</p>	➡

People

Our talented people and their collective expertise help us to build a winning culture, exceed client expectations and meet our strategic objectives.

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People continued

Our people are our competitive edge.

Overview

At Atkins, our people are our competitive edge. We trust them to go above and beyond for the Group and our clients. Their individual talent and our collective expertise help us to exceed client expectations and meet our strategic objectives.

We review our people related activities regularly and, as part of this process, we consider a range of human resources measures, such as headcount, retention and employee engagement. We also review progress against our Group and sector people strategies, ensuring we are able to forecast the future skills and resourcing needs to support our growth plans.

Headcount

Headcount increased by over 970 in the year ended 31 March 2015 to 18,462. There was a rise in the United Kingdom and Europe, the Middle East and Energy, reflecting our strategy of organic growth and targeted acquisitions. These increases were partly offset by a reduction in North America, as the region continues to focus on operational efficiency and productivity.

We remain focused on attracting people into engineering careers from schools and universities. We hired almost 400 new graduates in September 2014 across all our regions and will be targeting a similar number in our September 2015 intake. There was also an increase in the percentage of female graduates in this year's intake, which supports our diversity agenda. Our apprentice programme continues to attract school leavers choosing a career in engineering. Further details are provided in the United Kingdom and Europe business review (page 27). Our Group wide careers website gives our people easy access to all our vacancies throughout the world and helps to encourage internal mobility.

In conjunction with developing our talent pool in local markets, we have a growing number of people working on planned international assignments across the Group, either to supplement skills not available locally by bringing specific technical knowledge to bear or to help resource the delivery of larger projects. We completed a strategic review of our requirements, policies and processes for international assignments in the year to ensure that we remain competitive in this area.

Engagement

Ensuring our people feel valued and motivated at work underpins our ethos and supports our strategy for growth. We know there is always room for improvement, therefore, we ask our people to tell us what they think and then involve them in our plans for change.

Every year we ask our people around the world to participate in our Viewpoint employee engagement survey. The survey comprises a series of strategically important themed questions, aligned to a pre-defined engagement model. This model measures our people's relationship with management and how they feel about their jobs and the Group.

Group results are communicated both locally and via our Group wide intranet, with presentations of results by business arranged locally.

Our 2014 survey included 80 questions and was completed by 76% of our people. Our overall engagement score was 68, a really pleasing result. Although this represents a one point decrease from last year, it is still far higher than the global norm for organisations in the professional services sector.

People continued

It is evident that people across Atkins care about the success of our organisation.

Questions about carrying out work safely remain among our top scoring areas, with 95% of people understanding how to work safely. Safety questions also account for our biggest increases from last year, with 68% actively challenging unsafe behaviours and 67% feeling that managers help them to take a proactive and visible approach to safety, an increase of 3% for both. It is also evident that people across Atkins continue to care about the success of our organisation (94%).

Areas where we have scope to improve further include our ability to retain our best people and give them a clear career path.

The Group operational leadership team will continue to use the survey outputs to improve our employee engagement and is committed to developing a set of clear actions each year to address the feedback.

Day to day we maintain regular communication with our employees through a range of digital media, with content relating to our client wins, project successes, thought leadership and stories about our people all available on our Group wide intranet. We supplement online channels with face to face town hall meetings and line manager team briefings. To coincide with the announcement of our financial results, we provide updates on our Group performance via webinar for all colleagues.

Our senior leadership teams hold meetings and open discussions to give employees the opportunity to ask questions about our strategy and future plans. We also use webinars and 'all hands calls', to engage with our people and give them the chance to participate and ask questions directly.

Another popular communication channel is our CEO blogs, through which our regional, Energy and Faithful+Gould CEOs share informal thoughts, images and updates.

Figure 1: Viewpoint Group engagement results as provided by Ipsos MORI



People continued

One of the key challenges for our industry is to develop the next generation of engineers.

Investment in people

To achieve our vision to be the world's best design, engineering and infrastructure project management consultancy, we need to develop and enhance the capabilities and performance of our people. The Group's annual training spend has increased to over £22m (2014: £18.5m).

We have completed the roll out of our My Career system, which won The Training Journal award for Best Change Programme 2014. The system automates the performance appraisal process across the Group. We continue to develop and simplify the process to provide greater clarity of objectives, improve visibility and tracking, and also strengthen the link between performance review and reward. This has provided an improved process for the targeting and delivery of training, at the same time allowing greater access to online learning and tracking of learning and compliance training.

One of the key challenges for our industry is to develop the next generation of engineers to solve the challenges of urbanisation, climate change and energy generation. This puts our graduate and apprenticeship programmes at the heart of developing our talent for the future. During the year in addition to our significant graduate intake, we recruited a further 71 apprentices. We are a member of the '5% Club', an industry led campaign whose member organisations make a public commitment to have at least 5% of their UK workforce on formal graduate and apprenticeship schemes. Our current proportion is 8.9% of UK headcount.

We continue to engage with schools and colleges to attract students into studying science, technology, engineering and mathematics (STEM) subjects and encourage them towards careers in our industry.

One of the key requirements of our growth ambition is the capability of our people to get close to our clients and to understand their drivers and requirements. Our worldwide sales excellence programme has continued to strengthen the capability of our people in these areas. A further 1,000 staff attended programme modules during the year.

Reward

Pay movement across the Group varies by business and geography. This reflects both the diversity of our businesses and the variability in market conditions between businesses and regions. With effect from 1 April 2015, the average salary increase was 3.3% across the Group, with significant variation by region.

To inform the salary review and other reward decisions, we conduct comprehensive annual benchmarking studies across our regions. We use the data to improve the competitiveness of our remuneration packages and to help line managers with pay decisions.

Approximately 1,000 senior leaders worldwide participate in our executive bonus scheme. This incentivises the delivery of above-average financial results and exceptional individual performance by rewarding the achievement of stretching targets and personal objectives.

A discretionary bonus scheme covers the wider Atkins population. We expect to pay a bonus to around one third of staff members, recognising individual contribution and performance.

Employee share ownership is encouraged across the Group, to align the interests of our employees and our shareholders and to enable our employees to share in the success of the Company. In the UK, we operate a share incentive plan (SIP) that provides a tax-efficient mechanism for employees to become shareholders through salary sacrifice arrangements. Approximately 11.4% of eligible employees participate in the SIP.

We have maintained our focus on the management of our historic UK defined benefit pension liabilities. The last triennial valuation of the Atkins Pension Plan was agreed in February 2014 and provides a stable repayment plan mechanism to manage our deficit contributions over the next 11 years.

People continued

Our goal is to develop an organisational culture that fully embraces male and female contributions.

Diversity

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

The Group encourages recruitment, training, career development and promotion on the basis of aptitude and ability, without regard to disability. We are also committed to retaining and retraining, as necessary, employees who become disabled during the course of their employment.

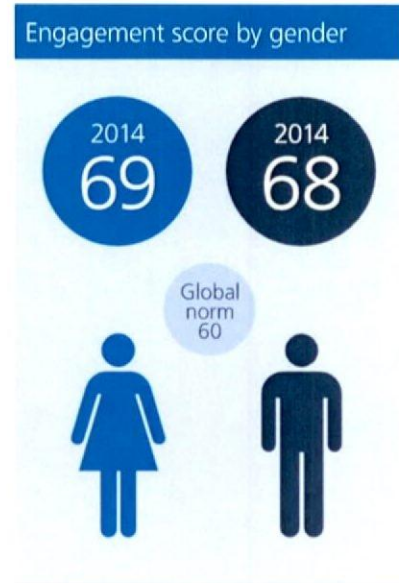
Gender diversity continues to be a key focus for the Group and our goal is to develop an organisational culture that fully embraces male and female contributions in a male-dominated industry. We are working towards achieving a better gender balance to provide an environment where women want to stay and develop their careers. In the UK, our efforts in the year have been recognised externally, with the Group winning a place in The Times Top 50 Employers for Women.

We have a range of objectives which have been devised to align to these goals. The women's leadership council links senior women across all regions and is committed to supporting women throughout the organisation to develop and fulfil their potential. A women's professional network is also now well established in most regions and Energy, which has helped women to feel well connected across Atkins.

The gender balance of the senior management population decreased slightly to 12.37% over the course of the year. However, early indications are that we have reversed this trend with an increase to 13.5% as we progress into the new financial year.

As we continue to work to increase the proportion of female staff in Atkins we have developed a range of flexible working options to help us both recruit and retain a broader range of staff. This is supported by our Viewpoint results, which showed an improvement in the scores provided by women in many areas.

Figure 2: Viewpoint Group scores by gender as provided by Ipsos MORI

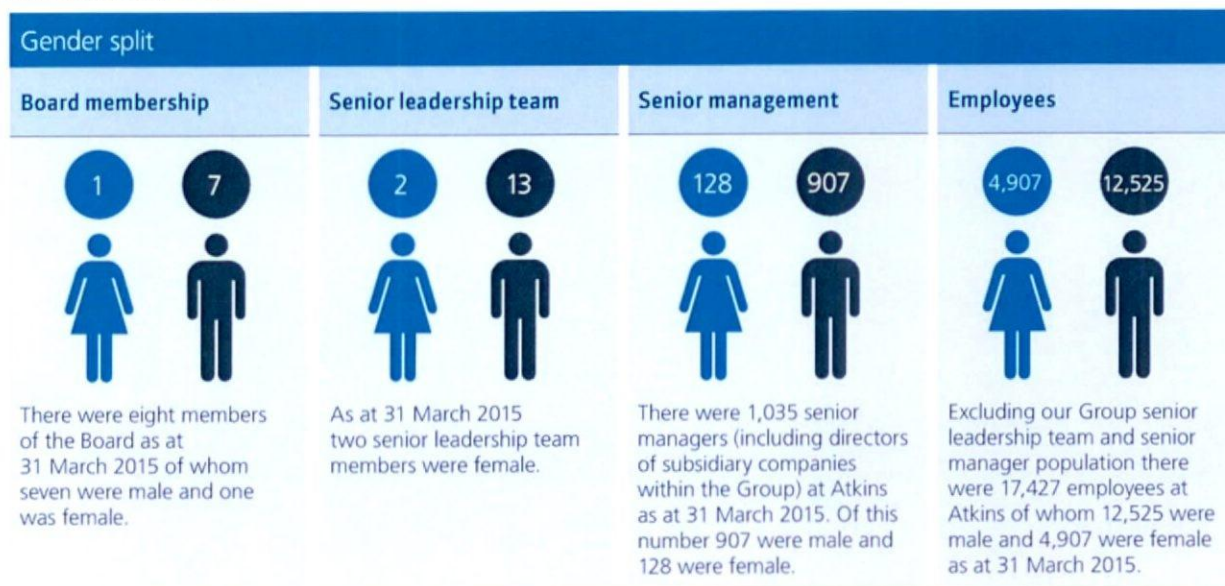


People continued

Our people are supported to develop to their full potential.

Figure 3: Gender split

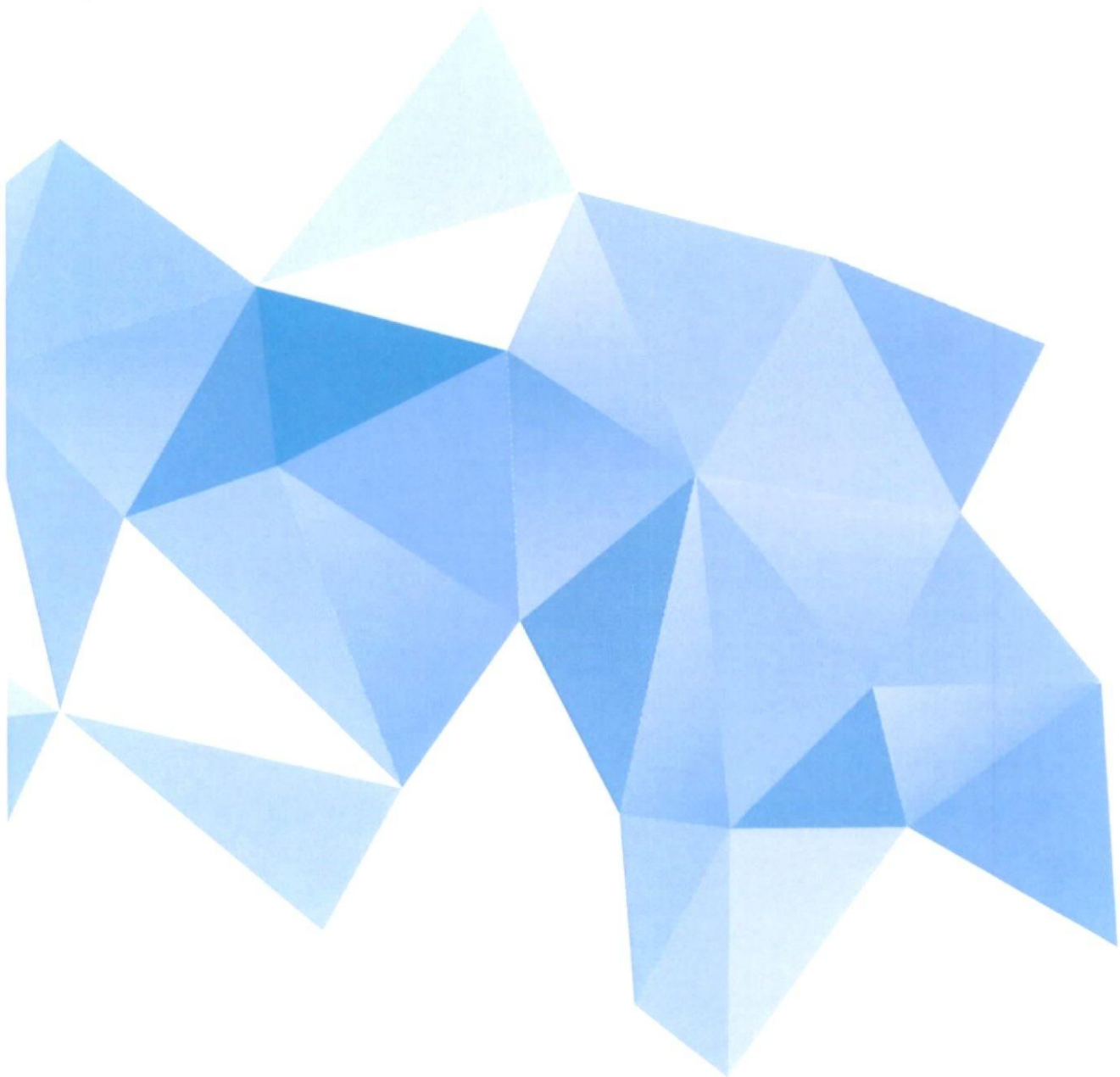
We remain committed to having a diverse workforce and continue to work towards our goal of increasing female representation at a senior level to 15%.



Corporate sustainability review

Atkins is enabling a sustainable future.

>



Corporate sustainability review continued

More information in our digital sustainability report at:



www.atkinsglobal.com/en-GB/corporate-sustainability/a-society-for-our-future

Our sustainability principles are based around three key themes: a society for our future, an environment with a future, and a responsible business of the future. During the year, we ran an employee engagement programme to understand better what these mean to our people. Feedback has been used to create a sustainability pathway, for launch in 2015, setting our sustainability direction up to 2020.

Internally, we are using our RACE2 programme to put our sustainability principles into action in our offices worldwide.

Our focus on health and safety, efficient and effective delivery of client solutions, environmental management and continual improvement are integral to our approach to sustainability.

Leadership

Our commitment to becoming a more responsible and sustainable organisation has been supported by the introduction of our new code of conduct, Behaving the Atkins Way. The code provides a strong leadership statement and direction from our Group CEO. He emphasises the importance of ensuring the safety and wellbeing of all our people while encouraging and empowering them to challenge and raise concerns about any dishonest, unethical, unacceptable or unsafe behaviour.

Raising safety and welfare standards

We are proud of our contribution to raising safety standards all over the world, which was recognised at the 2014 inaugural MEED Corporate Health Awards in Abu Dhabi, where the Atkins minimum requirements for construction safety was named Health & Safety Initiative of the Year.

In the UK, we were awarded the internationally recognised Royal Society for the Prevention of Accidents Gold Medal. This demonstrated our commitment and focus on health and safety as it becomes a natural and integral part of our culture.

A society for our future Inspiring the next generation

We recognise that inspiring the next generation of engineers to build a sustainable future will be critical, both to our success and to that of society. This was emphasised by the publication of our report, The skills deficit: consequences and opportunities for UK infrastructure. The report predicts that infrastructure projects in the UK could experience higher costs, delays, or poor decision making and project delivery in coming years due to a lack of scientists, engineers and technicians.

We are increasing our efforts to attract young people into engineering and other technical professions, using a range of innovative approaches. For instance, during 2014, we used interactive games and outdoor photography displays in the UK, supersonic cars in North America and model bridge building in Hong Kong, to engage our audience.

Supporting our people's development

We are committed to supporting our people's development, equipping them to deliver innovative and sustainable solutions. As part of this, we ran sustainability weeks in the UK, Asia Pacific and the Middle East to engage employees, raising awareness of its importance to Atkins and inviting feedback for inclusion in our sustainability pathway strategy. We also challenged our international graduate community to imagine actions we might take on our journey to a more sustainable future.

Social and community investment

We are encouraging and supporting our people to make an even greater contribution to the social, environmental and economic health of our communities.

Across each sector, we focus our efforts where we believe our skills can do the most good. In the UK we are a patron of RedR (an engineering relief charity) and in Asia Pacific our volunteers have designed two schools for pre-school students in Cambodia.

At a regional, local and office level, our people raise money and volunteer time and skills in support of a wide range of community based activities. For example CARES (Collaborate, Awareness, Reward, Engage, Support), is a local programme which began in our UK business to support our people in integrating corporate sustainability and responsibility into their lives, and which won an award for its work this year. Our Hong Kong office has been recognised by Hong Kong social services for its corporate and social responsibility practices, and our people in India are supporting their Government's Clean India campaign.

A healthy, safe and secure workplace

We are committed to providing and maintaining a safe and healthy working environment for our employees and ensuring the safety of others affected by our operations and services.

This year, we introduced Atkins operating safely (AOS), a bespoke system designed to help keep our people safe when they are visiting sites and unfamiliar offices in the UK. The system enables us to track people when they are working on site and has initially been implemented successfully in the United Kingdom and Europe with a wider roll-out to the rest of the Group planned during 2015/16.

Corporate sustainability review continued

We have demonstrated the high value we place on our people's health by conducting a health risk assessment across the Group and aim to put an action plan in place in 2015 to address the results of the assessment. In addition, we have broadened our journey to 'natural safety' by introducing a set of security principles to raise awareness of security issues and establish minimum standards of expected behaviour.

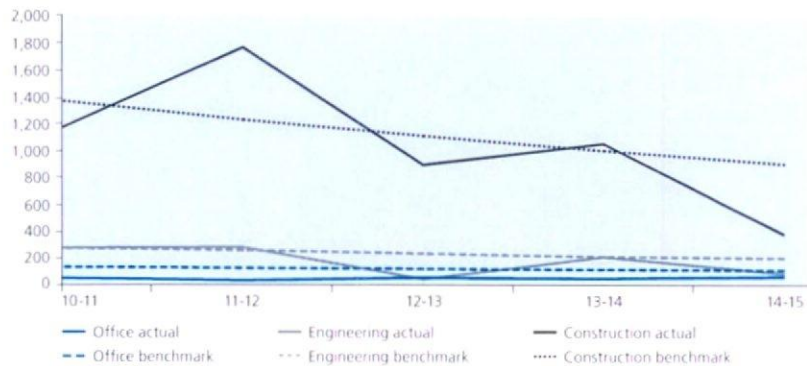
Safety performance

The accident incident rate (AIR) is an industry measure of the number of reportable accidents per 100,000 staff. Our overall AIR figure for staff summarises AIRs for our people and contractors working in offices, engineering and construction. We set a more stretching target than suggested by the UK's Health and Safety Executive (HSE) Labour Force Survey data. This is the first time that AIR performance levels for staff in office, engineering and construction were well within our benchmark. Contractor performance for office and construction was worse than benchmark, although it should be noted that, because of the way in which it is calculated, AIR is sensitive to low contractor numbers and this below benchmark performance related to just two accidents. The engineering AIR result was above benchmark.

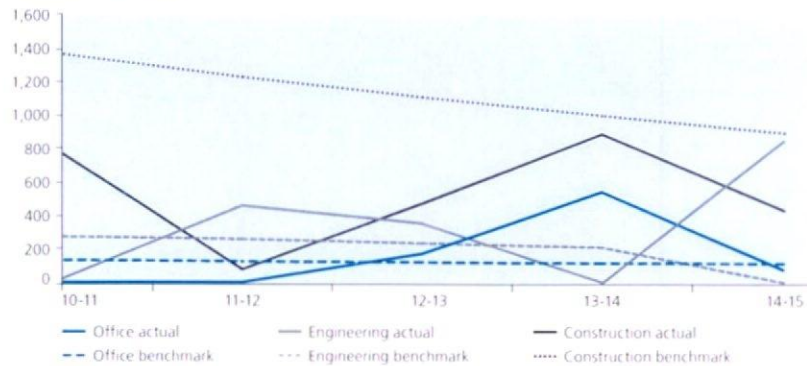
Viewpoint survey

Our 2014 employee satisfaction survey, Viewpoint, continued to show very positive results around safety. 95% of our people say that they understand how to work safely, with 68% actively challenging unsafe behaviours when they see them and 67% feeling their managers help them to take a proactive and visible approach to safety, representing a 3% increase for both measures on last year.

AIR – Staff



AIR – Contractors



Safe and Secure by Choice

Part of our code of conduct focuses on the safety behaviours of our employees, highlighting the importance of reporting health and safety incidents. The Safe and Secure by Choice awareness campaign, rolled out during the year, includes sections on personal safety, able to challenge, driving and near miss reporting. We continue to work with colleagues, clients and our supply chain to try to ensure that health, safety and security are fully integrated into our decision-making processes.

Industry leadership

We have played our part in global industry leadership by supporting the introduction of a Consultants' Health & Safety Forum in India.

In the UK, we collaborated with other members of the UK Consultants' Health & Safety Forum, to influence and support the HSE in introducing its new Construction (Design and Management) 2015 regulations, which came into force on 6 April 2015 and set out what people involved in construction work need to do to protect themselves and anyone the work affects. Our contribution included developing industry guidance concerning the new role of principal designer which arises when it is foreseeable that more than one contractor will be working on a project.

Corporate sustainability review continued

More information in our digital sustainability report at:



www.atkinsglobal.com/en-GB/corporate-sustainability/an-environment-with-a-future

Table 1: Total emissions by source, region and scope in tonnes of CO₂e for the years ended 31 March 2015 and 2014

Region	Scope 1			Scope 2			Scope 3		2015	2014
Source	Gas	Liquid fuels	Refrigerants	Road	Electricity	Heat	Rail	Air	Regional total	Regional total
UK	1,184		43	7,777	7,939		1,211	4,428	22,582	27,989
Europe	11			271	459	71	135	170	1,118	1,600
Asia Pacific		15		96	2,192		4	2,249	4,556	4,353
Middle East				735	1,896			2,104	4,735	4,690
North America				7,694	12,221			3,515	23,430	21,408
Source totals	1,195	15	43	16,573	24,707	71	1,350	12,466	56,421	60,040
				2015 Total	17,826	Total	24,778	Total	13,816	
				2014 Total	22,119		24,148	13,773		

Expressing the emissions using employees as a ratio gives us a figure of 3.1 tonnes CO₂e per employee. This is a reduction on the ratio for the year ended 31 March 2014 of 3.4 tonnes CO₂e per employee.

An environment with a future A low carbon economy

We have continued in our work to become a low carbon organisation.

Measuring and reporting emissions to stakeholders and investors

We have disclosed data to the Carbon Disclosure Project, the global platform for organisational disclosure of investor-relevant climate change data, for the last six years. In 2014 we scored 81 out of 100.

For the fifth consecutive year, the Group achieved certification to the ISO 14064 international standard for quantification and reporting of greenhouse gas emissions. We report on gas, electricity and liquid fuel consumption, and travel emissions. Table 1 shows total emissions by region split between scopes 1, 2 and 3, as defined by the Greenhouse Gas Protocol.

Reducing our emissions

We have carried out energy audits of our offices as part of a UK pilot to see where we can reduce our emissions. Following evaluation of the pilot we will look to carry out more energy audits in other regions.

Our office sustainability programme, RACE2, encourages energy saving across the Group. We participated in the Lights out Houston annual event and in Asia Pacific we participated in Earth Hour. We also showcased our sustainable design credentials by renovating one of our own offices in the UK using passive environmental design (use of natural elements e.g. sunlight, to heat, cool, or light a building).

Transition to a low carbon economy

We are proud to have won a British Business Sustainability Award from the British Chamber of Commerce in China and the China-Britain Business Council, in recognition of our commitment to building a sustainable business in China and promoting the advantages of a sustainable business model in the Chinese market.

In the UK, our in-house developed carbon critical design tool has attracted industry interest and been adopted by one of our major clients, Network Rail.

Our aerospace teams worldwide have seen the culmination of over eight years work as part of the team developing the Airbus A350 XWB (eXtra Wide Body). The A350 XWB, the newest and most technologically advanced civil aircraft in the world, burns 25% less fuel than current long-range competitors, significantly reducing carbon emissions.

Affordable, reliable and clean energy
As well as working to reduce emissions from our own operations, we also use our technical expertise in this area to help clients incorporate energy efficiency and low carbon design into their projects.

For example, we are working with clients on projects that make use of waste to energy (WtE) technologies and facilities such as the Amager Bakke combined heat and power complex on the outskirts of Copenhagen, which will produce electricity and heat for 150,000 homes, and the Abu Dhabi National Energy Company's development of the first WtE plant in the United Arab Emirates.

We are also advising megacity Lagos on how best to address its energy needs through improved distribution and increased use of renewable energy sources, as well as ways in which it can increase resilience against the effects of climate change.

Corporate sustainability review continued

More information in our digital sustainability report at:



www.atkinsglobal.com/en-GB/corporate-sustainability/a-responsible-business-of-the-future

Respect for the environment

Managing resources

Our office sustainability programme, RACE2, is designed to get all of our people thinking and acting in a more sustainable and environmentally friendly way. Key areas that it encompasses are efficient use of materials, control of water, waste and recycling. We aim to collaborate across the Group to reduce both wastage and costs. While RACE2 is a worldwide initiative, the RACE2 Awards have so far celebrated good practice in the UK only but will be rolled out globally in 2015.

Environmental projects for clients

We won an Outstanding Contribution Award at the British Construction Industry National Awards for our work as design consultant and CDM coordinator on Godmanchester town's flood risk alleviation scheme, which included a combination of flood walls and flood embankment alongside the river Ouse, protecting 556 properties.

We have been awarded a new contract for data collection and design and construction oversight on projects initiated by Louisiana's Coastal Protection and Restoration Authority, helping to implement its coastal masterplan, protecting natural resources and critical energy infrastructure.

We are also providing services for the Federal Emergency Management Agency's extensive digital flood risk mapping and hazard mitigation programmes, identifying risks posed by natural and manmade disasters to infrastructure and buildings.

A responsible business of the future

Technical excellence

We continue to provide sustainable value and technical excellence for our clients, using management standards to develop more collaborative client relationships. For example, we used our technical skills to design a simulator to demonstrate the consequences of cyber-attack on critical national infrastructure such as railways, power and water supplies. We won Engineering Practice of the Year at the Irish Building and Design Awards for our approach to sustainability and innovation, our commitment to training, and the depth and breadth of our projects.

Atkins' designed Kowloon City Sewage Pumping Stations achieved provisional Platinum BEAM ratings for innovative architectural and landscaping and eco-friendly design. The project was also recognised with a Green Building Award 2014 and won Silver Award at Hong Kong Institute of Landscape Architects Design Awards 2014.

We are also rolling out our Right First Time behavioural programme, building on the technical assurance standard that we have developed to define the requirements for all technical deliverables across the Group. The standard provides guidance for single discipline, multidiscipline, distributed working and large/complex projects and aims to provide a framework that will ensure the consistent quality of all Atkins' deliverables to clients.

Economic and environmental resilience

We work with our clients and other partners to translate investment in infrastructure and technology into economic and environmental resilience.

For example, in Sweden, we have been contracted in Vetlanda Municipality to assess employment, land and premises provision for existing and future businesses over the next 20 to 30 years, aligning global urban planning network objectives and identifying the level of potential job growth. In the UK, we have been appointed to work alongside CH2M to provide strategic transport modelling, route development, transport planning, economic appraisal and evaluation for the Crossrail 2 route. We have also provided similar services for the High Speed 2 rail link.

Strong governance and accountability

Our commitment to behaving as a responsible business, demonstrating transparency and fairness, is outlined by our Group policy statements and sustainability principles. Our new code of conduct, Behaving the Atkins Way, works with our business management system to set out not only what we do, but also how we do it. It provides a clear framework within which to make decisions, defining what we are all expected to do on a daily basis, and what we can expect from colleagues. Our continued success depends upon our ability to maintain the worldwide reputation we have built, something we can only do if we maintain the highest standards of behaviour.

Corporate sustainability review continued

Respect for human rights is critical to us and we seek to have a positive influence wherever we operate. We communicate our support for human rights to stakeholders, including employees, clients and shareholders, through a variety of channels, including the visible representation of our values in our day to day business dealings.

Strategic engagement for innovation

We help to address the complex sustainability challenges faced by society by developing innovative solutions in collaboration with partners.

We produced the concept design and masterplan for Asia Aerospace City in Subang as part of Malaysia's Economic Transformation Plan, which aims to produce a self-sufficient, industrialised Malaysia by 2020.

We have also been appointed to support EY in delivering the UK Government's flagship project – UK Trade and Investment's (UKTI) high value opportunities programme to secure major contracts for UK companies. We will disseminate market intelligence on many of the world's biggest infrastructure opportunities, such as proposed nuclear, airport and transport schemes, and new city developments around the world, with UKTI facilitating access to major government and private sector clients.

We are very proud of our people's commitment to Atkins' sustainability principles and of their growing effect on our activities and operations. Playing our part as a responsible business of the future is important to us, and we look forward to making even more progress in the year ahead.

This Strategic Report was approved by the Board and signed on its behalf by

Prof Dr Uwe Krueger
CEO
10 June 2015

Strategic Report

Governance

Financial Statements

Investor Information

Board of directors

Allan Cook <small>CBE</small> Chairman	Prof Dr Uwe Krueger CEO	Heath Drewett Group finance director	James Cullens Group HR director	Fiona Clutterbuck Non-executive director
Background and experience				
<p>Allan Cook is a chartered engineer with more than 40 years' international experience in the automotive, aerospace and defence industries. He was chief executive of Cobham plc until December 2009. Prior to this he held senior roles at GEC-Marconi, BAE Systems and Hughes Aircraft.</p> <p>Allan was awarded a CBE for services to the defence and aerospace industries and is a fellow of the Royal Academy of Engineering (the Academy) where he is Vice President and serves as a trustee. He also chairs the Academy's employer-focused Diversity Leadership Group, part of the UK Department for Business, Innovation & Skills (BIS) STEM Diversity Programme.</p> <p>In 2014, he became lead non-executive director of BIS.</p>	<p>Prof Dr Uwe Krueger is a physicist who studied at the University of Frankfurt, graduating with a PhD in complex system theory. He has spent the majority of his career leading engineering and consulting organisations in North America, Europe, the Middle East and Asia Pacific.</p> <p>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.</p> <p>More recently he was chief executive officer of Swiss company Oerlikon. He joined Atkins from Texas Pacific Group and Cleantech Switzerland.</p>	<p>Heath Drewett is a graduate in mathematics from Peterhouse, Cambridge. He started his career at Price Waterhouse (now PricewaterhouseCoopers LLP) where he qualified as a chartered accountant.</p> <p>Heath held a variety of senior finance and corporate development roles at British Airways Plc (BA) and The Morgan Crucible Company plc. He spent seven years in BA's finance team, latterly holding the position of head of business performance.</p>	<p>A graduate of Cambridge University, James Cullens brings significant senior leadership experience gained in both the UK and internationally.</p> <p>James was previously Group HR director for Hays plc, having held similar positions previously with Linde AG, The BOC Group plc and PA Consulting Group.</p> <p>He is a fellow of the Chartered Institute of Personnel and Development and has a MSc in HR Development, a MA and a MLitt.</p>	<p>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.</p>
Date of appointment(s)				
<ul style="list-style-type: none"> • Non-executive director, September 2009 • Chairman, February 2010 	<ul style="list-style-type: none"> • Executive director, June 2011 • CEO, August 2011 	<ul style="list-style-type: none"> • Executive director, June 2009 	<ul style="list-style-type: none"> • Executive director, 1 July 2014 • Group HR director, 31 July 2014 	<ul style="list-style-type: none"> • Non-executive director, March 2007 • Senior independent director, July 2013
External appointments				
<ul style="list-style-type: none"> • Deputy chairman, Marshall of Cambridge (Holdings) Limited • Member of the operating executive board, J F Lehman & Company (New York, USA) • Chairman, the Sector Skills Council for Science, Engineering and Manufacturing Technologies Alliance (SEMTA) • Chairman, the UK Government's Skills & Jobs Retention Group • Director, Baker Dearing Educational Trust • Lead non-executive director, BIS 	<ul style="list-style-type: none"> • Non-executive director, ONTEX S.A. (Zelee, Belgium) • Non-executive director, SUSI Partners AG (Zurich, Switzerland) • Non-executive director, Aggreko plc 	<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • Non-executive director, Chartered Institute of Personnel and Development, until 22 April 2015 • Member of the International Advisory Board, Open University Business School 	<ul style="list-style-type: none"> • Head of strategy, corporate development and communications, Phoenix Group • Non-executive director, The Paragon Group of Companies PLC
Committee membership				
<ul style="list-style-type: none"> • Chairman, Nomination Committee 	<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • Audit Committee • Nomination Committee • Remuneration Committee

Board of directors continued

Allister Langlands Non-executive director	Thomas Leppert Non-executive director	Dr Raj Rajagopal Non-executive director	Catherine Bradley Non-executive director
Background and experience			
<p>Allister Langlands retired from international energy services company John Wood Group PLC (Wood Group) in May 2014 after 23 years, serving as chairman, chief executive, deputy chief executive and group finance director. Prior to joining Wood Group, he was a partner with international accounting firm Coopers & Lybrand Deloitte (now PricewaterhouseCoopers LLP).</p> <p>Allister is a member of the Institute of Chartered Accountants of Scotland. He holds a MA (Hons) in Economics from the University of Edinburgh and has completed the Harvard Advanced Management Program.</p>	<p>Thomas Leppert is the chief executive officer at Kaplan, Inc. His professional work has spanned leadership positions both in the public and private sectors including construction, financial services and real estate.</p> <p>Tom was the elected Mayor of Dallas, Texas from 2007 to 2011. Prior to this he was the chairman and chief executive officer of the Turner Corporation, vice chairman of Pacific Century Financial Corporation and its major subsidiary the Bank of Hawaii, president and chief executive officer of Castle & Cooke Properties, Inc., and national partner of Trammell Crow Company, Inc.</p> <p>He began his career at McKinsey & Co. where he was elected a principal. He holds a MBA with distinction from Harvard Business School.</p>	<p>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.</p> <p>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.</p> <p>Raj is a fellow of the Royal Academy of Engineering, the IET, the Institution of Mechanical Engineers, the Chartered Institute of Management and the Institute of Directors.</p>	<p>Catherine Bradley has had a 30 year career as an investment banker, advising corporates and other clients in the USA, Europe and Asia.</p> <p>She has experience across the entire mergers and acquisitions and capital markets sphere which she acquired with leading financial institutions, including Merrill Lynch, Paribas and Credit Suisse.</p> <p>She holds a degree in finance and international economics from Ecole des Hautes Etudes Commerciales, Paris.</p> <p>In 2014 Catherine was appointed by HM Treasury as a non-executive board member of the Financial Conduct Authority, the UK financial regulator.</p>
Date of appointment(s)			
<ul style="list-style-type: none"> Non-executive director, September 2013 	<ul style="list-style-type: none"> Non-executive director, October 2013 	<ul style="list-style-type: none"> Non-executive director, June 2008 	<ul style="list-style-type: none"> Non-executive director, June 2015
External appointments			
<ul style="list-style-type: none"> Non-executive chairman, Maven Income and Growth VCT 5 PLC Non-executive director, Standard Life UK Smaller Companies Trust plc Senior independent director, Exova Group plc 	<ul style="list-style-type: none"> Chief executive officer, Kaplan, Inc. Non-executive director, Austin Industries, Inc. 	<ul style="list-style-type: none"> Non-executive director, Bodycote plc Non-executive director, e2v Technologies plc Non-executive director, Spirax-Sarco Engineering plc Non-executive director, Porvair plc Chairman, HHV Pumps Private Ltd (India) Chairman, The University of Manchester I3 Limited Member of the Advisory Board, Centre for Business Research of Cambridge University 	<ul style="list-style-type: none"> Non-executive director, Financial Conduct Authority
Committee membership			
<ul style="list-style-type: none"> Chairman, Audit Committee Nomination Committee Remuneration Committee, effective 1 July 2015 	<ul style="list-style-type: none"> Nomination Committee Remuneration Committee 	<ul style="list-style-type: none"> Chairman, Remuneration Committee Audit Committee Nomination Committee 	<ul style="list-style-type: none"> Audit Committee, effective 1 July 2015 Nomination Committee, effective 1 July 2015

Alan Griffiths retired as Group HR director at the conclusion of the Company's annual general meeting held on 30 July 2014. Rodney Slater stepped down as non-executive director at the conclusion of the annual general meeting held on 30 July 2014.

Directors' report

The directors of a company are required to prepare a strategic report about that company for each financial year, designed to inform shareholders and help them assess how the directors have performed their duty to promote the success of the company. Additionally the directors are required to prepare a directors' report containing certain disclosures, some of which may be included in the strategic report if they are considered to be of strategic importance. The directors of WS Atkins plc are pleased to present their Directors' report for the financial year ended 31 March 2015. The following information has been included in the Strategic Report and is incorporated into this report by reference:

- greenhouse gas emissions (Corporate sustainability review, page 63)
- review of the performance and future development of the Group (Strategic Report, pages 2 to 65)
- Principal risks and uncertainties (pages 48 to 53)
- employment matters, such as inclusion and diversity and provision of information to, and consultation with, employees (People, pages 54 to 59)

The following pages of the Annual Report contain all other statutorily required information and information required to be disclosed under the UK Listing Authority's Listing Rules and Disclosure and Transparency Rules (the LRs and DTRs respectively). To the extent necessary, certain information is incorporated into this report by reference, as follows:

- Chairman's statement (pages 6 to 7)
- Corporate governance report (pages 72 to 79)
- Nomination Committee report (pages 80 to 83)
- Audit Committee report (pages 84 to 89)
- Remuneration report (pages 90 to 120)
- Financial risk management and financial instruments (notes 19 and 20 to the financial statements, pages 167 to 176)
- Events occurring after the reporting period (note 41 to the financial statements (page 199))

The Annual Report will be laid before shareholders at the annual general meeting (AGM) to be held at One Great George Street, Westminster, London SW1P 3AA at 1100 on Wednesday 29 July 2015. Details of the business to be considered at the AGM, together with an explanation of each of the resolutions, are set out in the separate notice of meeting.

Directors

The names and biographies of those persons serving as directors of the Company as at the date of this report are incorporated into this report by reference and can be found in the Board of directors section (pages 66 to 67). James Cullens was appointed as a director with effect from 1 July 2014 and replaced Alun Griffiths as Group HR director following his retirement on 30 July 2014. Rodney Slater retired as a non-executive director on 30 July 2014. Catherine Bradley was appointed as a non-executive director with effect from 9 June 2015.

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. Catherine Bradley, following her appointment by the Board as a non-executive director from 9 June 2015, will stand for election at the AGM. In line with the requirements of the UK Corporate Governance Code all directors retire at each AGM and, if eligible, may offer themselves for re-election. This year all the directors, being eligible, will offer themselves for re-election. The Board considers that each of the directors standing for re-election 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, such indemnities being qualifying third party indemnities. Prior to the adoption of new articles of association by shareholders on 3 September 2008, all directors in appointment on that date had separate deeds of indemnity. These indemnities, which still remain in force, are available for inspection by shareholders at the Company's registered office during normal business hours and will be available for inspection at the AGM.

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

Articles of association

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

Directors' report continued

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 72 to 79), the Nomination Committee report (pages 80 to 83), the Audit Committee report (pages 84 to 89), the Remuneration report (pages 90 to 120) and on the Group's website.

Research and development

The Group develops and delivers innovative technical solutions to its clients, the costs of which are expensed to the Consolidated Income Statement (page 128). The Group obtains enhanced tax relief for these costs in certain territories, particularly the UK and the US. In the UK, the Group has early-adopted the new RDEC (research and development expenditure credit) regime in the UK with effect from 1 April 2013, further details on which are provided in note 1 to the Financial Statements (page 14).

Political donations and expenditure

The Group made no political donations and incurred no political expenditure in the UK or European Union (EU) during the year ended 31 March 2015 (31 March 2014: nil).

Since 1 April 2012, our policy has, in accordance with relevant US Federal and state election laws, been to make corporate political donations only on the following basis:

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

Under this policy there were seven donations totalling \$48,000 made to non-partisan US ballot initiatives during the year ended 31 March 2015 (2014: nil). In addition, we have one political action committee in the US that makes donations funded entirely by employee contributions.

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, of which 4,341,000 ordinary shares are held in treasury. Shares may be held in certificated or uncertificated form. Further details of the Company's issued share capital, including changes during the year, can be found in note 31 to the Financial Statements (page 191).

The rights and obligations attaching to the Company's ordinary shares are contained in the Company's articles of association and the Companies Act 2006 (the Act). In summary, the ordinary shares 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 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.

The Company has a Level 1 American Depositary Receipt (ADR) programme, which enables US investors to purchase the Company's American Depositary Shares (ADSs). Each ADS represents one ordinary share and allows each holder, subject to the terms and conditions of the ADR, to receive dividend payments and vote by proxy on resolutions at a general meeting.

Shares acquired through Atkins' employee share schemes rank equally with all other ordinary shares in issue and have no special rights. The trustees of the Company's employee benefit trusts (EBTs) have waived the rights of the EBTs to receive dividends on shares they hold, with one EBT fully waiving this right and another waiving the right to dividends in excess of 0.01p per share. In addition neither of the trustees of the EBTs exercises 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 plan participants. Details of share-based payments, including information regarding the shares held by the EBTs, can be found in note 32 to the Financial Statements (page 192).

At the AGM held in 2014, shareholders granted authority for the directors to allot relevant securities up to approximately one third of the issued share capital and a further one third in connection with an offer by way of a rights issue. The directors intend to seek shareholder approval for an equivalent authority at this year's AGM, details of which are contained in the notice of meeting.

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.

Directors' report continued

Share purchases

At the AGM held in 2014, 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 11 June 2014. No ordinary shares were purchased pursuant to this authority during the year ended 31 March 2015 or to the date of this Annual Report. This authority will expire at the forthcoming AGM and the Company will seek shareholder approval for an equivalent authority (such authority being in accordance with current best practice) at this year's AGM.

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

Significant shareholders

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

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

Name of holder	At 10 June 2015		At 31 March 2015	
	Number of voting rights ¹	Percentage of total voting rights ¹	Number of voting rights ¹	Percentage of total voting rights ¹
Standard Life Investments Limited	13,090,021	13.08%	13,090,021	13.08%
Schroders plc	10,143,360	10.13%	10,143,360	10.13%
Ameriprise Financial, Inc.	10,007,713	9.99%	10,007,713	9.99%
Newton Investment Management Limited	4,994,861	4.99%	4,994,861	4.99%
BlackRock Inc.	4,971,580	4.97%	4,971,580	4.97%
Royal London Asset Management Limited	4,053,409	4.05%	4,053,409	4.05%
Norges Bank	3,985,209	3.98%	3,985,209	3.98%

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

Change of control

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

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

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

Information required under LR 9.8.4R

The information required to be disclosed under LR 9.8.4R is set out in table 2.

Table 2: Information required under LR 9.8.4R

Section	Information requirement	Location within Annual Report
(12)	Shareholder waivers of dividends	Directors' report (page 69)
(13)	Shareholder waivers of future dividends	Directors' report (page 69)

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. Under that law, the directors have prepared the Group and Company Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. 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 Group and the Company and of the profit or loss of the Company and Group for that period.

Directors' report continued

In preparing these Financial Statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable IFRSs as adopted by the EU have been followed, subject to any material departures disclosed and explained in the Financial Statements.

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

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

The directors consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

Each of the directors, whose names and functions are listed in this Annual Report (pages 66 and 67), confirms that, to the best of his/her knowledge:

- the Group Financial Statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group
- the Directors' report contained in the Annual Report (pages 68 to 71) 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.

As required by the LRs, the Company's independent auditor has considered the directors' statement of compliance in relation to those points of the UK Corporate Governance Code which are specified for its 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.

Disclosure of audit information

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

Independent auditor

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

Approved by the Board and signed on its behalf by

Richard Webster

Company Secretary
10 June 2015

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

Registered in England and Wales
No. 1885586

Corporate governance report

Letter from the chairman

Dear Shareholder

I am pleased to present the Board's annual report on corporate governance. This review, and the reports of the Nomination, Audit and Remuneration Committees which follow, summarise our activities in this important area during the year.

Governance practices

Effective corporate governance is integral to the successful delivery of our business goals. How we work is just as important as what we do. We believe Atkins has developed a governance framework which fosters transparency, together with an informed approach to risk management across our business. However, we recognise that there is always room for improvement. We therefore very much welcome developments from the Financial Reporting Council (FRC) and others that help us continue to improve and draw upon best practice from others.

This year, as every year, the Board has reviewed the Company's compliance with the UK Corporate Governance Code (the Code) published by the FRC. As described in this report, we successfully complied with all provisions of the Code, except the provision in respect of the requirement to put the independent audit out to tender at least every 10 years. The Company has, however, complied with the FRC's suggested transitional arrangements regarding the timing of its audit tender and further details on its approach are provided in the Audit Committee report (page 88).

Last year, a new edition of the Code was published (the 2014 Code) which applies to reporting periods beginning on or after 1 October 2014. The 2014 Code has therefore applied to the Company from 1 April 2015. During the year, the FRC also published new guidance on Risk Management, Internal Control and Related Financial and Business Reporting. This guidance summarises the Board's responsibilities in these areas, identifies factors that should be considered in order to exercise these responsibilities effectively and provides fresh insight into establishing, monitoring and reviewing risk management and internal control systems. The Board is reviewing this guidance, alongside the 2014 Code requirement to publish a viability statement, and will report on compliance against the 2014 Code next year.

Board membership

James Cullens joined the Company during the year, succeeding Alun Griffiths as our Group HR director. Following Rodney Slater's retirement as a non-executive director in July 2014, Thomas Leppert joined our Remuneration Committee.

I am pleased to take this opportunity to welcome Catherine Bradley to the Board. Catherine joined as a non-executive director on 9 June 2015 and brings significant corporate finance and acquisition experience obtained in the UK, Asia, the US and Europe.

Diversity

The Board recognises that gender imbalance among our employees remains an issue, as it does for many other organisations that work in the science, engineering, maths and technology sectors. Updates on the positive action that the Group is taking to create a more diverse profession can be found in the segmental performance sections of our Strategic Report (from page 25).

Relationships with shareholders

We welcome the increasingly active engagement from you, our shareholders. The Board seeks to be clear and concise in its communications with you and, taken as a whole, to provide you with a fair, balanced and understandable view of the Group, its performance and prospects. I very much look forward to discussing the Group's progress with you at our forthcoming AGM and responding to your questions.

Yours faithfully

Allan Cook
Chairman
10 June 2015

Corporate governance report continued

For more information about our governance framework visit:



Statement of compliance with the Code

Throughout the year ended 31 March 2015 the Company complied with all provisions of the UK Corporate Governance Code (the Code), published by the FRC in 2012, except the provision in respect of the requirement to put the independent audit out to tender at least every 10 years. The Company has, however, complied with the FRC's suggested transitional arrangements regarding the timing of its audit tender and further details on its approach are provided in the Audit Committee report (page 88). A copy of the Code is available on the FRC's website: www.frc.org.uk.

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

Full details of the Group's governance framework are available on its website: www.atkinglobal.com/investor-relations/corporate-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 CEO, with a matrix of authorities setting out how this is further delegated through the businesses. This enables the efficient and effective day to day operation of the Group's different businesses.

Further details on the roles of the chairman, CEO and senior independent director can be found on the Group's website: www.atkinglobal.com/investor-relations/corporate-governance/leadership. The CEO has established two teams to enable him to discharge his responsibilities effectively: the senior leadership team (SLT) and the operational leadership team (OLT). The SLT has a wider strategic focus while the OLT concentrates on operational matters by providing a forum for the regional, Energy and Faithful+Gould CEOs to focus on performance, sharing best practice and knowledge.

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

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

While the Board has specific responsibility for the matters reserved for its consideration, in certain areas specific responsibility is delegated to committees of the Board within defined terms of reference. The activities of these committees are discussed in more detail in the Nomination Committee report (pages 80 to 83), the Audit Committee report (pages 84 to 89) and the Remuneration report (pages 90 to 120). The committee terms of reference are available on the Group's website or on request from the company secretary.

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

Corporate governance report continued

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

Theme	Agenda items
Financial reporting	<ul style="list-style-type: none"> • Approval of trading updates and interim management statements • Approval of the full year results, 2014 AGM notice of meeting and associated documentation for the year ended 31 March 2014 • Approval of the half year results and associated documentation for the six months ended 30 September 2014 • Dividend recommendation and approval (as appropriate) • Quarterly performance updates and business reviews (including human resources (HR), and quality, environmental, security and safety (QSSE matters))
Strategy	<ul style="list-style-type: none"> • Annual review of strategy • Acquisition of Houston Engineering Offshore, LLC • Acquisition of Terramar AS • Acquisition of Nuclear Safety Associates, Inc. • Disposal of our business in Poland
Operations	<ul style="list-style-type: none"> • The Group's banking facilities including amendment and extension of the Group's revolving credit facility • Significant project approvals and reviews • Review of Group risk log
Budget	<ul style="list-style-type: none"> • Budget for the Group for the year ending 31 March 2016
Business presentations	<ul style="list-style-type: none"> • Asia Pacific • Energy • Faithful+Gould • Global Design Centre, India • Middle East • North America • United Kingdom and Europe
Governance	<ul style="list-style-type: none"> • Governance framework review, including review of risk management and internal controls • Review and revision of Group policies and Board committee terms of reference • Directors' conflicts of interest and annual review of authorised conflicts • Appointment of the independent auditor and approval of its audit fee
Shareholder engagement	<ul style="list-style-type: none"> • Updates on the views of shareholders following the announcement of results, investor meetings and roadshows • Independent feedback from the Group's broker following investor meetings • Appointment of a joint broker • Reports from the investor relations director • Consideration of market reaction to key announcements
Employees	<ul style="list-style-type: none"> • Review of the results of the 2014 employee engagement survey
Board	<ul style="list-style-type: none"> • Outcomes of, and actions arising from, the 2013/14 review of Board effectiveness • 2014/15 Board effectiveness review • Approval of non-executive directors' fees • Board committee membership

Corporate governance report continued

The Board discussed the following matters following the conclusion of the financial year ended 31 March 2015 in respect of that year:

- approval of pre-close trading update
- approval of the full year results and associated documentation
- final dividend recommendation.

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 66 and 67).

Table 1: Board membership and Board and committee meeting attendance during the year¹

Director	Board	Audit Committee	Remuneration Committee	Nomination Committee
Chairman				
Allan Cook (Nomination Committee chairman)	14/14	–	–	5/5
Executive directors				
James Cullens (Group HR director) ²	10/10	–	–	–
Heath Drewett (Group finance director)	14/14	–	–	–
Alun Griffiths (Group HR director) ²	6/6	–	–	–
Uwe Krueger (CEO)	14/14	–	–	–
Senior independent director				
Fiona Clutterbuck (senior independent director)	14/14	4/4	5/5	5/5
Independent non-executive directors				
Allister Langlands (Audit Committee chairman)	14/14	4/4	–	5/5
Thomas Leppert ³	14/14	–	1/2 ⁷	5/5
Raj Rajagopal (Remuneration Committee chairman)	13/14 ⁵	4/4	5/5	5/5
Rodney Slater ⁴	5/6 ⁶	–	3/3	2/2

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

2 Alun Griffiths retired as Group HR director on 30 July 2014. James Cullens succeeded him as Group HR director on this date, following his appointment as an executive director on 1 July 2014

3 Thomas Leppert was appointed as a member of the Remuneration Committee on 31 July 2014

4 Rodney Slater retired as a non-executive director and member of the Nomination and Remuneration Committees on 30 July 2014

5 Raj Rajagopal was unable to join one meeting which was scheduled to be held via telephone due to connectivity issues

6 Rodney Slater was unable to attend one meeting due to another engagement

7 Thomas Leppert was unable to attend one meeting due to a conflicting arrangement that had been made prior to him joining the Committee.

The senior independent director led the appraisal of the chairman's performance. She sought input from all directors before discussing her findings with the independent non-executive directors. She then provided feedback to the chairman. During the year, the independent non-executive directors also met regularly with the chairman.

Allan Cook's external commitments changed during the year following his appointment as the lead non-executive director of the UK's Department for Business, Innovation & Skills and Vice-President of the Royal Academy of Engineering. He also resigned from his position as chairman and director of Finmeccanica UK Limited and Selex ES Ltd. To enable him to carry out his responsibilities as chairman he continues to spend at least three days per week with the Company.

Directors' conflicts of interest

Each director is required, in accordance with the 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 March 2015.

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

Corporate governance report continued

Effectiveness

Nomination Committee

Details of the work of the Nomination Committee can be found in the Nomination Committee report (pages 80 to 83).

Performance evaluation

The Board recognises the need to ensure its continuing development and the development of individual directors to ensure that its effectiveness is maintained or improved and that it is able to respond to the needs of the Company and to evolving best practice. This involves an ongoing process of:

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

The Board recognises that, as the needs of the Company change and best practice evolves, particular areas require its regular attention to ensure that effectiveness is maintained.

The Board undertakes a rigorous and formal evaluation of its own performance and that of its committees and directors annually. The Board believes that an external evaluation every three years brings new insight into its processes and performance. An external evaluation took place in 2012/13 and the next such evaluation will take place in 2015/16.

The 2014/15 evaluation was conducted internally. The chairman conducted one to one sessions with each member of the Board and the company secretary. The following areas of its role and performance were explored in depth during the evaluation process:

- Board role and remit, including meeting frequency and focus
- diversity of skills, experience, independence and knowledge on the Board, including consideration of diversity of gender, nationality and ethnicity
- succession planning
- input and performance of individual directors
- the support provided by the company secretary
- any other factors relevant to the Board's effectiveness, such as management of meetings.

The Board received a written report from the chairman, which identified progress made from previous years and areas for further improvement. This was debated and discussed in detail and a clear action plan for the year ahead was then developed and approved.

The actions identified in the 2014/15 review focus on:

- information flows to the Board between meetings
- the continuous development of the business awareness of the non-executive directors
- opportunities for the Board to meet high performers within the business
- ensuring the roles and responsibilities of the Audit Committee and the Board remain appropriate and consistent with best practice.

The key findings of the 2014/15 performance review will be implemented in the current financial year and progress will be considered as part of the planned externally facilitated performance evaluation in 2015/16.

Commitment

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

Corporate governance report continued

Development, business awareness and induction

The chairman regularly reviews training requirements with each director in order to maximise the contribution of the directors. The company secretary ensures suitable opportunities are identified and communicated to directors. During the year, the directors have undertaken training on matters including compliance with the Financial Conduct Authority's Model Code, audit tendering and corporate governance.

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

On joining the Board, directors take part in a formal induction process. This includes the provision of past Board materials to provide background information on the Group, information on Board processes and governance, site visits and meetings with key employees. The induction is tailored to each new director's specific needs. James Cullens participated in a comprehensive induction programme following his appointment to the Company on 1 July 2014. The planned induction programme for Catherine Bradley is already well advanced and will be reported on in full in the 2016 Annual Report.

Accountability

Financial reporting

Statements regarding directors' responsibilities and the status of the business as a going concern are given in the Directors' report (pages 68 and 71).

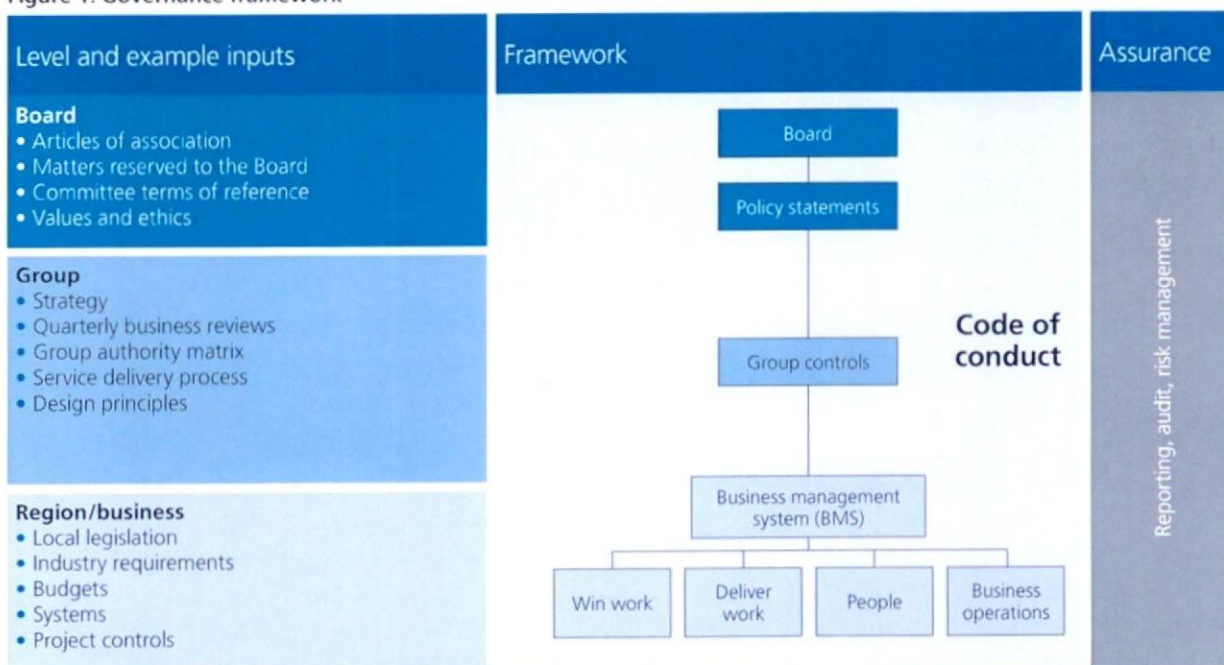
Internal controls

The Board is responsible for reviewing and approving the Group's governance framework and ensuring its adequacy and effectiveness, as set out in the FRC's 2005 Internal Control: Revised Guidance for Directors on the Combined Code. The changes in this area following publication by the FRC in September 2014 of its Guidance on Risk Management, Internal Control and Related Financial and Business Reporting have been noted by the Board and its committees. A review will be undertaken in the forthcoming year to consider possible enhancements to the Group's governance framework.

Our code of conduct, 'Behaving the Atkins way' (the Code of Conduct), was launched to all employees in October 2014. It sets out the standards and behaviours that all employees should consider when making decisions or taking actions. The Code of Conduct forms part of our corporate governance framework and is an important element of our corporate compliance programme.

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

Figure 1: Governance framework



Corporate governance report continued

Our governance framework reflects the devolved and decentralised structure of the Group, which is considered a key part of our ability to deliver services to our clients. Under this structure the Board has delegated operational responsibility to the CEO, who then delegates authority and control to the regional, Energy and Faithful+Gould CEOs (who are all members of the SLT and OLT). Authority is further delegated from them to the managing directors of the principal operations and then downward to business and project managers as appropriate. This approach is reflected in our governance framework as follows:

- the policy statements approved by the Board, available on our website: www.atkinsglobal.com/corporate-responsibility/policy-and-governance, set out clearly and succinctly our vision, commitment and arrangements, including: business conduct, risk management, employment, excellence in delivery, health, safety and security, sustainability and stakeholder communication
- Group controls set out mandatory activities and standards that are part of the overall Group processes and apply across the Group
- our Code of Conduct sets behavioural expectations for everyone who works for and represents Atkins, the purpose being to reinforce the controls and underpin the ethics and values that apply across the Group, thereby protecting the reputation of our business and maintaining our professional standing and brand
- a Group BMS framework incorporates all Group controls and forms the basis of each segment's BMS, each of which adds the regional and industry-specific controls it requires to deliver our four key business processes of: win work, deliver work, people and business operations, providing a single source of information for employees that enables them to understand their responsibilities and comply with all Atkins' requirements.

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

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

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

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

The Board monitored and reviewed the adequacy and effectiveness of the Group's governance framework, including internal controls and risk management, on a continuous basis throughout the year ended 31 March 2015 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

Details of the work of the Audit Committee can be found in the Audit Committee report (pages 84 to 89).

Remuneration

Details of the directors' remuneration and the work of the Remuneration Committee can be found in the Remuneration report (pages 90 to 120).

Relations with shareholders

Engagement with our shareholders is a fundamental part of the Group's corporate governance model. To this end we seek to establish an early and effective dialogue with shareholders regarding significant changes that affect corporate governance, in addition to ongoing engagement on more routine matters. Communication regarding the delivery of our strategy is integral to this ongoing dialogue.

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

Corporate governance report continued

Our shareholders play an important role in the Group's governance and their increasingly active engagement is welcomed. The investor relations director, alongside the CEO, Group finance director and chairman, provides a focal point for communication with investors and is always keen to engage with, educate and inform potential new investors. Our approach to investor relations enables us to be proactive in our engagement with both shareholders and non-shareholders.

The CEO and Group finance director present the preliminary statement of annual results and half year results to institutional investors and analysts. These presentations are also available via webcast and teleconference. Analyst breakfast events are hosted regularly which include presentations from senior leaders within our business. In the year ended 31 March 2015 our Energy and North American businesses were the focus of our analyst breakfasts. The CEO, Group finance director and investor relations director also regularly attend conferences and roadshows to give shareholders, and other potential investors, access to management.

The non-executive directors receive updates on the views of shareholders from the executive directors, following investor meetings. The Group's broker also provides updates to the Board on shareholder opinions and compiles independent feedback from investor meetings twice a year. The company secretary brings to the attention of the Board any material matters of concern raised by the Company's shareholders, including private investors.

Shareholders have the opportunity to attend our AGM, where all directors are expected to be available to answer questions. They are also able to submit questions in writing at any time. All of the directors in appointment at the time attended our AGM in July 2014 and were available to speak to shareholders.

We intend to call a poll for all resolutions to be considered at the 2015 AGM. This ensures the Company continues to follow best practice and allows all shareholders, present in person or by proxy, to vote on all resolutions in proportion to their shareholding. Details of the 2015 AGM are set out in the separate notice of meeting.

Approved by the Board and signed on its behalf by

Allan Cook
Chairman
10 June 2015

Nomination Committee report

Letter from the Nomination Committee chairman

Dear Shareholder

The Nomination Committee had another busy year.

Diversity

As I describe in my foreword to this Annual Report, our commitment to building a diverse organisation continues to gain momentum. It is pleasing that 22% of our Board is female following the appointment of Catherine Bradley; we have made solid progress towards our one third aspiration and Lord Davies' 25% target. However, we need to do more work in the wider Group where we missed our short-term target of 15% female representation at senior levels by 31 March 2015, as discussed in the People section (pages 58 and 59).

Succession planning

Board succession planning continues to be an important responsibility of the Committee as we seek to ensure it remains strong and effective. When recruiting new members to the Board, we consider the balance of skills, experience and diversity of both existing members and potential candidates, as well as the value that they will add. We seek to balance not only expertise and backgrounds but also thinking styles.

Following a rigorous and transparent recruitment process, James Cullens joined the Board as an executive director on 1 July 2014 and succeeded Alun Griffiths as Group HR director on 30 July 2014. We appointed Catherine Bradley as a non-executive director on 9 June 2015 following the same recruitment process.

We will continue to ensure a robust approach is taken to succession planning for the Board and senior management in the year ahead.

Yours faithfully

Allan Cook
Chairman
10 June 2015

Nomination Committee report continued

For more information regarding the Nomination Committee visit:

 www.atkinsglobal.com/investors_effectiveness

The Nomination Committee

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

Committee membership during the year

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
Allan Cook (chairman)	10 September 2009	To date
Fiona Clutterbuck	25 June 2007	To date
Allister Langlands	4 September 2013	To date
Thomas Leppert	1 October 2013	To date
Raj Rajagopal	1 March 2009	To date
Rodney Slater	9 September 2011	30 July 2014

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

Theme	Agenda items
Succession planning	<ul style="list-style-type: none"> • Executive directors • Senior leadership team • Non-executive directors
Board and committee appointments	<ul style="list-style-type: none"> • Committee membership • Election and re-election of directors • Non-executive director search

The appointment of Catherine Bradley was considered by the Committee and recommended to the Board following the conclusion of the financial year ended 31 March 2015.

Board composition

The Committee regularly reviews the Board's composition to ensure that directors have the necessary skills and experience to facilitate the Group's continued development and remain well placed to continue to provide effective leadership.

Board and employee diversity

The Board attaches significant importance to diversity both within its own membership and within the Group. The background of our directors reflects the increasing internationalisation of the Group, demonstrating our ongoing commitment to diversity of perspective, experience, thought, gender, ethnicity and nationality.












We believe that creating an inclusive and diverse culture supports the attraction and retention of talented people and supports effective performance. We reaffirm our aspiration to meet and exceed the target of 25% of Board positions being held by women by 2015, as set out by Lord Davies. As previously stated, the Board aspires to a membership of at least one third women by 2015, without compromising its focus on diversity of thought and experience. Following the appointment of Catherine Bradley on 9 June 2015, 22% of our Board is female.

Nomination Committee report continued

A summary of Board diversity as at the date of this report is shown in table 2.

We recognise that the gender imbalance among our employees continues, as is the case for many other organisations in the science, technology, engineering and maths (STEM) sectors. We continue to support initiatives to promote the significant career opportunities in STEM subjects to girls and young women, encouraging the development of the next generation of engineering design professionals. More details on our commitment to promote diversity, including gender, are set out in the People section (page 58) and segmental performance reviews (pages 27, 34, 37, 40 and 44).

Table 2: Board diversity

Board experience and composition		Percentage of Board membership
Board overall		100%
Nationality/citizenship		
Defence and aerospace		22.2%
Energy		22.2%
Engineering		44.4%
Finance (accountancy, private equity and corporate finance)		55.5%
Human resources		11.1%
Legal		11.1%
Management consultancy/strategic consultancy		44.4%
Not for profit, educational and public entities		55.5%
Other global multinational boards		UK: 33.3% US: 11.1% European: 22.2%

Succession planning

A comprehensive review of the succession plan for the executive directors and for members of the Group's senior leadership team took place during the year. This review looked at the senior management teams and the Group functional senior employees and included the identification of emergency cover and short- and long-term succession options for all key roles. The review also considered diversity and gender balance as well as informing any related training and development needs at a Group and individual level.

The Committee concluded that good progress had been made on the development of the Group's succession plan to date but recognised the need for management to continue to identify talent deeper within the Group. This will be an area of continued focus over the coming year.

A matrix of skills and experience required for each role is being developed and the skills and experience of identified potential internal successors is being mapped against this matrix to identify potential gaps where development is required.

Fiona Clutterbuck and Raj Rajagopal will have served as non-executive directors for nine years in 2016 and 2017 respectively. During the year, in anticipation of their future retirement, the Committee developed and progressed a plan to ensure that the skills and experience which they bring to the Board are maintained following their retirement from the Board.

Nomination Committee report continued

Appointment process

James Cullens was appointed to the Board as an executive director on 1 July 2014 and succeeded Alun Griffiths as Group HR director at the end of July. Catherine Bradley was appointed to the Board as a non-executive director on 9 June 2015.

At the beginning of each appointment process, the Nomination Committee considered in detail which areas of expertise the Board, and in turn the Group, would most benefit from and drew up detailed role specifications accordingly. Candidates were assessed against the role specification as well as undergoing a comprehensive interview process. Gender diversity was an important part of the appointment process. We mandated that balanced shortlists be presented for both appointments.

The executive search firm Korn Ferry supported the Board on the appointments of James Cullens and Catherine Bradley. It has signed up to the Voluntary Code of Conduct for Executive Search Firms launched in July 2011 and, subsequently, the enhanced version launched in July 2014 which promotes gender diversity and best practice for corporate board search processes.

During the year Korn Ferry also provided career development and management assessment services to the Group.

Approved by the Board and signed on its behalf by

Allan Cook

Chairman
10 June 2015

Audit Committee report

Letter from the Audit Committee chairman

Dear Shareholder

This was my first full year as Chairman of the Audit Committee. Our last financial year has, once again, seen more regulatory changes that have continued to increase the responsibilities of the Committee. I am pleased to present the Audit Committee Report for the year ended 31 March 2015, which sets out our response to those responsibilities.

Responsibilities

Each year the Committee works to a planned programme of activities focused on key events in the annual financial reporting cycle and other matters that are considered in accordance with its terms of reference. We provide oversight and guidance to contribute to the ongoing good governance of the business, particularly by providing assurance that shareholders' interests are being properly protected by appropriate financial management, reporting and internal controls.

During the year, we continued to focus our activities on the integrity and quality of the Group's financial reporting, the performance of internal and independent audit processes and the suitability of the Group's internal governance, risk management system and controls.

Internal auditor

The Committee aims to ensure its activities support the future development of the Group. In particular, my colleagues and I ensure that Ernst & Young (EY), the Group's internal auditor, develops an internal audit plan that focuses on areas of particular potential risk, as well as those areas of most importance to the delivery of the Group's strategy and future performance.

Independent auditor

Last year we reported to you in some depth on the proposed reforms to the audit sector by the European Union (EU) and the UK's Competition and Markets Authority (CMA). We also highlighted the need for clarity regarding how these proposals would interact with the requirements of the UK Corporate Governance Code (the Code) published by the Financial Reporting Council (FRC) in September 2012 for audits to be put out to tender every 10 years.

The CMA has since issued its final order dealing with audit firm tendering requirements for FTSE 350 companies and the EU has approved a directive and regulation setting out new EU wide audit legislation. Work is now underway on the UK implementation of the EU legislation, and both the Department for Business, Innovation and Skills (BIS) and the FRC are consulting on implementation decisions. Concurrently, the FRC is undertaking a wider review of its Ethical Standards for Auditors.

We continue to believe our long-term audit tender policy should be based on a holistic view of the final outcome of all these developments. In particular, restrictions/prohibitions on the provision of non-audit services by the independent auditor will inevitably have an impact on our audit tendering decisions and this is discussed in more detail later in this report.

During the year our current audit partner advised us of his intended retirement in June 2015, a year ahead of his planned rotation. We therefore considered the transition arrangements proposed by the FRC, which suggest that a tender for independent audit services could be carried out at the time of an audit partner rotation. Given the continuing need for clarity regarding the criteria for determining the independence of the auditor under the EU directive and regulation, the Committee considered carefully whether or not it was appropriate to put the independent audit out to tender during the year. It initially concluded that it was prudent to wait to tender the independent audit service so as to ensure the appointed firm would meet all relevant independence criteria. However, as these criteria are not expected to be finalised until later in the financial year ending 31 March 2016, we intend to conduct a tender during the financial year ending 31 March 2016.

Consequently, the Committee considered the effectiveness and performance of the incumbent independent auditor and agreed to accept a new audit partner with a view to tendering the appointment during the financial year ending 31 March 2016. The Committee has therefore recommended the reappointment of PricewaterhouseCoopers LLP (PwC) as independent auditor.

Yours faithfully

Allister Langlands

Chairman of the Audit Committee
10 June 2015

Audit Committee report continued

For more information about the Audit Committee visit:



The Audit Committee

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
Fiona Clutterbuck	1 April 2007	To date
Allister Langlands (chairman from 1 February 2014)	9 October 2013	To date
Raj Rajagopal	8 September 2011	To date

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

Committee activities

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

Theme	Agenda items
Financial reporting	<ul style="list-style-type: none"> • Judgemental issues regarding the results for the financial year ended 31 March 2014 including a review of accounting policies and the going concern statement • Consideration of whether the annual report for the year ended 31 March 2014 was fair, balanced and understandable • Independent auditor's report in respect of the results for the year ended 31 March 2014 • Draft results and associated documentation for the year ended 31 March 2014 • Plans for the preparation of the results for the six months ended 30 September 2014 • Judgemental issues regarding the results for the six months ended 30 September 2014 including a review of the going concern statement • Independent auditor's report in respect of the results for the six months ended 30 September 2014 • Draft results and associated documentation for the six months ended 30 September 2014 • Plans for the preparation of the full year results for the year ended 31 March 2015
Internal controls	<ul style="list-style-type: none"> • Review of key internal controls and risk management • Group self-certification process and statement • Review of the whistleblower and fraud response procedures • Reports on whistleblower confidential hotline activity • Review and approval of amendments to the Group's tax standards • Consideration of the senior accounting officer statements required to be filed
Internal audit	<ul style="list-style-type: none"> • Consideration and approval of the internal audit plan for the year ending 31 March 2016 • Regular reviews of internal audit findings • Review of the standard set for managing potential conflicts between the Group and the internal auditor • Approval, in line with the Committee's agreed standard, of non-internal audit work undertaken by the internal auditor • Review of the internal auditor, its fees and its effectiveness • Review of the Group's Internal Audit Charter
Independent auditor	<ul style="list-style-type: none"> • Consideration of the plans for the independent review for the six months to 30 September 2014 and the independent audit for the year ended 31 March 2015 • Review of the standard set for managing 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 and effectiveness • Recommendation regarding the reappointment of the independent auditor • Approval, in line with the Committee's agreed standard, of non-internal audit work undertaken by the independent auditor • Reform of the audit market and the proposals from the EU, the CMA and the FRC • Consideration of the Company's approach to tendering the independent audit
Governance	<ul style="list-style-type: none"> • Consideration of changes to corporate reporting requirements • Consideration of the effect of the implementation of amended accounting standards

Audit Committee report continued

The Committee discussed a number of matters following the conclusion of the financial year ended 31 March 2015 in respect of that year. These included:

- judgemental issues regarding the Group's results for the year ended 31 March 2015, including a review of accounting policies and going concern
- advising the Board, at its request, on whether the Annual Report for the year ended 31 March 2015 is fair, balanced and understandable
- independent auditor's report in respect of the results for the year ended 31 March 2015
- draft results and associated documentation for the year ended 31 March 2015.

Annual financial reporting

Significant issues

We have reviewed the key judgements applied to a number of significant issues in the preparation of the Financial Statements. Our review included consideration of the following:

Significant issue	How the Committee addressed this
Contract accounting/ revenue recognition	<ul style="list-style-type: none"> • The Group enters into a number of large and complex long-term contracts which can span a number of reporting periods. Significant judgements are required to forecast how each contract will perform over its lifetime. These judgements may include, for example, the level of revenue and profit recognition based on management's estimates of the extent to which the Group has fulfilled its obligations under the contract and the level of costs that will be incurred to complete them. There can be particular uncertainties in determining the amounts to be recovered as a result of contractual variations due to, for example, changing client specifications or unforeseen circumstances. We received regular reports from management on a number of higher risk contracts and challenged estimates of completion costs, with consequential impacts on revenue recognition, including the timing of revenue recognition within different reporting periods. We concluded that the approach to revenue recognition is appropriate in the context of the Group's business model and contract structures.
Goodwill impairment	<ul style="list-style-type: none"> • The Group has significant goodwill relating to The Atkins North America Holdings Corporation (formerly known as The PBSJ Corporation) and its subsidiaries (the ANA business) following the acquisition of The PBSJ Corporation in 2010. A goodwill impairment calculation was undertaken as at 30 September 2014 using similar assumptions in relation to future cash flows as were used at 31 March 2014. This led us to determine that there were no triggering events requiring an impairment of this goodwill. At 31 March 2015 we examined the detailed full impairment review undertaken by management, which included testing of assumptions and sensitivity analysis. We also received and considered the independent auditor's comments on the key assumptions used and the sensitivity analysis performed. The issue of impairment involves making significant judgements about the future results of the ANA business and the market in which it operates. We agreed with management's recommendation that no impairment charge should be made but that, given its quantum, there remains a risk of impairment of goodwill in the ANA business in the future and appropriate disclosures have therefore been included in the Annual Report (note 14 to the Financial Statements, page 163). • The Group also had goodwill relating to its European aerospace business following the acquisition of Nedtech Engineering B.V. in 2007. A goodwill impairment calculation was undertaken as at 30 September 2014 in relation to this acquisition based on an initial revised forecast developed in response to a change in market conditions. This led us to determine that a partial impairment of £2.8m of the acquired goodwill of £5.6m was required. At 31 March 2015 we examined the detailed full impairment review undertaken by management. We agreed with management's recommendation that no additional impairment should be made at 31 March 2015 and appropriate disclosures have therefore been included in the Annual Report (note 14 to the Financial Statements, page 162).
Pension liabilities	<ul style="list-style-type: none"> • The Group has significant post-retirement liabilities via the Atkins Pension Plan and the Railways Pension Scheme (RPS). The valuation of plan liabilities requires significant levels of judgement and technical expertise to ensure the assumptions applied are appropriate, as relatively small changes can have a material impact on the size of the liabilities. The assumptions applied by the Group to the Atkins Pension Plan and the RPS were reviewed as at 31 March 2015 in light of prevailing conditions. We agreed with the assumptions applied by management and with the valuation of the Group's pension liabilities.

Audit Committee report continued

Significant issue	How the Committee addressed this
Taxation	<ul style="list-style-type: none"> The completeness and valuation of provisions to cover the range of potential final determinations by the tax authorities of the Group's tax positions are the subject of judgement. In particular, judgement is required in relation to deferred tax assets, current tax deductions and ongoing tax audits. The provisions held by the Group were reviewed by management as at 31 March 2015. We agreed with management's assessment of the Group's tax provisions.
Professional indemnity provisions	<ul style="list-style-type: none"> The Group manages a significant proportion of its professional indemnity claims through its insurance captive in Guernsey. The most significant claims relate to perceived deficiencies in work performed by the Group. The size of the provision held against any particular claim is determined by management, based on its knowledge of the specifics of the claim, and therefore is inherently judgemental and may change over time as new information comes to light. We agreed with management's recommendations regarding the level of claims' revenues carried by the Group.

We also considered a number of other judgements made by management, including judgements concerning accounting for acquisitions and disposals, application of accounting standards and the useful economic life of intangible assets.

Fair, balanced and understandable

The content and disclosures made in the Annual Report are subject to a verification exercise by management to ensure that no statement is misleading in the form and context in which it is included, no material facts are omitted which may make any statement of fact or opinion misleading, and implications which might be reasonably drawn from the statement are true.

The Audit Committee examined the Annual Report and was asked by the Board to advise it on whether it was fair, balanced and understandable. To enable us to draw our conclusions in this respect, we:

- examined the preparation and review process for the Annual Report and considered the level of challenge provided through that process
- assessed whether, from our own review of the Annual Report, we concurred with the results of that process
- considered the accounting policies applied by the Group
- assessed the information contained in the Annual Report against the Group's strategy and business model to ensure the information provided was sufficient to enable shareholders to assess the Group's performance.

Following our review, we advised the Board that the Annual Report of the Company for the financial year ended 31 March 2015 is fair, balanced and understandable and gives shareholders the information necessary for them to understand and assess the Group's performance, strategy and business model.

Independent auditor

The independent auditor is currently PwC, which has acted in this capacity since the Company listed on the London Stock Exchange in 1996. During the year, we conducted a review of the performance of and relationship with the independent auditor, as well as its qualification, expertise and resources and the effectiveness and quality of the audit.

As part of our review, we issued a questionnaire which was circulated to the members of the Committee and senior management after the publication of the Annual Report for the year ended 31 March 2014. Recipients were asked to answer questions which focused on the robustness of the audit, audit planning, willingness to challenge management, the quality of delivery of audit services and the effectiveness, objectivity and independence of the independent auditor. Responses received were collated ahead of, and fed into, our consideration of the audit strategy and approach for the financial year ended 31 March 2015.

There were no significant findings arising from the review and we concluded that, overall, both PwC and its audit process continued to be effective. Areas where the Committee believed that the independent audit process might be improved, which focused on the added value PwC's insight could bring and its coordination of its international teams, were discussed and agreed with PwC and are being addressed.

The independence of the independent auditor is evidenced in part through its challenge to management. The rotation of the audit partner on a regular basis also contributes to the independence and objectivity of the audit process, the last such rotation having taken place in 2012. During the year, the Group's audit partner advised us of his intended retirement from PwC in June 2015, a year before his five year tenure would have ended, and hence a new audit partner at PwC was identified. The transition to the new audit partner has already begun and is going smoothly.

Audit Committee report continued

Audit tender policy

As reported last year and noted above, in September 2012 the FRC amended the Code to include, among other changes, a requirement for FTSE 350 companies to put the independent audit contract out to tender at least once every 10 years. The FRC recognised that the audit market could be disrupted if a large number of companies chose to go out to tender in the first year in which the revised Code applied and hence proposed transitional arrangements that brought tenders in line with the cycle for rotating the audit partner. Under these transitional arrangements, the retirement of our audit partner, a year ahead of his planned rotation, could have been considered to trigger a tender of the Group's independent audit contract.

Following the approval by the EU of the directive and regulation setting out new EU wide audit legislation and the issue of the final order from the CMA dealing with audit firm tendering requirements for FTSE 350 companies, work is now underway on the implementation of these changes. Concurrently, the FRC is undertaking a wider review of its Ethical Standards for Auditors. As a result, the ongoing uncertainty surrounding the restrictions/prohibitions on the provision of non-audit services by the independent auditor poses a particular challenge for us. Specifically it is anticipated that:

- as our appointed internal auditor, EY will be prevented from participating in any tender for the independent audit contract unless the internal audit contract is also put out to tender
- the current provision of tax compliance services by PwC (as noted in our discussion of auditor independence below) will prevent it from participating in any tender for the independent audit contract unless the provision of tax compliance services is also put out to tender
- the multidisciplinary nature of many of the projects we undertake, often working in consortia, partnerships or similar arrangements with other professional service firms, may prevent other audit firms from participating in any tender for the independent audit contract, unless they are able to exit from such arrangements in the required time limits to ensure their independence.

We recognise that, in considering participants in any tender for the independent audit contract, we will therefore need to have particular regard to the following points:

- the impact of the appointment of any firm on our existing and future multidisciplinary projects to ensure that our business is not inadvertently damaged, as we would be unable to work in consortia, partnerships or similar arrangements with the appointed firm
- the need to tender the contracts for the provision of any other services, balancing this against the impact of a large number of service provider changes on the Group
- the ability of any appointed firm to provide services across our complex, international business
- the views of our shareholders.

We therefore initially concluded that, until the outcome of the BIS and FRC consultations was known, it would not be possible to run a tender process for our independent audit contract. However, as this outcome is not expected to be finalised until later in the financial year ending 31 March 2016 at the earliest, we intend to conduct a tender during the early part of the calendar year 2016. Under this timetable we expect that we can comply with the independence criteria in advance of any appointment taking effect, which is likely to be for the financial year ending 31 March 2018. We intend to consult with our major shareholders in due course regarding the tender process.

There are no contractual obligations restricting the Company's choice of independent auditor.

Auditor independence

We understand that certain work of a non-audit nature may be best undertaken by the independent auditor as a result of its unique position and knowledge of key areas of the Company. Approval is required prior to the independent auditor commencing non-audit work in accordance with a Group standard, summarised in table 2. This standard is drafted to preserve the independence and objectivity of the independent auditor and is reviewed and approved annually by the Committee. We also regularly consider the impact on independence, if any, of non-audit work performed by the independent auditor. The standard sets out the safeguards to be considered when engaging the independent auditor for non-audit services. The appointment of former employees of the independent auditor to positions in the Group is also regulated by the Committee. The standard will be reviewed once the FRC has published the outcome of its review of its Ethical Standards for Auditors.

Audit Committee report continued

Table 2: Standard regarding non-audit services provided by the independent auditor

	Audit-related services	Work best performed by the independent auditor as a result of its unique position and knowledge of the Company	Other work	Prohibited work
Examples of types of work	<ul style="list-style-type: none"> Regulatory work Reporting accountants to a share or bond issue or other shareholder circulars Auditing of share schemes Independent review of the half year report 	<ul style="list-style-type: none"> Taxation advice including compliance Assisting and working with the internal audit function Forensic work Internal audit services under the instruction of the internal audit function Valuation services not material to the financial statements (and where there is not a high degree of subjectivity) 	<ul style="list-style-type: none"> Provision of non-material systems or project services under the control of a Group project manager Secondment of staff other than to prepare accounting records or financial statements Remuneration surveys Systems recommendation and implementation 	<ul style="list-style-type: none"> Book-keeping services Other services deemed to be incompatible with auditor independence by professional or governmental regulations
Approval required	<p>Executive management (via the Group finance director and company secretary) has delegated authority to use the independent auditor without prior consultation with the Committee (although the nature of, and fees associated with, that work will be regularly reported to the Committee).</p> <p>The independent auditor's audit partner also has to approve any such engagement before it can proceed.</p>		<p>Following a supplier review, if management does identify the independent auditor as being the best supplier in a specific field and also believes that such an assignment does not run the risk of prejudicing its independence, then an evaluated request will be made to the Committee to confirm the appointment.</p> <p>Appointments for non-material fee levels may be approved by the Group finance director (or company secretary in his absence).</p> <p>The independent auditor's audit partner also has to approve any such engagement before it can proceed.</p>	n/a

Note 4 to the Financial Statements (page 150) sets out the fees paid to the independent auditor for audit (£1.40m) and non-audit work (£2.20m). Approximately 52% (£1.14m) of the non-audit fees incurred related to services provided in connection with an unsuccessful acquisition pursuit (included in Other in note 4) and approximately 44% (£0.96m) to taxation compliance services (identified separately in note 4). In relation to the services provided in connection with our unsuccessful acquisition pursuit, certain of the services were required to be performed by an independent accountant and it was considered efficient to appoint a single advisor to provide these and the associated accountancy services. PwC was appointed given it was our incumbent independent auditor. It was considered appropriate to engage PwC's services in regards to the taxation compliance services in light of its detailed understanding of the Group and specialist expertise in these areas.

The level of non-audit fees paid to PwC represented a value of approximately 157% of the audit and audit-related fees for the Group. Excluding those fees relating to our unsuccessful acquisition pursuit, the non-audit fees paid to PwC represented a value of approximately 76% (£1.06m) of the audit and audit-related fees for the Group, of which approximately 90% related to the provision of taxation compliance services. We concluded that the non-audit services provided by PwC did not have any impact on its independence.

Approved by the Board and signed on its behalf by

Allister Langlands
 Chairman of the Audit Committee
 10 June 2015

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Remuneration report

Letter from the Remuneration Committee chairman

Dear Shareholder

I am pleased to present this year's remuneration report following another set of good results. The report sets out details of what has been paid to directors during the year ended 31 March 2015. The report also includes a summary of the implementation of the Company's remuneration policy for the financial year which has recently commenced.

The Company's remuneration policy was approved by shareholders at the 2014 annual general meeting (AGM) held on 30 July 2014. No changes have been made to the remuneration framework and policy this year. A full copy of the Company's remuneration policy, as approved by shareholders, is available on the Company's investor relations website: www.atkinsglobal.com/investors_remuneration. However, to assist shareholders, a copy of the policy table has been appended to this report, together with other relevant policies which have been applied by the Committee during the year. We have added to the policy table additional columns which provide a high level summary of the implementation of each element of remuneration in both the financial year ended 31 March 2015 and the financial year ending 31 March 2016. I very much hope that you find this approach useful.

Overview of our remuneration framework

The primary aim of the Committee is to align our remuneration framework with business strategy, calibrated to pay for performance while ensuring that the Company pays no more than is necessary.

In particular, our policy seeks to:

- link the remuneration received by the executive directors with the value created for shareholders
- reward for the successful delivery of our business strategy
- 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 structures are critical to our success.

Our policy is directly aligned with the delivery of our strategy as evidenced by the performance delivered. The following key themes provide the basis for our remuneration framework:

- as a people business, our policy must enable us to attract, retain and incentivise the best global talent
- our policy must be based on simple principles, aligned with our key performance indicators (page 24), and provide clear line of sight for participants and alignment with shareholders' interests
- a significant portion of executive directors' remuneration 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 overall performance of our business and should be balanced with a focus on long-term share price growth and delivery of our strategy.

Paying for performance

The Company delivered good results against a background of significant challenges in the broader macroeconomic environment. As reported by Allan Cook in his annual statement, we have made further progress on the delivery of our strategy with our portfolio optimisation now largely complete and margin progression towards our 8% goal continuing.

Management delivered solid growth in profitability, with profit for the year above the budgeted and slightly below the stretch target levels.

The Group's excellent cash performance exceeded the stretch target for cash conversion, resulting in the maximum level payout for this element of bonus.

The Committee also considered the performance of each of the executive directors against their key strategic objectives for the year, full details of which are contained in the annual report on remuneration (page 96).

As a result, bonus payments to the current executive directors were between 95.3% and 96.5% of their maximum bonus opportunity. This reflects the level of performance delivered by the Company.

Three year underlying diluted EPS growth over the period to 31 March 2015 was 30.6%. As a result, 70% of the WS Atkins plc Long Term Incentive Plan (LTIP) awards granted in 2012 will vest.

Remuneration report continued

Letter from the Remuneration Committee chairman

Shareholder dialogue

The Company put both its annual remuneration report and directors' remuneration policy to a shareholder vote at the 2014 AGM. The advisory vote in respect of the Company's annual remuneration report received votes in favour from 91% (2013: 85%) of shareholders. In addition, 89.5% of votes cast were in favour of the Company's first binding vote in respect of our directors' remuneration policy. This policy took effect from the 2014 AGM and applies for three years from that date unless amendments are required which require a further shareholder vote.

As I reported in my last letter to shareholders, the Committee has undertaken extensive dialogue with the Company's major shareholders and the proxy voting agencies to explain its remuneration policy and, in particular, to address concerns raised by Institutional Shareholder Services (ISS) regarding the WS Atkins plc Long-term Growth Unit Plan (LGU). In response we have sought to explore ISS's concerns regarding the LGU and, following our discussions, we increased our disclosure surrounding the LGU in last year's report; in particular, to address more explicitly the strategic measures which will be considered by the Committee prior to vesting. As the LGU cycles mature, we will give a full explanation of the Committee's decisions on the extent to which the awards have vested based on the performance achieved.

The Committee and Board were pleased to see the resulting increase in support for the remuneration report in 2014 from the previous year.

Malus and clawback

The Company has been able to withhold payment of performance related remuneration since 2012. These malus provisions have applied to the deferred element of the annual bonus, the LTIP and the LGU. Following changes to the UK Corporate Governance Code, the Committee has concluded that it is appropriate to introduce additional clawback provisions to each of these elements of performance related remuneration to enable the Company to recover sums paid for the financial year ending 31 March 2016.

Review of policy

The Company's current remuneration policy was adopted in 2012 following a comprehensive review in 2011. This review coincided with the appointment of Uwe Krueger as CEO. We believe that, to date, our remuneration framework has created a clear link between the performance of the Group, the creation of shareholder value and the remuneration of our executive directors. The Committee wishes to ensure that this clear link is retained as the Group continues to develop and has concluded that it is now appropriate to look again at the Company's remuneration policy and, in particular, ensure that the Company's long-term incentives remain appropriate. The Committee therefore intends to review the Company's long-term incentive plans this year. Once the Committee has developed its initial thinking, we will consult the Company's major shareholders prior to presenting a new policy to shareholders for approval at the 2016 AGM.

We look forward to receiving your continued support at the AGM on 29 July 2015.

Yours faithfully

Dr Raj Rajagopal

Chairman of the Remuneration Committee
10 June 2015

Remuneration report

Annual remuneration report

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Remuneration report continued

Annual remuneration report

For more information about the Remuneration Committee visit:

 www.atkinsglobal.com/investors/remuneration

This section of the directors' remuneration report sets out the Company's remuneration of its executive and non-executive directors (including the chairman) during the financial year ended 31 March 2015 and will, together with the annual statement by the Committee chairman, be proposed for an advisory vote by shareholders at the AGM to be held on 29 July 2015. It has been prepared on the basis prescribed in the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (the Regulations) and also includes the items required to be disclosed under Listing Rule 9.8.8R. Where required, data has been audited by PricewaterhouseCoopers LLP and this is indicated where appropriate.

The main elements of remuneration for the executive directors are salary, pension, benefits, the Executive Bonus Scheme (EBS), the WS Atkins plc Long Term Incentive Plan (LTIP) and the WS Atkins plc Long-term Growth Unit Plan (LGU). More information can be found about these in the policy table (table 27). The timetable for the operation of each element is summarised in figure 1 below.

Figure 1: Timeline for receipt of remuneration

Element of remuneration	Current year (Y)	Y + 1 year	Y + 2 years	Y + 3 years	Y + 4 years	Y + 5 years
Salary	100% cash					
Benefits	Cash and/or benefit in kind					
Pension	100% cash					
Bonus (cash)	Performance assessed	2/3 paid in cash				
Bonus (deferred shares)		1/3 paid in shares deferred for three years			Deferred shares vest	
LTIP	Performance period			Award vests subject to performance		
LGU	Performance period				Tranche 1 (1/3) vests subject to performance	
	Performance period				Tranche 2 (1/3) vests subject to performance	
	Performance period				Tranche 3 (1/3) vests subject to performance	

Related section

Our strategy



Find out more about our strategy on page 11

Remuneration report continued

Annual remuneration report

Single total figures of remuneration for 2014/15 – executive directors (audited)

Table 1 sets out in the required form the total remuneration paid for each of our executive directors for the financial year ended 31 March 2015.

Table 1: Total 2014/15 remuneration – executive directors

	Fixed elements of reward								Variable elements of reward									
	Salary		Taxable benefits ³		Pension ⁴		Sub total		Annual bonus ⁵		Vested LTIP		Other payments ⁸		Sub total		Total	
	2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000	2014/15 ⁶ £000	2013/14 ⁷ £000	2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000
James Cullens ¹	202.5	n/a	11.0	n/a	50.6	n/a	264.1	n/a	192.9	n/a	–	n/a	–	n/a	192.9	n/a	457.0	n/a
Heath Drewett	347.0	335.0	15.0	14.9	86.8	83.8	448.8	433.7	330.5	330.8	348.2	395.0	12.9	8.2	691.6	734.0	1,140.4	1,167.7
Alun Griffiths ²	81.3	235.0	4.8	14.6	9.8	28.2	95.9	277.8	79.8	235.0	n/a	291.3	20.7	7.5	100.5	533.8	196.4	811.6
Uwe Krueger	586.0	566.5	79.5	44.5	146.5	141.6	812.0	752.6	706.9	684.5	613.9	697.7	2.3	4.6	1,323.1	1,386.8	2,135.1	2,139.4
Total	1,216.8	1,136.5	110.3	74.0	293.7	253.6	1,620.8	1,464.1	1,310.1	1,250.3	962.1	1,384.0	35.9	20.3	2,308.1	2,654.6	3,928.9	4,118.7

1 James Cullens was appointed on 1 July 2014. This remuneration relates to the period for which he held office.

2 Alun Griffiths retired on 30 July 2014. This remuneration relates to the period for which he held office.

3 Taxable benefits principally comprise medical insurance/healthcare allowance, company car or car allowance and, in respect of Uwe Krueger, an expense allowance of £15,000 per annum.

4 Cash value of defined contribution or cash equivalent.

5 Value of total bonus (two thirds cash and one third shares). Further detail on bonus payments is provided in table 6.

6 LTIP awards are granted in the form of nil-cost options. These figures relate to awards granted in 2012. The EPS performance condition attached to these awards has been met in part. The awards will vest on, and are capable of being exercised from, 13 August 2015. The disclosed values are based on the average mid-market quotation of the Company's shares for the three months ended 31 March 2015 and include the value of dividend equivalents which will be payable on the vesting date. The value of dividend equivalents includes a payment in respect of the 2015 final dividend which is subject to shareholder approval at the Company's AGM to be held on 29 July 2015. The final value of the 2012 LTIP award will be on the basis of the Company's share price at vesting. In accordance with the Regulations, the disclosed value in respect of Alun Griffiths' 2012 LTIP award will be reported in the payment to past executive directors section in next year's annual remuneration report.

7 This relates to LTIP awards granted in 2011 which partially vested on 20 June 2014. The disclosed values reported in last year's annual remuneration report were, in accordance with the Regulations, based on the average mid-market quotation of the Company's shares for the three months ended 31 March 2014. These figures, as required by the Regulations, have been updated to reflect the final value of the 2011 LTIP awards based on the Company's share price at vesting. The disclosed value includes the value of dividend equivalents payable. In last year's annual remuneration report, the value of dividend equivalents payable at vesting was recorded. This has been updated to include any additional dividend equivalent payments to which the executive director became entitled during the period between vesting and the date on which the award was exercised.

8 Other payments generally relate to dividend equivalent payments made following the exercise of a share award during the year which had been granted in connection with a deferral of annual bonus under the terms of the Atkins Deferred Share Plan (DSP). In respect of Uwe Krueger, it also includes an aggregate allowance of £39,000 for travel expenses incurred between his home and the UK during the first five years following his appointment (a direct replacement for the rental allowance disclosed in 2011).

Implementation of remuneration policy: executive directors

Salary

The percentage increases in salary for each executive director with effect from both 1 April 2014 and 1 April 2015 are set out in table 2 in accordance with the Company's approved remuneration policy (table 27). Each percentage increase was below the average salary increase for all employees across the Group in the same year (2015: 3.26%, 2014: 3.96%).

As disclosed in the 2014 remuneration report, James Cullens was appointed as an executive director on 1 July 2014 on an annual salary of £270,000.

Table 2: Executive director salaries

Name	Salary from 1 April 2015	Increase in annualised salary from prior year	Salary from 1 April 2014 or on appointment	Increase in annualised salary from prior year
James Cullens ¹	£277,500	2.8%	£270,000	n/a
Heath Drewett	£357,000	2.9%	£347,000	3.6%
Alun Griffiths ²	n/a	n/a	£243,000	3.4%
Uwe Krueger	£603,000	2.9%	£586,000	3.4%

1 James Cullens was appointed on 1 July 2014.

2 Alun Griffiths retired on 30 July 2014.

Remuneration report continued

Annual remuneration report

Pension (audited)

Each executive director is entitled to receive a defined contribution pension contribution or a cash allowance in lieu of a pension contribution. All executive directors now receive their pension benefit in the form of a cash allowance, as shown in table 3.

Table 3: Defined contribution pension contribution or cash allowance

Name	Pension contribution as a % of salary
James Cullens	25
Heath Drewett	25
Alun Griffiths ¹	12
Uwe Krueger	25

1. Alun Griffiths retired on 30 July 2014.

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

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

Table 4 gives details of pensions or, where applicable, taxable allowances in lieu of pension provided to executive directors for the year ended 31 March 2015.

Table 4: Pension payments

Name	Employer contribution 2014/15	Cash in lieu of pension 2014/15	Accrued defined benefit pension as at 30 July 2014 ²	Employer contributions 2013/14	Cash in lieu of pension 2013/14	Normal retirement age ³
James Cullens ¹	–	£50,625	–	n/a	n/a	n/a
Heath Drewett	–	£86,750	–	£37,487	£46,264	n/a
Alun Griffiths	–	£9,757	£83,008	–	£28,200	60
Uwe Krueger	–	£146,500	–	–	£141,625	n/a

1. James Cullens was appointed on 1 July 2014. His pension cash allowance relates to the period for which he held office.

2. This is the date on which Alun Griffiths retired from the Board. No other executive director has a defined benefit entitlement.

3. Normal retirement age is the earliest age at which a director can elect to draw their pension under the rules of the scheme.

Remuneration report continued

Annual remuneration report

Annual bonus: 2014/15 performance against targets (audited)

The Committee's assessment of performance in the financial year ended 31 March 2015 is shown in table 5.

Table 5: Assessment of performance and bonus payout

Component	Overview of performance				
	2014/15 bonus targets	Threshold	Budgeted	Stretch	Actual
Group profit after tax (50%)	Group profit after tax	£74.8m	£93.5m	£96.4m	£96.3m
	Payout level (% of maximum)	0%	50%	100%	98%
	<p>For bonus purposes, the Committee believes that underlying profit after tax is a more representative measure of performance, removing certain items from the reported profit after tax of £85.7m (2014: £96.3m) that may give a distorted view of performance. Underlying profit after tax is determined by applying the Group's underlying effective tax rate of 20.1% (2014: 19.0%) to its underlying profit before tax of £121.9m (2014: £106.4m). The following items have been removed from the Group's reported profit before tax to determine underlying profit before tax:</p> <ul style="list-style-type: none"> • net profits on, and costs associated with, disposals of £0.4m (2014: £10.5m) • amortisation of acquired intangible assets of £6.9m (2014: £2.7m) • exceptional transaction costs of £4.4m (2014: £nil) • impairment of goodwill £2.8m (2014: £nil) • deferred acquisition payments on the HOE acquisition of £1.5m (2014: £nil). <p>The Group's underlying profit after tax also includes the benefit of £1.1m of research and development expenditure credit (RDEC) following early adoption of new rules in the UK. To ensure a consistent treatment with the basis of the budget and the stretch targets, the Committee removed the positive impact of RDEC when calculating the underlying profit after tax position for bonus purposes. Consequently, the adjusted result of £96.3m (2014: £86.2m) was slightly below the stretch target resulting in a payout of 98% (2014: 100%) for this element of annual bonus. In previous years the equivalent benefit from research and development expenditure was shown as a reduction in the effective tax rate.</p>				
Cash conversion (25%)	2014/15 bonus targets	Threshold	Budgeted	Stretch	Actual
	Half year cash conversion	2.5%	3.0%	12.5%	34.5%
	Full year cash conversion	52.4%	65.5%	71.3%	102.3%
	Payout level (% of maximum)	0%	50%	100%	100%
<p>The cash conversion target measures operating cash flow as a percentage of budgeted profit.</p> <p>The Group's cash performance was strong. Operating cash flow was £133.9m (2014: £95.5m) with half year and full year cash conversion results of 34.5% and 102.3% respectively.</p> <p>This resulted in both the half year and full year stretch conversion targets (12.5% and 71.3% respectively) being exceeded, leading to the maximum 100% payment (2014: 100%) for this element of the bonus.</p>					
Personal objectives (25%)	James Cullens				
	Payment of 85% achieved for:				
	<ul style="list-style-type: none"> • delivering an updated people strategy and HR plan • delivering a senior succession plan for the Group and revised succession planning process • developing a new short-term incentive arrangement for executives outside the top 50 most senior roles in the Group • completing a successful handover from Alun Griffiths. 				
	Heath Drewett				
Payment of 85% achieved for:					
<ul style="list-style-type: none"> • developing new opportunities to accelerate EPS growth over the medium term • negotiating an agreement with the trustee of the Atkins Pension Plan for a joint investment strategy in advance of the next triennial valuation in March 2016 • creating a new financial and major project reporting framework. 					
Alun Griffiths					
Payment of 100% achieved for:					
<ul style="list-style-type: none"> • completing a successful handover to James Cullens • HR leadership team succession planning • delivering a senior succession plan for the Group. 					
Uwe Krueger					
Payment of 90% achieved for:					
<ul style="list-style-type: none"> • developing new opportunities to accelerate EPS growth over the medium term • strengthening the senior leadership team, including the promotion and development of key talent within the Group • working effectively with both the incoming and outgoing Group HR directors to develop a new succession plan. 					

Remuneration report continued

Annual remuneration report

Annual bonuses payable to the executive directors for the financial year ended 31 March 2015 are shown in table 6. Two thirds of the payment to current directors will be payable in cash and one third will be deferred into shares for three years via the DSP, subject to continued employment and malus provisions.

Table 6: Annual bonuses

Name	2014/15 bonus					2013/14 bonus				
	Cash	Deferred	Total	% of salary	Increase/ (decrease) in annualised bonus from prior year	Cash	Deferred	Total	% of salary	Increase/ (decrease) in annualised bonus from prior year
James Cullens ¹	£128,587	£64,294	£192,881	95.3	n/a	n/a	n/a	n/a	n/a	n/a
Heath Drewett	£220,345	£110,173	£330,518	95.3	(0.1%)	£220,542	£110,271	£330,813	98.8	7.4%
Alun Griffiths ²	£79,751	–	£79,751	99.0	2.4% ³	£235,000	–	£235,000	100.0	4.8%
Uwe Krueger	£471,242	£235,621	£706,863	120.6	3.3%	£456,347	£228,174	£684,521	120.8	7.1%

¹ James Cullens was appointed to the Company on 1 July 2014. His annual bonus relates to the period for which he held office.

² Alun Griffiths retired from the Company on 30 July 2014. As a consequence of his retirement following 28 years of service to the Group, his annual bonus for 2013/14 was, and his pro rata 2014/15 bonus payment will be, paid entirely in cash.

³ To ensure a like for like comparison Alun Griffiths' annualised bonus compares an equivalent full year bonus for the year ended 31 March 2015 (£240,570) with the full year bonus paid to him for the year ended 31 March 2014.

Annual bonus: 2015/16 performance targets

The Committee has determined that the bonus for the year ending 31 March 2016 will operate on similar terms to 2014/15. 50% of the bonus will be based on Group profit after tax performance with a further 25% based on a cash conversion measure. 50% of the maximum will be paid for meeting the budgeted profit after tax and cash conversion targets and 100% for meeting the stretch targets. The profit after tax and cash conversion targets are considered commercially sensitive so will not be disclosed in advance, although the Committee's assessment of performance against these targets will be confirmed in next year's report. The remaining 25% will be based on individual objectives aligned to key strategic areas for each executive director.

Table 7 provides the headline strategic areas under which personal performance targets have been set. The performance targets which apply to these areas are measurable, challenging and subject to rigorous review by the Committee at the time they are set, during the year and at the year end when performance is assessed. Subject to commercial sensitivity, we intend to provide an overview of the Committee's assessment of performance against the underlying targets in next year's report.

Table 7: Strategic areas included in 2015/16 annual bonus

Name	Strategic area
James Cullens	<ul style="list-style-type: none"> Global recruitment programme and digital attraction strategy Fast track succession plan for Board, operational leadership team and top 300 key roles Group wide assessment methodology Increase new business revenue opportunities
Heath Drewett	<ul style="list-style-type: none"> Increase new business revenue opportunities Increase commercial and operational oversight to drive operational excellence agenda Develop long-term investment strategy with pension trustees
Uwe Krueger	<ul style="list-style-type: none"> Succession planning Increase new business revenue opportunities

LTIP outcomes in 2014/15 (audited)

The long term incentive values shown in the single total remuneration figure table (table 1) relate to LTIP awards granted in 2012 and for which the performance period was 1 April 2012 to 31 March 2015. The EPS performance targets and vesting levels are set out in table 8.

The Committee adjusted the underlying diluted EPS as at 31 March 2012 as a consequence of the introduction of changes to IAS 19 to ensure that the underlying diluted EPS was measured consistently during the performance period and to facilitate a like for like comparison. This adjustment reduced the underlying diluted EPS as at 31 March 2012 from 79.0p to 73.5p.

In determining the underlying diluted EPS as at 31 March 2015, the Committee considered the beneficial impact of RDEC and those same items that could give a distorted view of performance as were considered for the purposes of bonus calculations. In all cases its treatment was consistent with that applied in relation to the bonus, including removing the positive impact of RDEC. These adjustments increased the underlying diluted EPS as at 31 March 2015 from 85.4p to 96.0p. Accordingly, the actual vesting percentage for the LTIP awards granted in 2012 is 70%.

Remuneration report continued

Annual remuneration report

In determining the LTIP outcome the Committee concluded that:

- cash conversion over the performance period had been suitably underpinned by cash generation
- there were no significant acquisitions in the performance period for which it was necessary to adjust vesting
- inflation during the performance period has not had a significant effect on the level of challenge presented by the targets
- it was not appropriate to apply malus provisions.

Table 8: 2012 LTIP awards

EPS condition	Target for vesting		Actual
	Threshold	Maximum	
EPS growth ¹	5% compound pa	12% compound pa	
EPS growth over the performance period	15.76%	40.49%	30.6%
Vesting level	25%	100%	70%

¹ EPS adjusted to remove the impact of exceptional one-off items and also changes due to IAS 19 to enable a like for like comparison.

LTIP, LGU and DSP awards in 2014/15

The current long-term incentive framework is built around two performance measures, both of which are fundamentally aligned to the creation of shareholder value, as illustrated in figure 2:

- **Growth in EPS.** The primary metric for measuring the delivery of our growth objective over the medium to long term. It is incorporated into the long-term incentive framework via the LTIP, which is our primary long-term incentive vehicle, reflecting the importance of EPS growth to our strategy
- **Sustained growth in the share price.** This ensures alignment between executive reward and sustained share price growth over the long term, representing the ultimate measure of performance for our shareholders, and is incorporated into the long-term incentive framework via the LGU.

Figure 2: Long-term incentive framework



Executive directors received a LTIP award of 75% of salary. The vesting of these awards is subject to the EPS targets described in table 9.

Table 9: LTIP performance measure for awards made in 2014

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

The Committee believes that these EPS targets are appropriate and stretching in the current environment. Performance against these targets will be measured from 1 April 2014 to 31 March 2017.

Executive directors also received a LGU award of 50% of salary. The vesting of each tranche of this award is subject to the Committee's assessment of the Group's progress against its strategy. This will include:

- driving margins over the longer term 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 continued

Annual remuneration report

One third of annual bonuses payable to Uwe Krueger and Heath Drewett for the year ended 31 March 2014 was deferred via the Atkins Deferred Share Plan (DSP).

LTIP, LGU and DSP awards are normally granted in June/July each year. However, it was not possible to grant share awards on the intended date of grant of 26 June 2014 due to the Company being in a prohibited period at that time. Consequently the awards were granted on 17 November 2014, which was within the next available award window.

The Committee agreed that, in accordance with the rules and terms of the LTIP and DSP, the vesting date for these awards would be 26 June 2017 as originally intended. However, the LGU awards will, in accordance with the rules and terms of this plan, vest on the fourth, fifth and sixth anniversaries of 17 November 2014 (the date of grant) as outlined in the policy table (table 27).

LTIP, LGU and DSP awards made during the year are set out in table 10.

Table 10: LTIP, LGU and DSP awards made during the year (audited)

	Plan	Date of grant	Face value (% of basic salary)	Face value (£)	Target performance (% of face value)	Stretch performance (% of face value)	End of performance period
James Cullens	LTIP ¹	17/11/14	75%	£202,799	25%	100%	31/03/17
	LGU ²	17/11/14	50%	£134,987	8.3%	16.7%	31/03/18 31/03/19 31/03/20
Heath Drewett	DSP ³	17/11/14	32%	£110,266	n/a	n/a	n/a
	LTIP ¹	17/11/14	75%	£260,639	25%	100%	31/03/17
	LGU ²	17/11/14	50%	£173,496	8.3%	16.7%	31/03/18 31/03/19 31/03/20
Uwe Krueger	DSP ³	17/11/14	39%	£228,171	n/a	n/a	n/a
	LTIP ¹	17/11/14	75%	£440,166	25%	100%	31/03/17
	LGU ²	17/11/14	50%	£292,994	8.3%	16.7%	31/03/18 31/03/19 31/03/20

1 The LTIP awards have been granted in the form of nil-cost options. The face value has been calculated using the middle market quotation for an Atkins ordinary share on 17 November 2014, the date of grant, which was £13.03. The stated values exclude any amount attributable to dividend equivalents over the relevant performance period.

2 The LGU awards are granted in the form of units where the value of the LGU is dependent on sustained long-term share price growth. The face value for the LGU awards has been calculated using the middle market quotation for an Atkins ordinary share during the six months immediately preceding the 17 November 2014 date of grant, which was £13.2835. Given the value of the LGU is dependent on share price growth, the percentage of face value for stretch performance has been valued in a manner consistent with the guidance issued by the GC100 and Financial Reporting Lab, namely assuming units are worth 33% of their initial face value. The target performance face value is assumed to be 50% of stretch performance face value.

3 The DSP awards have been granted in the form of nil-cost options and represent the deferral of the annual bonus for the financial year ended 31 March 2014. The face value has been calculated using the middle market quotation for an Atkins ordinary share on 26 June 2014, the intended date of grant, which was £13.06. The stated values exclude any amount attributable to dividend equivalents.

LTIP and LGU awards to be made in 2015/16

The Committee intends to grant LTIP and LGU awards to Uwe Krueger, James Cullens and Heath Drewett on the same basis as the awards made in the financial year ended 31 March 2015.

The underlying diluted EPS for the year ended 31 March 2015 was 97.1p. This figure, which includes the positive impact of RDEC, will be used to assess the extent to which the performance condition of the 2015 LTIP awards has been satisfied. The Committee determined that no adjustment in respect of RDEC was required as all future financial results will be presented on a consistent basis.

The Company has been able to withhold payment of performance related remuneration since 2012. These malus provisions have applied to the deferred element of the annual bonus, the LTIP and the LGU. Following changes to the UK Corporate Governance Code, the Committee has concluded that it is appropriate to introduce additional clawback provisions to each of these elements of performance related remuneration to enable the Company to recover sums paid for the financial year ending 31 March 2016.

All employee share plans

All executive directors currently participate in the Atkins Share Incentive Plan (SIP) although James Cullens' first SIP share purchase is not able to take place until after the date of this report purely for administrative reasons. Alun Griffiths participated in the SIP until he retired on 30 July 2014.

Remuneration report continued

Annual remuneration report

Share awards (audited)

Tables 11 and 12 set out details of the executive directors' interests in relation to share awards made under each of the Company's share plans.

Table 11: Directors' share awards and long-term incentives – DSP and LTIP (nil-cost options)

Name	Plan name ¹	Award date	Number of shares under option at 1 April 2014 (or date of appointment if later)			Number of shares under option at 31 March 2015 (or date of termination if earlier) 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
			Granted	Exercised	Lapsed	Granted	Lapsed					
James Cullens	LTIP B ²	17/11/14	–	15,564	–	–	15,564	1303.0	–	26/06/17 ³	17/11/24	
Total			–	15,564	–	–	15,564		–			
Heath Drewett	LTIP A ¹	20/06/11	40,000	–	27,480	12,520 ⁴	–	1340.5000	760.0	368,369	20/06/14	20/06/21
	LTIP B ²	13/08/12	35,082	–	–	–	35,082	672.0	–	–	13/08/15	13/08/22
		24/06/13	25,808	–	–	–	25,808	973.0	–	–	24/06/16	24/06/23
		17/11/14	–	20,003	–	–	20,003	1303.0	–	–	26/06/17 ³	17/11/24
	DSP	20/06/11	11,154	–	11,154	–	–	1340.5000	760.0	149,519	20/06/14	20/06/21
		02/07/12	11,002	–	–	–	11,002	688.5	–	–	02/07/15	02/07/22
		24/06/13	10,549	–	–	–	10,549	973.0	–	–	24/06/16	24/06/23
		17/11/14	–	8,443	–	–	8,443	1303.0	–	–	26/06/17 ³	17/11/24
Total			133,595	28,446	38,634	12,520	110,887			517,888		
Alun Griffiths	LTIP A ¹	20/06/11	29,500	–	–	9,234 ⁴	20,266	760.0	–	–	20/06/14	20/06/21
	LTIP B ²	13/08/12	25,524	–	–	8,812	16,712	672.0	–	–	13/08/15	13/08/22
		24/06/13	18,104	–	–	11,464	6,640	973.0	–	–	24/06/16	24/06/23
	DSP	20/06/11	8,310	–	–	–	8,310	760.0	–	–	20/06/14	20/06/21
		02/07/12	7,895	–	–	–	7,895	688.5	–	–	02/07/15	02/07/22
		24/06/13	7,675	–	–	–	7,675	973.0	–	–	24/06/16	24/06/23
Total			97,008	–	–	29,510	67,498			–		
Uwe Krueger	LTIP A ¹	20/06/11	70,648	–	48,535	22,113 ⁴	–	1308.0611	760.0	634,867	20/06/14	20/06/21
	LTIP B ²	13/08/12	61,844	–	–	–	61,844	672.0	–	–	13/08/15	13/08/22
		24/06/13	43,644	–	–	–	43,644	973.0	–	–	24/06/16	24/06/23
		17/11/14	–	33,781	–	–	33,781	1303.0	–	–	26/06/17 ³	17/11/24
	DSP	02/07/12	19,078	–	–	–	19,078	688.5	–	–	02/07/15	02/07/22
		24/06/13	21,892	–	–	–	21,892	973.0	–	–	24/06/16	24/06/23
		17/11/14	–	17,471	–	–	17,471	1303.0	–	–	26/06/17 ³	17/11/24
Total			217,106	51,252	48,535	22,113	197,710			634,867		
Aggregate gains on share options 2015									1,152,755			
Aggregate gains on share options 2014									181,033			

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

LTIP B – WS Atkins plc Long Term Incentive Plan

DSP – Atkins Deferred Share Plan

2 Subject to performance criteria described in note 32 to the Financial Statements

3 Subject to performance criteria described in note 32 to the Financial Statements

4 50% of the 2011 LTIP award was subject to a Total Shareholder Return (TSR) condition and the remaining 50% subject to an EPS condition. As disclosed in last year's report and accounts, the TSR condition vested in full and the EPS condition, having been adjusted for the impact of the material IAS 19 accounting charge introduced in the final year of the performance period, was met in part which resulted in 68.7% of the awards vesting.

5 The awards granted under the terms of LTIP A, LTIP B and DSP are structured as options, for which the exercise price is nil

6 LTIP B and DSP share awards are normally granted in June/July each year. However, it was not possible to grant share awards in June/July 2014 due to being in a prohibited period at that time. When the awards were granted on 17 November 2014, the Committee agreed that, in accordance with the rules and terms of the share plans, the vesting date would be 26 June 2017 as originally intended.

Remuneration report continued

Annual remuneration report

Table 12: Directors' long-term incentives – LGU plan (units)

Plan name ¹	Award date	Number of units under option at 1 April 2014 (or date of appointment if later)	Number of units under option at 31 March 2015 (or date of termination if earlier) ⁴			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
			Granted	Exercised	Lapsed					
James Cullens	LGU ² 17/11/14	-	10,162	-	-	10,162	1303.0	-	17/11/18	17/11/24
Total		-	10,162	-	-	10,162		-		
Heath Drewett	LGU ² 13/08/12	21,705	-	-	-	21,705	672.0	-	13/08/16	13/08/22
	24/06/13	19,336 ³	-	-	-	19,336	973.0	-	24/06/17	24/06/23
	17/11/14	-	13,061	-	-	13,061	1303.0	-	17/11/18	17/11/24
Total		41,041	13,061	-	-	54,102		-		
Alun Griffiths	LGU ² 13/08/12	15,792	-	-	8,043	7,749	672.0	-	13/08/16	13/08/22
	24/06/13	13,564 ³	-	-	9,832	3,732	973.0	-	24/06/17	24/06/23
Total		29,356	-	-	17,875	11,481		-		
Uwe Krueger	LGU ² 13/08/12	38,263	-	-	-	38,263	672.0	-	13/08/16	13/08/22
	24/06/13	32,699 ³	-	-	-	32,699	973.0	-	24/06/17	24/06/23
	17/11/14	-	22,057	-	-	22,057	1303.0	-	17/11/18	17/11/24
Total		70,962	22,057	-	-	93,019		-		
Aggregate gains on units 2015								-		
Aggregate gains on units 2014								-		

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

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

3 A correction of an administrative error has been made in relation to awards granted under the LGU on 24 June 2013. The award levels were originally determined with reference to a five month average share price (£8.8249) instead of a six month average share price (£8.6622) as outlined in the Directors' remuneration policy (table 27). The amended award levels based on the six month average share price are shown in table 12.

4 Subject to strategic underpin described in note 32 to the Financial Statements.

Relative importance of spend on pay

Table 13 sets out total employee costs and distributions to shareholders for the years ended 31 March 2014 and 31 March 2015.

Table 13: Relative importance of spend on pay

	2014/15 £m	2013/14 £m	% change
Total employee costs (including directors) ¹	940.8	924.3	1.79
Distributions to shareholders ²	33.4	31.7	5.36

1 Total employee costs represent amounts included in note 5 to the Financial Statements

2 Distributions to shareholders include the total dividends paid in respect of each financial year.

Remuneration report continued

Annual remuneration report

Percentage change from 2014 to 2015 in remuneration of director undertaking the role of CEO

Table 14 shows the change in remuneration, from 2014 to 2015, of the CEO and a comparator group consisting of all UK employees.

Table 14: Change in CEO's remuneration compared to UK employees

	% change in salary	% change in taxable benefits	% change in annual bonus
CEO	2.90%	78.76% ²	3.26%
Comparator group: UK employees ¹	3.94%	1.89%	-12.27%

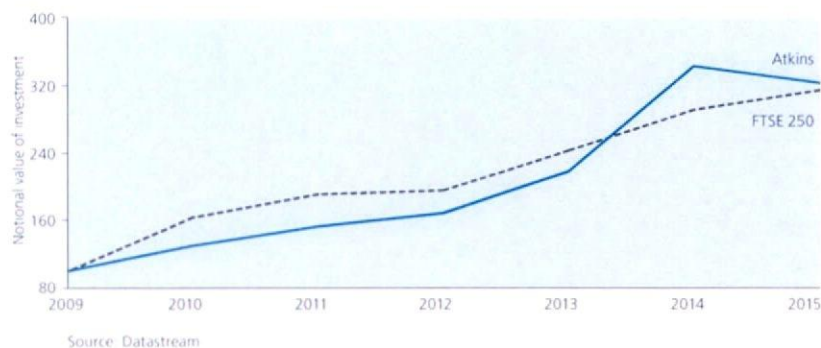
1 The comparator group consists of all UK based employees within the Atkins Group excluding the CEO. This comparator group has been chosen for the purpose of this comparison as the CEO is employed in the UK.

2 There has been no change to the CEO's annual professional advice allowance. The change in taxable benefits received in the year ended 31 March 2015 included the settlement of professional fees incurred in prior years following the receipt of invoices during the year.

CEO pay for performance comparison over the last six years

Figure 3 provides a comparison of the Company's total shareholder return (TSR) with that of the FTSE250 Index, based on an initial investment of £100 over the six year period ended 31 March 2015. This index is currently considered to be the most appropriate index against which to measure performance as the Company has been a member of the FTSE250 for the whole of the six year period.

Figure 3: Total shareholder return



Remuneration report continued

Annual remuneration report

Table 15 summarises the total remuneration for the CEO over the same six year period, as well as showing the outcomes of short- and long-term incentive plans as a percentage of maximum.

Table 15: Remuneration for the CEO over the last six years

Financial year	2009/10	2010/11	2011/12	2011/12	2012/13	2013/14	2014/15
CEO	Keith Clarke	Keith Clarke	Keith Clarke ²	Uwe Krueger ²	Uwe Krueger	Uwe Krueger	Uwe Krueger
Total remuneration (single figure) £000	1,072.0	932.4	289.4	986.8	1,387.8	2,139.4 ³	2,135.1 ⁴
Annual bonus (% of maximum)	100.0	86.5 ¹	70.0	71.8	93.0	96.7	96.5
Long-term variable pay (% of maximum) – LTIP	45.7	–	–	n/a	n/a	68.7	70.0
Long-term variable pay (% of maximum) – LGU	n/a	n/a	n/a	n/a	n/a	n/a	n/a

1 Restated.

2 Keith Clarke retired from the Company on 31 July 2011 and Uwe Krueger was appointed to the Company on 14 June 2011.

3 Total remuneration (single figure) for 2013/14 includes £697,691 in respect of the 2011 LTIP award. The disclosed value reported in last year's annual remuneration report was, in accordance with the Regulations, based on the average mid-market quotation of the Company's shares for the three months ended 31 March 2014. This figure, as required by the Regulations, has been updated to reflect the final value of the 2011 LTIP award based on the Company's share price at vesting and includes the value of dividend equivalents payable on the vesting date (£44,895).

4 Total remuneration (single figure) for 2014/15 includes £613,850 in respect of the 2012 LTIP award. This award vests and will be capable of being exercised from 13 August 2015. The disclosed value is based on the average mid-market quotation of the Company's shares for the three months ended 31 March 2015 and includes the value of dividend equivalents which will be payable on the vesting date. The value of dividend equivalents includes a payment in respect of the 2015 final dividend which is still subject to shareholder approval at the Company's AGM to be held on 29 July 2015. The final value of the 2012 LTIP award will be calculated on the basis of the Company's share price at vesting.

Executive directors' contracts

The service agreements of executive directors who served during the year are summarised in table 16.

Table 16: Executive directors' service agreements

Name	Notice period (months)	Contract date	Effective date of contract	Unexpired term of contract
James Cullens ¹	12	26 February 2014	1 July 2014	Rolling contract
Heath Drewett	12	17 April 2009	15 June 2009	Rolling contract
Alun Griffiths ²	12	18 April 2007	13 March 2007	Contract ended on 30 July 2014
Uwe Krueger	12	1 June 2011	14 June 2011	Rolling contract

1 James Cullens joined the Company on 1 July 2014.

2 Alun Griffiths retired from the Company on 30 July 2014.

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.

In setting its policy on notice periods, the Company takes into account market practice and the need to attract and retain the best talent.

Remuneration report continued

Annual remuneration report

Payments to past executive directors (audited)

Keith Clarke, who retired as a director on 31 July 2011, retained a pro rata entitlement granted under the Atkins Long Term Incentive Plan. In accordance with the rules of this plan, 11,204 shares vested on 20 June 2014. The value of this award, based on the share price at vesting and including the value of dividend equivalents payable on the vesting date, was £161,058.

Alun Griffiths continued to work with the Group on a consultancy basis following his retirement on 30 July 2014 until 31 December 2014, covering a number of areas including advice and support in relation to management development and client relationships. Payments in relation to Alun Griffiths' entitlements to bonus and share awards on his retirement, as confirmed in last year's annual remuneration report, are outlined below:

- a bonus of £235,000 for the financial year ended 31 March 2014 was paid entirely in cash in July 2014
- a pro rata bonus of £79,751 for the financial year ended 31 March 2015 to be paid in cash in July 2015
- deferred share awards over 23,880 shares granted under the terms of the DSP in connection with annual bonus entitlements from prior years were exercised on 8 September 2014; the value of these awards, including dividend equivalents received, was £344,065
- a vested LTIP share award over 20,266 shares granted on 20 June 2011 was exercised on 8 September 2014; the value of this award, based on the share price at vesting and including the value of dividend equivalents payable on the vesting date, was £291,324, as disclosed in table 1 (page 94).

In addition, Alun retains pro rata share award entitlements granted under both the LTIP and the LGU as outlined in tables 11 and 12 (pages 100 and 101). In line with policy and best practice, these pro rata awards remain subject to the applicable performance conditions being satisfied and the original vesting schedule.

Payments for loss of office (audited)

There were no payments for loss of office made during the year.

Statement of directors' shareholdings and share interests (audited)

Share ownership guidelines

Executive directors are ordinarily expected to build up an interest in the Company's shares equivalent to one times their salary, based on the value of such shares at the time of the acquisition or their current market value, whichever is the higher.

The interests of the directors and their families in the ordinary shares of 0.5p each in the Company as at 31 March 2015 are shown in tables 17 and 18 (pages 104 and 105). Heath Drewett and Uwe Krueger currently exceed the Company's share ownership guideline of one times salary. James Cullens, who was appointed in the year, is expected to satisfy the one times salary share ownership target within five years of his appointment.

There are no shareholding requirements for the chairman or the non-executive directors.

Directors' interests in shares of the Company (audited)

Table 17: Executive directors' interests in shares of the Company

Name	At 10 June 2015	As a percentage of salary ⁴	At 31 March 2015	As a percentage of salary ⁴	At 31 March 2014	As a percentage of salary ⁴
James Cullens ¹	–	0%	–	0%	n/a	n/a
Heath Drewett ²	35,876	149.9%	35,858	136.7%	10,027	41.6%
Alun Griffiths ³	n/a	n/a	n/a	n/a	37,347	221.1%
Uwe Krueger ²	59,649	147.6%	59,627	132.1%	21,177	52.0%

1 James Cullens was appointed on 1 July 2014

2 Changes in interests of Heath Drewett and Uwe Krueger between 31 March 2015 and 10 June 2015 relate to shares acquired through their participation in the SIP

3 Alun Griffiths held 37,385 shares as at the date of his retirement on 30 July 2014.

4 Based on the value of such shares at the time of their acquisition or market value at the stated date, whichever is the higher.

Remuneration report continued

Annual remuneration report

Table 18: Chairman and non-executive directors' interests in shares of the Company

Name	At 10 June 2015	At 31 March 2015	At 31 March 2014
Fiona Clutterbuck	4,146	4,146	4,146
Allan Cook	17,142	17,142	17,142
Allister Langlands	5,000	5,000	5,000
Thomas Leppert	–	–	–
Raj Rajagopal	5,000	5,000	5,000
Rodney Slater ¹	n/a	n/a	–
Total	31,288	31,288	31,288

1. Rodney Slater held no shares as at the date of his resignation on 30 July 2014.

Single total figures of remuneration for 2014/15 – chairman and non-executive directors (audited)

Table 19 sets out in the required form the total remuneration earned by our chairman and non-executive directors for the financial year ended 31 March 2015.

Table 19: Total 2014/15 remuneration – chairman and non-executive directors

	Fees		Taxable benefits ⁶		Total	
	2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000
Chairman						
Allan Cook	202.5	195.8	1.1	2.1	203.6	197.9
Non-executive directors						
Fiona Clutterbuck	57.0	53.9	–	–	57.0	53.9
Allister Langlands ¹	51.5	26.9	9.9	5.3	61.4	32.2
Thomas Leppert ²	46.7	21.3	3.4	–	50.1	21.3
Raj Rajagopal	55.5	54.0	–	0.1	55.5	54.1
Former non-executive directors						
Lord Boyce ³	n/a	17.2	n/a	–	n/a	17.2
Joanne Curin ⁴	n/a	41.7	n/a	–	n/a	41.7
Rodney Slater ⁵	15.8	46.5	2.6	2.3	18.4	48.8
Total	429.0	457.3	17.0	9.8	446.0	467.1

1. Allister Langlands was appointed on 4 September 2013. His remuneration for 2013/14 relates to the period for which he held office.

2. Thomas Leppert was appointed on 1 October 2013. His remuneration for 2013/14 relates to the period for which he held office.

3. Lord Boyce retired from the Board on 31 July 2013. His remuneration for 2013/14 relates to the period for which he held office.

4. Joanne Curin retired from the Board on 31 January 2014. Her remuneration for 2013/14 relates to the period for which she held office.

5. Rodney Slater retired from the Board on 30 July 2014. His remuneration for 2014/15 relates to the period for which he held office.

6. Includes business expenses chargeable to income tax.

The total amount of fees paid to the chairman and non-executive directors was £429.0k (2014: £457.3k) which is within the limit set in the Company's articles of association, which have been previously approved by shareholders.

Remuneration report continued

Annual remuneration report

Implementation of remuneration policy: non-executive directors

Fees

The Board, on the recommendation of the executive directors, approved the changes to the fees paid to non-executive directors set out in table 20:

Table 20: Chairman and non-executive directors' fees

Fee description	Fee as at 1 April 2015	Increase in fee from prior year	Fee as at 1 April 2014	Increase in fee from 2013
Chairman fee ¹	£207,000	2.2%	£202,500	3.4%
Non-executive director fees				
Basic annual fee	£45,000	2.3%	£44,000	3.5%
Committee chairman annual fee ¹	£8,000	6.7%	£7,500	–
Committee annual fee ¹	£4,000	–	£4,000	–
Senior independent director fee	£5,500	10%	£5,000	–

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

The increases to the annual fees paid to the chairman and the non-executive directors with effect from 1 April 2015 were below the 3.26% (2014: 3.96%) average salary increase for all employees across the Group. The increase in the committee chairman and the senior independent director fees is the first since 1 April 2012.

Letters of appointment

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. Their appointment may be terminated with six months' written notice at any time. There are no entitlements in respect of loss of office. All directors are subject to annual re-election at the Company's AGM.

Table 21 summarises the dates of appointment and most recent re-election dates for the chairman and each of the non-executive directors.

Table 21: 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	Expiry of current three year term
Fiona Clutterbuck	13 March 2007	30 July 2014	13 March 2016
Allan Cook	10 September 2009	30 July 2014	10 September 2015
Allister Langlands	4 September 2013	30 July 2014	4 September 2016
Thomas Leppert	1 October 2013	30 July 2014	1 October 2016
Raj Rajagopal	24 June 2008	30 July 2014	24 June 2017

Copies of 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.

Payments to past non-executive directors (audited)

Lord Boyce retired from the Board on 31 July 2013. Rodney Slater retired from the Board on 30 July 2014. Both continue to provide consultancy services to the Group.

Remuneration report continued

Annual remuneration report

Other information

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 practices across the Group.

Committee activities

The Committee uses a schedule of standing items to help structure the agendas for its meeting as well as responding to matters which arise during the course of the year, such as regulatory changes. The Committee's standing agenda items are aligned to the Group's reward communication programme. Each April employees receive confirmation of their remuneration for the year ahead. Notification of bonus payments follows the announcement of the Group's financial results in June. The Committee keeps remuneration policy and market practice under review throughout the year. The key matters discussed during the year are set out in table 22.

Table 22: Key matters discussed during the year

Theme	Agenda items
Best practice	<ul style="list-style-type: none"> • Consideration of latest remuneration best practice guidance • Review of the remuneration advisor and fees • Consideration of revised terms of reference • Institutional shareholder and proxy advisor engagement in relation to the directors' remuneration report
Directors' and company secretary's remuneration	<ul style="list-style-type: none"> • Consideration and approval of bonus scheme payments to the executive directors for 2013/14 • Consideration and approval of the treatment of Alun Griffiths' bonus and share awards due to his retirement • Interim review of executive directors' performance against personal performance targets for 2014/15 • Consideration and approval of executive directors' personal performance targets for 2015/16 bonus • Consideration of EBS structure and financial targets for 2015/16 • Consideration and approval of remuneration, bonus principles and quantum for the executive directors and company secretary for 2015/16 • Consideration and approval of the chairman's fee for 2015/16
Employee remuneration (including senior management)	<ul style="list-style-type: none"> • Remuneration practice for Group employees • Review of bonus scheme payments to the senior leadership team for 2013/14 in light of wider remuneration of Group employees • Consideration of 2014/15 cash conversion targets for senior management under the EBS • Review of remuneration, bonus principles and quantum for the senior leadership team for 2015/16 • Review of EBS structure for executives outside the top 50 most senior roles in the Group
Share plans	<ul style="list-style-type: none"> • Consideration and approval of performance condition outturn in respect of LTIP awards made during 2011 • Consideration and approval of adjustments made to ensure that the EPS performance condition is measured on the same accounting basis during the respective performance period for LTIP awards following revision of the IAS 19 accounting basis • Consideration and approval of 2014 share plan awards • Review of share plan hedging arrangements and dilution • Performance monitoring of LTIP awards • Approval of non-material share plan rule changes
Reporting	<ul style="list-style-type: none"> • Annual review of executive directors' shareholdings and expenses for 2013/14 • Annual review of the Chairman's expenses for 2013/14 • Consideration and approval of the remuneration report for 2013/14

Remuneration report continued

Annual remuneration report

Committee membership

The independent non-executive directors who served on the Committee during the year are shown in table 23.

Table 23: Members of the Committee during the year

Member	From	To
Fiona Clutterbuck	15 June 2009	To date
Thomas Leppert	31 July 2014	To date
Raj Rajagopal	1 March 2009	To date
Rodney Slater	9 September 2011	30 July 2014

The Committee met five times during the year (2014: eight). Details of the attendance of members at meetings can be found in the Corporate governance report (page 75).

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

Advisors to the Committee

During the year, the Committee was supported by Towers Watson and received advice from Ashurst on legal matters. Table 24 provides a summary of advice received from each advisor to the Committee, fees paid and any other services provided by the advisor to the Group.

Towers Watson, a signatory to the Remuneration Consultants Group Code of Conduct, was appointed by the Committee following a tender process. Each year the Committee assesses the advice it has received and is satisfied that the advice received during the year has been objective and independent.

Table 24: Advisors to the Committee

Advisor	Services provided	Fees	Fee basis	Other services provided to the Group
Towers Watson	Advice on remuneration policy and structure	£20,000	Both fixed fee and time plus expenses basis	Supporting management, with the approval of the Committee, on matters relating to senior management remuneration. Accounting disclosures for pension costs and risk broking.
Ashurst	Legal services, principally the drafting and application of share plan rules in accordance with policy determined by the Committee	£7,865	Time plus expenses	Ashurst is one of a number of legal firms that provide legal advice and services to the Company on a range of matters.

The Committee also consulted the chairman of the Board, the CEO, the Group HR director, the company secretary and the Group reward director regarding remuneration policy.

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.

In line with best practice, the Committee ensures that the number of new ordinary shares issued in any 10 year period does not exceed 10% of the Company's issued share capital under all the Company's share plans and does not exceed 5% under the LTIP, the LGU and any other executive share plan of the Company (executive schemes).

At 31 March 2015 the EBT held 2,730,695 shares (2014: 2,311,202) to hedge outstanding awards over 3,985,588 shares (2014: 3,925,406) and 451,420 units (2014: 361,169). Using an approximation of one unit to one share, at this date the EBT held shares to satisfy 62% (2014: 54%) of all outstanding awards. In addition as at 31 March 2015, 213,461 shares (2014: 213,461) were held in a separate EBT which are available to satisfy future awards granted under an all-employee share plan arrangement. No new issue shares have been used to satisfy share awards since 2005 and, to date, no treasury shares have been used.

Remuneration report continued

Annual remuneration report

Outside appointments for executive directors

Uwe Krueger is currently a non-executive director of the companies listed in table 25 and retains the fees payable, as outlined in respect of these appointments.

Table 25: Non-executive remuneration for executive directors

Executive director	Organisation name	Remuneration basis
Uwe Krueger	Aggreko plc (UK) from 1 February 2015	£60,000 per annum
	ONTEX S.A. (Zeel, Belgium)	€75,000 per annum
	SUSI Partners AG (Zurich, Switzerland)	1% of the company's value relating to three years' service on the board

Shareholder voting and engagement

The voting results for last year's remuneration report are set out in table 26.

Table 26: Remuneration report shareholder voting results

Resolution	Votes for (m)	% For	Votes against (m)	% Against	Total votes cast (m)	Votes withheld (m)
Approval of the Remuneration Policy	59.96	89.45	7.07	10.55	67.03	0.49
Approval of the Annual Remuneration Report	61.52	91.10	6.01	8.90	67.53	0.02

The Committee and Board were pleased to see an increase in support for the remuneration report in 2014 from the previous year.

Dr Raj Rajagopal

Chairman of the Remuneration Committee
10 June 2015

Remuneration report

Directors' remuneration policy

The Company's remuneration policy was approved by shareholders at the AGM held on 30 July 2014. A copy of the Company's full policy can be found on our investor relations website: www.atkinsglobal.com/investors_remuneration. The policy was intended to apply for three years from 30 July 2014. The table below outlines the current remuneration policy for executive directors together with a high level summary of the implementation of this policy in the financial year ended 31 March 2015 and the financial year ending 31 March 2016. Comprehensive detail in respect of the implementation of policy is provided in the Directors' Annual remuneration report.

Future policy for executive directors

Table 27: Future policy table for executive directors

Fixed pay

Remuneration element	Purpose and link to our strategy	Operation
Base salary	To provide a market-competitive salary to recruit and retain individuals with the skills and experience necessary to deliver the Company's strategic objectives.	<p>Paid monthly in arrears in cash.</p> <p>Reviewed annually with any increase effective from 1 April.</p> <p>May be reviewed on an exceptional basis during the financial year with any changes effective from 1 October. A review does not automatically give rise to an increase in salary.</p> <p>Benchmarked periodically against published salary data for companies of similar size and complexity and against bespoke comparator groups.</p> <p>Considered in light of economic climate, market conditions, Company performance, pay and conditions across the wider workforce, geographic footprint of operations, the individual's role, skills, and remit, and the level of salary increases made in the rest of the business.</p> <p>No recovery provisions apply to salary.</p>
Benefits	To provide a market-competitive remuneration package in a cost effective way.	<p>Benefits, which are subject to regular review to ensure competitiveness, include:</p> <ul style="list-style-type: none"> • an annual cash car allowance or car • life assurance ranging between four and seven times salary • private medical insurance or an allowance for executive directors and their families • medical assessments • income protection in the event that an executive is unable to work due to long-term ill health • personal accident cover • travel allowances and expense reimbursement • professional advice • professional subscriptions • reimbursement of unused annual leave entitlements • reimbursement of taxable expenses incurred on Company matters • flexible leave scheme. <p>No recovery provisions apply to benefits.</p>
Pension	To provide a market-competitive remuneration package that enables executive directors to provide for their retirement in a tax-efficient way.	<p>Monthly payments into a defined contribution plan or cash allowance in lieu of a pension contribution.</p> <p>No recovery provisions apply to pension.</p>

Remuneration report continued

Directors' remuneration policy

To see a copy of the Company's full remuneration policy visit:

 www.atkinglobal.com/investors/remuneration

Remuneration element	Maximum opportunity	Performance framework	Implementation	
			2014/15	2015/16
Base salary	<p>Salary increases will normally not exceed average salary increases across the Group. Increases above this level may be made in specific situations, such as progression and development in the role, material changes to the business, remit or responsibilities and internal promotion. In any event, any increase in salary to a current executive director will not exceed the competitive market range.</p> <p>In the event of the promotion of an existing executive director, for example the finance director becoming chief executive, the salary increase of the relevant executive director will not exceed the salary of the outgoing director holding that office.</p>	When determining salary increases the Committee considers Company and individual performance.	<p>Executive directors received the following increases with effect from 1 April 2014:</p> <p>Heath Drewett – 3.6%</p> <p>Alun Griffiths – 3.4%</p> <p>Uwe Krueger – 3.4%</p> <p>Each increase was below the average salary increase for all employees of 3.96%.</p> <p>James Cullens was appointed on 1 July 2014 on a salary of £270,000.</p>	<p>Executive directors have received the following increases with effect from 1 April 2015:</p> <p>James Cullens – 2.8%</p> <p>Heath Drewett – 2.9%</p> <p>Uwe Krueger – 2.9%</p> <p>Each increase was below the average salary increase for all employees of 3.26%.</p>
Benefits	The Committee reserves the power to deliver benefits which, in aggregate, have a cost of 25% of salary. In certain circumstances it may be necessary to exceed this limit, including (but not limited to) where there are changes in the underlying benefits provided, changes to benefit providers and changes in individual circumstances (such as health status).	Not applicable	<p>Taxable benefits to all executive directors principally comprise of a car allowance and medical insurance/healthcare allowance.</p> <p>In addition, Uwe Krueger receives an allowance for travel expenses incurred between his home and the UK during the first five years following his appointment. He also receives an allowance for professional advice.</p>	Executive directors are expected to receive the same types of benefits as provided in 2014/15.
Pension	<p>The maximum Company contribution is up to 25% of base salary.</p> <p>The Committee may change the directors' pension arrangements in response to new legislation or regulations provided that any changes are cost-neutral.</p>	Not applicable	<p>Alun Griffiths received a cash allowance of 12% of salary until his date of retirement.</p> <p>Other executive directors received the maximum 25% of salary in the form of a cash allowance.</p>	All executive directors will receive the maximum 25% of salary in the form of a cash allowance.

Remuneration report continued

Directors' remuneration policy

Table 27: Future policy table for executive directors
Variable pay

Remuneration element	Purpose and link to our strategy	Operation
Executive Bonus Scheme (EBS)	To incentivise and reward the delivery of stretching annual financial performance targets and key strategic objectives.	<p>A bonus scheme which operates annually. Two thirds of the bonus is paid in cash and one third is deferred into shares over three years subject to continued employment. The deferral into shares is usually structured as a nil-cost share option. Following vesting, the option can be exercised at the discretion of the participant up to the tenth anniversary of grant.</p> <p>Dividend equivalents accrue on the deferred shares and are payable in cash following the vesting and exercise of the nil-cost share option.</p> <p>Annual bonuses do not form part of pensionable earnings and are non-contractual.</p> <p>Measures and performance targets are set by the Committee at the beginning of each financial year with payout determined after year end following the Committee's assessment of performance relative to targets and objectives.</p> <p>The Committee may reduce the amounts paid if there has been a material quality, safety or environmental failure.</p> <p>The shares are subject to malus provisions which allow the Committee to reduce the award in certain circumstances set out in the notes to the policy table.</p>
Long Term Incentive Plan (LTIP)	To incentivise and reward the creation of long-term shareholder value based on the delivery of growth in earnings per share (EPS).	<p>An award is made on an annual basis with vesting conditional upon performance and continued employment over a three year period. Awards are typically structured as nil-cost options. Following vesting, the options can be exercised at the discretion of the participant up to the tenth anniversary of grant.</p> <p>Dividend equivalents accrue on deferred shares and are payable in cash following the vesting and exercise of the nil-cost share option.</p> <p>The shares are subject to malus provisions which allow the Committee to reduce the award in certain circumstances set out in the notes to the policy table.</p>

Remuneration report continued

Directors' remuneration policy

Remuneration element	Maximum opportunity	Performance framework	Implementation	
			2014/15	2015/16
Executive Bonus Scheme (EBS)	<p>The current maximum annual bonus opportunity is 125% of base salary for the chief executive officer and 100% of salary for other executive directors. Base salary is the average salary paid to the executive director for the bonus year.</p> <p>The Committee has the discretion to increase the overall maximum bonus level to 150% of salary for the chief executive and 125% for other executive directors, subject to this not being above the competitive market range. The Committee would consult with the Company's major shareholders in advance of any increase in maximum bonus.</p>	<p>Annual bonus will normally be subject to Group financial targets (75% of total bonus) and individual or non-financial strategic objectives (25% of total bonus).</p> <p>Individual objectives will be directly linked to strategic priorities which may be functional or operational. Assessment, where not quantifiable, is based on judgement and is subject to a rigorous review by the Committee, both at the time objectives are set, during the financial year and at the year end when final performance is assessed. Any amounts due on this component are also subject to achieving a threshold Group financial target.</p> <p>In assessing the formulaic outcomes of targets, the Committee can make adjustments to ensure that any resulting payment is fair to both the executive directors and investors, including the ability to make no payment if deemed appropriate.</p>	<p>Group profit after tax (50%): 98% of maximum achieved</p> <p>Group cash conversion (25%): 100% of maximum achieved</p> <p>Personal objectives (25%): Current executive directors achieved between 85%-90% of maximum</p> <p>Overall: Current executive directors' payouts were between 95.3%-96.5% of their maximum bonus opportunity</p>	<p>The Committee has agreed that the 2015/16 EBS will operate on the same basis as 2014/15. Clawback will also apply.</p>
Long Term Incentive Plan (LTIP)	<p>The maximum annual award limit is 150% of salary. It is not normally expected that awards to exceed 100% salary.</p> <p>In any year that an LGU award is made, awards will be capped at 75% of base salary.</p>	<p>Vesting is subject to a stretching growth target in absolute EPS. This is considered the primary metric for measuring the delivery of our growth objective over the medium and long term.</p> <p>In determining the level of vesting, the Committee will give consideration to: (1) cash conversion over the performance period to ensure that the achieved EPS growth has been suitably underpinned by cash generation; (2) the impact of any significant acquisitions in the performance period; (3) the impact 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 considering these factors the Committee may reduce the level of vesting.</p>	<p>All current executive directors were granted the maximum 75% of base salary award permissible when an LGU award is also granted.</p> <p>If the Company's absolute EPS growth over the three year performance period is less than 5% per annum, none of the awards will vest.</p> <p>At 5% EPS growth per annum, 25% will vest.</p> <p>At 12% EPS growth per annum, 100% will vest, with straight-line vesting for EPS growth between 5% and 12% per annum.</p>	<p>The Committee intends to grant 2015/16 LTIP awards on the same basis as 2014/15. Clawback will also apply.</p>

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Remuneration report continued

Directors' remuneration policy

Table 27: Future policy table for executive directors

Variable pay continued

Remuneration element	Purpose and link to our strategy	Operation
Long-term Growth Unit plan (LGU)	To provide direct alignment with shareholders' interests through sustained share price growth over the long-term (four to six years) and delivery against strategy.	<p>An award of units is made on an annual basis.</p> <p>The award vests in three equal tranches on the fourth, fifth and sixth anniversaries of grant. Following vesting, the units can be exercised at the discretion of the participant up to the tenth anniversary of grant.</p> <p>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. The value is normally delivered in the form of Atkins shares.</p> <p>No more than 50% of any award can be exercised in any rolling 12 month period.</p> <p>There is no entitlement to dividends or dividend equivalents.</p> <p>The shares are subject to malus provisions which allow the Committee to reduce the award in certain circumstances set out in the notes to the policy table.</p>
All-employee share plans	To encourage share ownership across the organisation.	Executive directors can participate in the Share Incentive Plan (SIP) and a Save As You Earn Plan (SAYE) (or equivalent global plans) to the extent that such plans are operated.

Remuneration report continued

Directors' remuneration policy

Remuneration element	Maximum opportunity	Performance framework	Implementation	
			2014/15	2015/16
Long-term Growth Unit plan (LGU)	The maximum annual award limit is 50% of salary.	<p>Value will only be delivered if the Company's share price increases.</p> <p>The vesting of each tranche is subject to the Committee's assessment of the Group's progress against its strategy. Types of areas that would be assessed include margin progression, the geographical split of revenues and growth. The Committee will also determine that share price performance has been suitably underpinned by the underlying financial performance of the Group over the period.</p>	<p>All current executive directors were granted units to the maximum 50% of base salary permissible.</p> <p>The vesting of each tranche of this award will be subject to the Committee's assessment of the Group's progress against its strategy (as stated in the Annual remuneration report (page 98)).</p>	<p>The Committee intends to grant 2015/16 LGU awards on the same basis as 2014/15.</p> <p>Clawback will also apply.</p>
All-employee share plans	Executive directors will be subject to the same maximums in place for all employees participating in the relevant plan or plans.	Not applicable	<p>The Company offered a SIP in 2014/15.</p> <p>Heath Drewett, Alun Griffiths and Uwe Krueger each participated in the SIP in 2014/15.</p>	<p>The Company will continue to offer a SIP in 2015/16.</p> <p>James Cullens, Heath Drewett and Uwe Krueger will participate in the SIP in 2015/16.</p>

Remuneration report continued

Directors' remuneration policy

Additional notes to the future policy table

Malus provisions under incentive arrangements

Deferred shares awarded in connection with the EBS and LTIP and LGU awards are subject to malus provisions which allow the Committee to reduce awards in certain circumstances including (but 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 executive director's misconduct.

Administrative powers under incentive plans

Any awards made under legacy incentive plans prior to the approval of the Company's remuneration policy may be paid out subject to the terms of those plans (as originally applied at grant or subsequently amended) and the relevant performance conditions being achieved.

Administrative powers under incentive plans

The policy table provides a summary of the incentive plans in the form required by the Regulations. In addition to the operational features described, the Committee retains standard administrative powers such as inviting individuals to participate and determining the structure of an award and deciding whether or not to apply malus provisions. These powers, as set out in the rules of the plans, will continue to apply.

Selection of performance measures and target setting

The Committee has the flexibility to select performance measures and weightings and set targets annually to ensure continuing alignment with the strategic priorities of the Group. Any significant departure from the current operation of the policy as set out in the annual remuneration report would be discussed in advance with our major shareholders.

In selecting performance measures the Committee takes into account the Group's strategic objectives and short- and long-term business priorities. The performance measures selected incentivise and reward the delivery of stretching financial performance and the creation of shareholder value.

The performance targets chosen are set in accordance with the Group's operating plan and are reviewed annually to ensure they are sufficiently stretching. In selecting the targets the Committee also takes into account analysts' forecasts, economic conditions and the Committee's expectation of performance over the relevant period. Targets and actual performance in relation to them will be disclosed in the annual remuneration report provided that the Committee determines that the information is not considered commercially sensitive. In practice it is anticipated that EBS targets will remain commercially sensitive and so a full description of actual performance and the Committee's performance assessment will be disclosed only at such time as the Committee considers they are no longer commercially sensitive. LTIP targets will be disclosed in the remuneration report prior to grant if determined at that time or, if not, in the first report following grant. For LGU awards, a full explanation will be provided on vesting of the performance assessment in the context of the Group's strategic priorities over the period.

Share ownership guidelines

The Company's shareholding guidelines seek to strengthen further the alignment of the executive directors with shareholders. Executive directors are expected to build up a significant interest in the Company's shares equivalent to one times their individual salaries, based on the value of such shares at the time of their acquisition or their current market value, whichever is the higher. Shares that count towards this guideline include those held by the executive director's spouse and/or dependent children plus any vested shares awarded under a Company share plan.

Our share ownership guidelines were adopted on 1 April 2012. Executive directors are expected to meet the guideline within a five year period from 1 April 2012 or, if later, the date of their appointment to the Board. The Committee may vary the length of the periods within which the shareholding may be acquired.

Remuneration report continued

Directors' remuneration policy

Other remuneration policies relating to executive directors

During 2014/15:

- James Cullens was appointed as an executive director
- Uwe Krueger was appointed as a non-executive director of Aggreko plc.

The relevant approved policies relating to recruitment, termination and external directorships have therefore been restated in this report for ease of reference.

Recruitment and appointment of executive directors

The Committee determines the remuneration package for all new executive directors appointed to the Board. Such appointees may be individuals who are already employed by the Group or from elsewhere.

In determining the appropriate remuneration package for a new executive director the Committee will consider the calibre of the candidate, the level of their existing remuneration, the jurisdiction the candidate is recruited from and their skills and experience, data for companies of a similar size and complexity and contextual information regarding remuneration paid to employees elsewhere in the Group.

The remuneration of a new executive director will include all elements set out in the policy table (table 27), namely salary, benefits, pension, participation in the EBS and long-term incentive awards under the LTIP and LGU. Depending on the level of salary set on appointment, the Committee may make larger initial increases to move salary to the desired level during the first three years following appointment. The maximum opportunity levels in relation to other elements of remuneration outlined in the policy table (table 27) will apply.

Depending on the timing and circumstances of the appointment, the Committee may vary the weighting of objectives under the EBS in the first year that the individual serves on the Board.

For an external appointment the offer may include compensation for the forfeiture of awards from a previous employer. In assessing the level of such a 'buyout' award, the Committee will take into account the type of incentive scheme, performance targets (and whether they are likely to be achieved) and the performance period of the forfeited award. In so doing the Committee will seek to ensure up to equivalence in value. To the extent that the Committee determines that it is appropriate, such awards will be share based with vesting subject to appropriate performance targets. The Committee reserves the right to rely on exemption 9.4.2 of the Listing Rules to enable a buyout award to be made. In such circumstances any arrangement put in place will only compensate for remuneration lost and will take the form of performance-related variable remuneration. For internal promotions, the Committee reserves the right to satisfy pre-existing executive incentive awards and other obligations which may be in place at the time of appointment.

Termination policy for executive directors

In line with current market practice, the executive directors have rolling service contracts which are terminable on giving 12 months' notice. On the recruitment of an executive director who previously had a longer notice period (commonly seen outside the UK), the Committee reserves the right to mirror the notice period with it reducing on a rolling basis to 12 months within two years of appointment.

No service agreement provides for predetermined amounts of compensation in the event of early termination of service contracts or a change in control.

The Committee retains its discretion to make a payment in lieu of notice which will be limited to one year's base salary, benefits and pension. The Committee also retains its discretion to make phased payments. The service agreements include a duty for the executive director to mitigate loss and any payment in lieu of notice may be reduced to take account of such mitigation (for example if alternative employment is taken up). There is no contractual obligation to pay annual bonus. Depending on the circumstances, the Committee has the discretion to make a pro rata bonus payment, linked to the original performance standards and delivered entirely in cash.

The executive directors' entitlements to any bonus and unvested share awards granted in connection with the EBS or under the terms of the LTIP and LGU will be treated in accordance with the terms of the relevant plan rules, summarised in table 28.

Remuneration report continued

Directors' remuneration policy

Table 28: Executive directors' entitlements to bonus and unvested share awards

	EBS – cash award	EBS – deferred share award
Agreed termination (e.g. retirement or ill health)	Award pro-rated subject to performance conditions being satisfied.	Vested and unvested award exercisable/transferable within six months of leaving. The entire EBS entitlement will be paid in cash with no deferred share award.
Termination for gross misconduct or other grounds of fair dismissal	No entitlement.	Vested award exercisable/transferable within six months of leaving; unvested award lapses.
Termination due to resignation for another role	No entitlement if employment ceases prior to the completion of the performance period. If employment ceases after the completion of the performance period the maximum two-thirds EBS cash may be paid subject to performance conditions being satisfied.	Vested award exercisable/transferable within six months of leaving; unvested award lapses. If employment ceases after the completion of the performance period the one-third EBS deferred share award will be forfeited.
Corporate event (e.g. change in control, reconstruction, winding-up)	Award pro-rated subject to performance conditions being satisfied.	Vested and unvested awards exercisable/transferable on corporate event.

Remuneration report continued

Directors' remuneration policy

	LTIP award	LGU award	Treatment of Alun Griffiths' bonus and share awards
Agreed termination (e.g. retirement or ill health)	Unvested award pro-rated and exercisable/transferable within six months from the vesting date subject to satisfaction of performance condition. Vested award exercisable/transferable within six months of leaving.	Unvested award pro-rated and subject to the normal vesting schedule and satisfaction of underpin. Vested award exercisable/transferable within six months of leaving.	Alun Griffiths retired from the Company on 30 July 2014. In line with the policy for agreed termination, the treatment of his bonus and share awards was as follows: <ul style="list-style-type: none"> his 2014/15 bonus (£235,000) was paid entirely in cash in July 2014 his pro rata 2015/16 bonus (£79,751) will be paid entirely in cash in July 2015 his unvested deferred share awards vested on 30 July 2014 and were exercised on 8 September 2014 his unvested LTIP and LGU awards have been adjusted pro rata for time and he will have six months from the respective vesting dates to exercise these awards subject to the satisfaction of the relevant performance conditions and application of malus provisions.
Termination for gross misconduct or other grounds of fair dismissal	Vested award exercisable/transferable within six months of leaving. Unvested award lapses.	Vested award exercisable within six months of leaving. Unvested units lapse.	
Termination due to resignation for another role	Vested award exercisable/transferable within six months of leaving. Unvested award lapses.	Vested award exercisable within six months of leaving. Unvested units lapse.	
Corporate event (e.g. change in control, reconstruction, winding-up)	Unvested award pro-rated and exercisable/transferable on corporate event if performance condition has been satisfied. Vested award exercisable/transferable within six months of the corporate event.	Unvested award pro-rated and exercisable on corporate event if underpin has been satisfied. Vested award exercisable/transferable within six months of the corporate event.	

Remuneration report continued

Directors' remuneration policy

The Committee reserves the right to make additional compensatory payments where such payments are made in good faith and following the receipt of: (i) the discharge of an existing legal obligation (or by way of damages for breach of such an obligation); and (ii) settlement or compromise of any claim arising in connection with the termination of a director's office or employment. Payment of the leaver's reasonable legal fees will also be permissible.

External directorships

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. The Board also encourages executive directors to undertake pro bono appointments with charitable or professional organisations to aid their personal development and further enhance the profile of the Company.

Remuneration policy for the chairman and non-executive directors

Table 29 summarises the remuneration policy for the Company's chairman and non-executive directors.

Table 29: Remuneration policy for the Company's chairman and non-executive directors

Component of remuneration	Fixed fees		
Purpose and link to strategy	To attract and retain high-calibre individuals by offering market-competitive fixed fees commensurate with time commitment and responsibilities.		
Operation	<p>Fees</p> <p>All fees are paid in cash in arrears.</p> <p>The chairman is paid a basic fee. The non-executive directors are paid a basic fee and, if applicable, additional fees for chairmanship and membership of the Audit and Remuneration Committees. An additional fee is also paid to the director who serves as the senior independent director.</p> <p>Reviewed annually by the executive directors with any changes effective from 1 April. A review does not automatically give rise to an increase in fees.</p> <p>Benchmarked periodically against published fee data for companies of similar size and complexity and bespoke comparator groups as appropriate to ensure that fees remain market-competitive.</p> <p>Considered in light of economic climate, market conditions, Company performance, pay and conditions across the wider workforce, the non-executive director role, remit and the level of salary increases made in the rest of the business.</p> <p>No recovery provisions apply to fees.</p> <p>Expenses</p> <p>Fees for the chairman are currently inclusive of normal travel expenses for travelling to and from the Group's London office. However, the Committee may pay such expenses in the future. Expenses are payable on all travel and subsistence payments to the non-executive directors and are grossed up where such expenses are deemed to be a taxable benefit by HM Revenue & Customs (HMRC). The Company may also meet the cost of compliance with HMRC's individual reporting requirements where the director is not resident in the UK. The chairman and non-executive directors are not eligible for a pension, share incentives, annual bonus or any similar payments other than out-of-pocket expenses in connection with the performance of their duties.</p>		
Opportunity	<p>Fee increases for non-executive directors will normally not exceed the average salary increases across the Group. Increases above this level may be made in specific situations, such as significant additional time commitment from non-executive directors in exceptional or unforeseen circumstances. The details and reasoning behind such an exceptional increase will be disclosed in the annual remuneration report.</p> <p>In aggregate, total fees (basic fees plus additional fees) paid to the chairman and non-executive directors shall not exceed £600,000 per annum as set out in the Company's articles of association (as amended with shareholder approval from time to time).</p>		
Performance	When determining fee increases the performance and time commitment of the non-executive directors is considered.		
Implementation	<table border="0"> <tr> <td style="vertical-align: top;"> <p>2014/15</p> <p>With effect from 1 April 2014, the chairman's fee was increased by 3.4% and the non-executive directors' annual fees by 3.5% compared to an average salary increase for all employees of 3.96%.</p> <p>There was no change to the committee membership or chairmanship fees.</p> </td> <td style="vertical-align: top;"> <p>2015/16</p> <p>With effect from 1 April 2015, the chairman's fee has increased by 2.2%, non-executive directors' annual fees by 2.3%, committee chairmanship fees by 6.7% and the senior independent director's fee by 10% compared to an average salary increase for all employees of 3.26%.</p> <p>There was no change to committee membership fees.</p> </td> </tr> </table>	<p>2014/15</p> <p>With effect from 1 April 2014, the chairman's fee was increased by 3.4% and the non-executive directors' annual fees by 3.5% compared to an average salary increase for all employees of 3.96%.</p> <p>There was no change to the committee membership or chairmanship fees.</p>	<p>2015/16</p> <p>With effect from 1 April 2015, the chairman's fee has increased by 2.2%, non-executive directors' annual fees by 2.3%, committee chairmanship fees by 6.7% and the senior independent director's fee by 10% compared to an average salary increase for all employees of 3.26%.</p> <p>There was no change to committee membership fees.</p>
<p>2014/15</p> <p>With effect from 1 April 2014, the chairman's fee was increased by 3.4% and the non-executive directors' annual fees by 3.5% compared to an average salary increase for all employees of 3.96%.</p> <p>There was no change to the committee membership or chairmanship fees.</p>	<p>2015/16</p> <p>With effect from 1 April 2015, the chairman's fee has increased by 2.2%, non-executive directors' annual fees by 2.3%, committee chairmanship fees by 6.7% and the senior independent director's fee by 10% compared to an average salary increase for all employees of 3.26%.</p> <p>There was no change to committee membership fees.</p>		

Independent auditor's report to the members of WS Atkins plc

Report on the financial statements

Our opinion

In our opinion:

- WS Atkins plc's Group financial statements and Company financial statements (the Financial Statements) give a true and fair view of the state of the Group's and of the Company's affairs as at 31 March 2015 and of the Group's profit and the Group's and the Company's cash flows for the year then ended
- the Group Financial Statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU)
- the Company Financial Statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the International Accounting Standard Regulation.

What we have audited

WS Atkins plc's financial statements comprise:

- the Consolidated and Parent Company Balance Sheets as at 31 March 2015
- the Consolidated Income Statement and Statement of Comprehensive Income for the year then ended
- the Consolidated and Parent Company Statements of Cash Flows for the year then ended
- the Consolidated and Parent Company Statements of Changes in Equity for the year then ended
- the notes to the Financial Statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the Financial Statements. These are cross-referenced from the Financial Statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the Financial Statements is applicable law and IFRSs as adopted by the EU and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Our audit approach

Overview



- Overall Group materiality: £5.6 million (2014: £5.3m) which represents 5% of profit before tax, adjusted for exceptional items

- The focus of our work was on the United Kingdom and Europe, North America, Middle East and Energy reporting units

- Timing and accuracy of contract revenue and profit recognition
- Goodwill impairment assessment, particularly in the Group's North America and Aerospace divisions
- Valuation of net retirement plan liabilities
- Provisions for uncertain tax positions
- Captive insurance claim provisions

Independent auditor's report continued to the members of WS Atkins plc

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (ISAs (UK & Ireland)).

We designed our audit by determining materiality and assessing the risks of material misstatement in the Financial Statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as 'areas of focus' in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the Financial Statements as a whole, and any comments we make on the outcome of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Area of focus	How our audit addressed the area of focus
<p>Timing and accuracy of contract revenue and profit recognition Refer to the Audit Committee report (page 86) and Revenue Recognition and Contract Accounting (page 139).</p> <p>We focused on this area because the timing of revenue recognition, forecasts of costs to complete and the recognition of variations on fixed price contracts have inherent complexities in the design, engineering and construction industries.</p> <p>The Group enters into contracts, many of which are complex and long-term in nature and can span a number of reporting periods.</p> <p>The total amount of revenue and profit to be recognised under a contract can be affected by changes in conditions and circumstances over time, such as:</p> <ul style="list-style-type: none"> • variations to the original contract terms • cost overruns • scope changes that require further negotiation and settlement. <p>Variations can arise from changing client specifications, changes to the job based on unforeseen circumstances (e.g. macroeconomic factors), as well as from inefficiencies on the part of either party. There can be some uncertainties, therefore, in determining the amounts to be recovered from any additional work performed.</p> <p>The timing of revenue recognition is subject to judgements surrounding the costs expected to be incurred in completing the work, as revenue on fixed price contracts is recognised on a percentage completion basis. There is also the opportunity to misstate the amount of variations expected.</p> <p>Given the degree of subjectivity involved in determining costs to complete and the magnitude of variations, there is also scope for error in the calculation of revenue and the opportunity to misstate the allocation of revenue between reporting periods.</p> <p>The risk is, therefore, that contract revenue is not recognised in the correct period or that revenue and associated profit is misstated.</p>	<p>We evaluated the IT systems used in the determination of revenue recognition by testing access and change management controls. We also tested the internal controls over the timing of revenue recognition in the Financial Statements. Based on the results of this testing, we placed a high level of reliance on controls for the purposes of our testing of revenue and designed our further testing accordingly.</p> <p>We selected a number of contracts, using risk based criteria, which included individual contracts:</p> <ul style="list-style-type: none"> • with significant revenue recognised in the year or • with forecast losses or • with significant unbilled work in progress balances or • that had been identified by management as higher risk. <p>To assess whether revenue and profit is accurately recorded, we tested the forecast costs to complete on a sample of contracts by obtaining an understanding from project managers as to how they had estimated these costs, challenging the assumptions, for example by assessing forecast hours against historical and current run rates underpinning those estimates, evaluating the outturn of previous estimates and agreeing the actual costs incurred post-year end to the forecast costs for the period. We also assessed how the project managers determined that the stage of completion was correctly calculated and the appropriateness of variations recognised through obtaining their calculations and agreeing the inputs to documentary evidence or our independently formed expectation as appropriate. We found that the costs to complete and variations taken to value were appropriate.</p> <p>For an additional sample, we tested the monthly monitoring of the total forecast revenue for the contract, costs expected to be incurred in its completion, the profit recognised to date and the working capital position on the contract. This was tested by checking electronic sign off by a suitable individual. No significant issues were noted from our work.</p> <p>To test the timing of contract revenue, we challenged senior management's judgements on the completeness of work for our sample of contracts by checking original contracts, amendments to contracts, where applicable (e.g. due to agreed variations), and checking that the contractual milestones had been reached. We also read and considered the implications of correspondence with customers (both upon the acceptance of work done and relating to disputes).</p> <p>No significant issues were noted from our work.</p>

Independent auditor's report continued to the members of WS Atkins plc

Area of focus	How our audit addressed the area of focus
<p>Goodwill impairment assessment, particularly in the Group's North America and aerospace divisions</p> <p>Refer to the Audit Committee report (page 86) and Note 14 Goodwill (page 161).</p> <p>We focused on this area because the determination of whether or not an impairment charge is required involves significant judgement, including forecasting the future results of the business by estimating future sales growth rates, profit margins and inflation rates and determining the discount rate for the calculations.</p> <p>We particularly focused on the goodwill held in respect of the North American business as this accounts for £144.7m (59%) of the total goodwill of £244.4m and has historically had the least relative headroom, but in respect of which no impairment charge has been recognised in the year.</p> <p>We also focused on the Directors' assessment of impairment within the aerospace business to check that the impairment charge of £2.8m recognised in the year is sufficient to reflect the downturn in this business.</p> <p>IFRSs require complex and often detailed disclosure in the financial statements about goodwill and impairment. In addition to reviewing the need for any impairment charge, we focused on these disclosures because they form a valuable communication, enabling users of the Financial Statements to understand the basis for any impairment recognised or not recognised.</p>	<p>We evaluated the Directors' future cash flow forecasts and the process by which they were drawn up, including comparing them to the latest Board-approved budgets, and testing the underlying calculations. We challenged the Directors' key assumptions for:</p> <ul style="list-style-type: none"> • short-term sales growth rates and profit margins in the forecasts by comparing them to short-term historical results and economic industry forecasts • long-term growth rates in the forecasts by comparing them to long-term historical results and economic industry forecasts • the discount rate, by assessing the cost of capital for all cash generating units (CGUs), using our specialist valuations knowledge and comparing the Company's key inputs to externally derived data. <p>We compared the current year actual results to the figures for the financial year ended 31 March 2015 included in the prior year impairment models to consider whether any forecasts included assumptions that, with hindsight, had been optimistic. Actual performance in the Atkins North America and European aerospace businesses was found to be lower than expected so we checked and found that the Directors had appropriately reflected this in the current year cash flow models.</p> <p>Using our own independent analysis, we assessed sensitivity analysis that had been performed by management around the key drivers of the cash flow forecasts, which were:</p> <ul style="list-style-type: none"> • the discount rate • the projected operating profit margins <p>to identify how much each of these key drivers needed to change, either individually or collectively, before the goodwill was impaired.</p> <p>Having ascertained the extent of change in those assumptions that either individually or collectively would be required for the goodwill to be impaired, we considered the likelihood of such a movement in those key assumptions arising.</p> <p>We found that the discount rate applied by the Directors was in line with the cost of capital for North American businesses and the profit margins and short- and long-term growth rates were in line with those forecasts presented to the Board and those of the US market.</p> <p>We considered the related disclosures in note 14 to the Financial Statements by checking that they were compliant with IFRSs and that their presentation was consistent with our understanding of the key issues in this area. We found that they appropriately describe the inherent degree of subjectivity in the estimates and the potential impact on future periods of revisions to these estimates, including specific disclosures on the key assumptions most sensitive to reasonable possible change.</p>
<p>Valuation of net retirement plan liabilities</p> <p>Refer to Note 29 Post-employment benefit liabilities (pages 182 to 191).</p> <p>The Group operates two significant defined benefit plans and total net post-retirement liabilities of £298.4m which are significant in the context of the overall balance sheet of the Group: the Atkins Pension Plan and the Railways Pension Scheme.</p> <p>We focused on this area because the valuation of plan liabilities requires significant levels of judgement and technical expertise in choosing appropriate assumptions. Unfavourable changes can result in a number of key assumptions (including salary increases, inflation, discount rates and mortality) having a material impact on the calculation of the liability.</p> <p>There is also some judgement in the measurement of the fair value of pension assets giving rise to a risk of material misstatement in their valuation.</p>	<p>We liaised with the Group's actuaries and used our own actuarial expertise to evaluate the Directors' assessment of the assumptions made in relation to the valuations of the liabilities and assets in the pension plans. We compared the assumptions around salary increases and mortality rates to national and industry averages. We checked with the Group's actuaries that there had been no significant events or settlements that would impact the current pension balances and disclosures.</p> <p>We tested the Group's contributions to the bank statements and the pensions paid out of the schemes by tracing them to the pension scheme bank accounts.</p> <p>We also tested the valuations of pension plan liabilities and assets as follows:</p> <ul style="list-style-type: none"> • to test the inputs to the calculation of the liabilities, we compared the discount and inflation rates used in the valuation of the pension liabilities to our internally developed benchmarks and found that they were consistent • to test the valuation of the assets, we obtained third party confirmations on ownership and valuation of pension assets. We found these confirmations to be consistent with the amounts disclosed in the financial statements. <p>The evidence we obtained supported the carrying value of the net retirement plan liabilities.</p>

Independent auditor's report continued to the members of WS Atkins plc

Area of focus	How our audit addressed the area of focus
<p>Provisions for uncertain tax positions Refer to Note 7 Income tax expense and Note 18 Deferred income tax (pages 152 to 153 and 166 to 167).</p> <p>We focused on this area due to the judgement required in assessing the completeness and valuation of provisions to cover the risk of challenge of certain of the Group's tax positions. Provisions are held principally in respect of:</p> <ul style="list-style-type: none"> • current tax deductions • ongoing tax audits. 	<p>We evaluated and challenged management's rationale for the level of provisions held. Where relevant, we obtained and assessed supporting documentation used by management to formulate the provisions, and considered the reasonableness of management's best estimate assessments. To do this:</p> <ul style="list-style-type: none"> • we assessed the impact of tax rate changes and other factors on the current tax • we considered the status of recent and current tax enquiries in the UK and the US, and the macro-tax environment in each territory • we considered the sensitivity of management's probability estimates used to calculate the value of provisions, where relevant • we discussed with management all issues known to us, and considered the sufficiency of provisions in light of the matters discussed. <p>The evidence we obtained supported the amounts provided for uncertain tax positions.</p>
<p>Captive insurance claim provisions The Group operates a captive insurance company, which provides self-insurance against claims such as professional indemnity and income protection. The most significant provisions relate to alleged deficiencies found in work performed by the Group.</p> <p>We focused on this area because the determination of the size of the provisions held and the settlement amounts are inherently judgemental.</p>	<p>We obtained the Group's schedule for the professional indemnity claims and checked it was complete by comparing it to Board minutes and correspondence with the Group's legal counsel. For each material claim we discussed the issue with the Group's internal legal counsel and management of the captive insurance company in order to understand the latest position of the proceedings and assess the Directors' views as to the strength of the claim against the Group.</p> <p>We obtained a schedule from management detailing the income protection claim provisions per underwriting year. We discussed the controls in place around the claims cycles with management and obtained evidence that controls had been working during the year. We checked year end provisions to Board minutes and to claims schedules provided by the Group's claims specialists and evaluated the specialists as being suitably qualified or experienced.</p> <p>We sought management explanation for significant movements in the period and substantiated management's claims by confirming with insurers, legal correspondence where possible and the Group's legal counsel. From the evidence obtained, we consider the level of provisioning at the balance sheet date to be acceptable.</p>

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographic structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group reports its operating results and financial position in five segments, being United Kingdom and Europe, North America, Middle East, Asia Pacific and Energy. The Group Financial Statements are a consolidation of the Group's operating businesses and central functions.

The Group's operating reporting units vary significantly in size, the most significant being the United Kingdom and Europe segment. For the purposes of our scoping we divided this reporting unit further by identifying those significant areas where we needed to focus our work. This included performing work on the shared service facility, giving us evidence over the centralised processes in the UK, and the key UK operating businesses selected based on their size or risk characteristics (e.g. rail). We also performed an audit of the complete financial information of North America, the Middle East and UK Energy. We issued instructions to our overseas teams, which included guidance on the areas of focus for the audit; we then had regular communication with them and a senior member of the Group team also attended all planning and clearance meetings, either in person or by telephone. The Group engagement leader visited both North America and the Middle East for the clearance meetings. Further specific audit procedures over Group functions and areas of significant judgement, including taxation, goodwill, treasury, post-retirement benefits and material litigation were performed at the Group's head office.

Independent auditor's report continued to the members of WS Atkins plc

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the Financial Statements as a whole as follows:

Overall Group materiality	£5.6 million (2014: £5.3 million).
How we determined it	5% of profit before tax, adjusted for exceptional items, which for FY15 consisted of costs attributable to an unsuccessful acquisition pursuit.
Rationale for benchmark applied	Consistent with last year, we believed that profit adjusted for exceptional items best represents the Group's underlying performance as this eliminates items of income or expense that are one-off and significant in nature or amount.

We agreed with the Audit Committee that we would report to them individual misstatements identified during our audit above £0.5m (2014: £0.5m) as well as misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Going concern

Under the Listing Rules we are required to review the Directors' statement (page 71) in relation to going concern. We have nothing to report having performed our review.

As noted in the Directors' statement, the Directors have concluded that it is appropriate to prepare the Financial Statements using the going concern basis of accounting. The going concern basis presumes that the Group and Company have adequate resources to remain in operation, and that the Directors intend them to do so, for at least one year from the date the Financial Statements were signed. As part of our audit we have concluded that the Directors' use of the going concern basis is appropriate.

However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Group's and Company's ability to continue as a going concern.

Other required reporting

Consistency of other information

Companies Act 2006 opinion

In our opinion, the information given in the Strategic Report and the Directors' report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

Figure 1: ISAs (UK & Ireland) reporting:

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:	
<ul style="list-style-type: none"> Information in the Annual Report is: <ul style="list-style-type: none"> – materially inconsistent with the information in the audited Financial Statements or – apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group and Company acquired in the course of performing our audit or – otherwise misleading 	<ul style="list-style-type: none"> We have no exceptions to report arising from this responsibility
<ul style="list-style-type: none"> the statement given by the Directors (page 71), in accordance with provision C.1.1 of the UK Corporate Governance Code (the Code), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group's and Company's performance, business model and strategy is materially inconsistent with our knowledge of the Group and Company acquired in the course of performing our audit 	<ul style="list-style-type: none"> We have no exceptions to report arising from this responsibility
<ul style="list-style-type: none"> the section of the Annual Report (page 84), as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee 	<ul style="list-style-type: none"> We have no exceptions to report arising from this responsibility

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us or
- the Company's Financial Statements and the part of the Directors' Remuneration report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Independent auditor's report continued to the members of WS Atkins plc

Directors' remuneration

Directors' remuneration report – Companies Act 2006 opinion

In our opinion, the part of the Directors' Remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Other Companies Act 2006 reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from these responsibilities.

Corporate governance statement

Under the Listing Rules we are required to review the part of the corporate governance statement relating to the Company's compliance with ten provisions of the Code. We have nothing to report having performed our review.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Directors' Statement of Responsibility (pages 70 and 71), 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 ISAs (UK & 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.

What an audit of financial statements involves

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 the Company's circumstances and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made by the Directors
- the overall presentation of the Financial Statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the Financial Statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Financial Statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Martin Hodgson (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
10 June 2015

Financial Statements

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Consolidated Income Statement

For the year ended 31 March 2015

	Note	Group 2015 £m	Group 2014 £m
Revenue	2	1,756.6	1,750.1
Cost of sales		(1,049.2)	(1,065.0)
Gross profit		707.4	685.1
Administrative expenses		(588.9)	(571.4)
Operating profit	2, 4	118.5	113.7
Comprising			
– Underlying operating profit		134.1	116.4
– Exceptional items	10	(4.4)	–
– Impairment of goodwill	14	(2.8)	–
– Amortisation of acquired intangibles	15	(6.9)	(2.7)
– Deferred acquisition payments	9	(1.5)	–
		118.5	113.7
Net profit on disposal of businesses	8	0.4	10.5
Income from other investments		2.2	1.2
Share of post-tax profit from joint ventures	2, 3	0.1	2.4
Profit before interest and tax		121.2	127.8
Finance income	6	4.8	4.2
Finance costs	6	(19.3)	(17.8)
Net finance costs	6	(14.5)	(13.6)
Profit before tax		106.7	114.2
Comprising			
– Underlying profit before tax		121.9	106.4
– Exceptional items	10	(4.4)	–
– Impairment of goodwill	14	(2.8)	–
– Amortisation of acquired intangibles	15	(6.9)	(2.7)
– Deferred acquisition payments	9	(1.5)	–
– Net profit on disposal of businesses	8	0.4	10.5
		106.7	114.2
Income tax expense	7	(21.0)	(17.9)
Profit for the year		85.7	96.3
Profit attributable to:			
Owners of the parent		85.7	96.0
Non-controlling interests		–	0.3
		85.7	96.3
Earnings per share			
Basic earnings per share	12	87.8p	98.4p
Diluted earnings per share	12	85.4p	95.8p
Underlying diluted earnings per share	12	97.1p	85.7p

The notes on pages 135 to 199 are an integral part of these Financial Statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2015

	Note	Group 2015 £m	Group 2014 £m
Profit for the year		85.7	96.3
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss			
Remeasurements of net post-employment benefit liabilities	29	6.0	(63.5)
Income tax on items that will not be reclassified	29, 7	(1.5)	6.4
		4.5	(57.1)
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges		3.6	(2.3)
Net differences on exchange		20.7	(21.6)
Total items that may be reclassified subsequently to profit or loss		24.3	(23.9)
Other comprehensive income/(expense) for the year, net of tax	7	28.8	(81.0)
Total comprehensive income for the year		114.5	15.3
Attributable to:			
Owners of the parent		114.5	15.0
Non-controlling interests		-	0.3
Total comprehensive income for the year		114.5	15.3

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in note 7.

The notes on pages 135 to 199 are an integral part of these Financial Statements.

Consolidated and Parent Company Balance Sheets

As at 31 March 2015

	Note	Group 2015 £m	Group 2014 £m	Company 2015 £m	Company 2014 £m
Assets					
Non-current assets					
Goodwill	14	244.4	204.0	-	-
Other intangible assets	15	54.3	35.4	-	-
Property, plant and equipment	16	53.6	46.7	-	-
Investments in subsidiaries	17	-	-	206.7	201.0
Investments in joint ventures	3	3.8	4.2	-	-
Deferred income tax assets	18	76.8	82.7	-	-
Derivative financial instruments	21	1.2	-	-	-
Other receivables	22	20.7	19.9	0.9	-
		454.8	392.9	207.6	201.0
Current assets					
Trade and other receivables	23	476.5	418.1	169.6	165.7
Financial assets at fair value through profit or loss	24	33.4	31.5	-	-
Cash and cash equivalents	25	235.4	237.3	-	-
Derivative financial instruments	21	1.3	0.4	-	-
		746.6	687.3	169.6	165.7
Liabilities					
Current liabilities					
Borrowings	26	(61.1)	(55.3)	(63.6)	(57.6)
Trade and other payables	27	(510.8)	(453.1)	(67.1)	(77.2)
Derivative financial instruments	21	(0.6)	(2.7)	-	-
Current income tax liabilities		(40.2)	(31.6)	-	-
Provisions for other liabilities and charges	28	(0.8)	(0.8)	-	-
		(613.5)	(543.5)	(130.7)	(134.8)
Net current assets		133.1	143.8	38.9	30.9

Consolidated and Parent Company Balance Sheets

continued

	Note	Group 2015 £m	Group 2014 £m	Company 2015 £m	Company 2014 £m
Non-current liabilities					
Borrowings	26	(50.2)	(45.5)	(50.2)	(45.5)
Provisions for other liabilities and charges	28	(2.6)	(3.3)	–	–
Post-employment benefit liabilities	29	(316.6)	(339.0)	–	–
Derivative financial instruments	21	(0.2)	(1.7)	–	–
Deferred income tax liabilities	18	(10.1)	(15.5)	–	–
Other non-current liabilities	30	(3.2)	(1.5)	–	–
		(382.9)	(406.5)	(50.2)	(45.5)
Net assets					
	2	205.0	130.2	196.3	186.4
Capital and reserves					
Ordinary shares	31	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		133.0	58.2	124.5	114.6
Equity attributable to owners of the parent		204.8	130.0	196.3	186.4
Non-controlling interests		0.2	0.2	–	–
Total equity		205.0	130.2	196.3	186.4

The Financial Statements on pages 128 to 199 were approved by the Board on 10 June 2015 and signed on its behalf by:

Prof Dr Uwe Krueger
Director

Heath Drewett
Director

The notes on pages 135 to 199 are an integral part of these Financial Statements.

Consolidated and Parent Company Statements of Cash Flows

For the year ended 31 March 2015

	Note	Group 2015 £m	Group 2014 £m	Company 2015 £m	Company 2014 £m
Cash flows from operating activities					
Cash generated from operations	33	133.9	95.5	0.6	4.7
Interest received		4.9	3.6	3.2	0.7
Interest paid		(4.8)	(5.6)	(3.9)	(6.0)
Income tax paid		(17.8)	(10.9)	–	–
Net cash generated from/(used in) operating activities		116.2	82.6	(0.1)	(0.6)
Cash flows from investing activities					
Acquisitions of subsidiaries					
– consideration	9	(57.2)	(9.5)	–	–
– cash acquired	9	3.9	2.8	–	–
Loans to joint ventures and other related parties		(1.6)	(0.4)	–	–
Distributions received from joint ventures		0.7	5.6	–	–
Purchases of property, plant and equipment	16	(19.9)	(13.5)	–	–
Proceeds from disposals of property, plant and equipment		0.1	0.9	–	–
Proceeds from disposal of businesses	8	3.3	16.0	–	–
Payments associated with disposal of businesses	8	–	(2.6)	–	–
Dividends received from other investments		2.2	1.2	–	–
Dividends received		–	–	40.7	45.4
Net (purchase of)/disposal proceeds from financial assets	34	(1.3)	4.2	–	–
Purchases of intangible assets	15	(5.4)	(4.3)	–	–
Net cash (used in)/generated from investing activities		(75.2)	0.4	40.7	45.4
Cash flows from financing activities					
Proceeds of new bank loans		10.0	–	10.0	–
Repayment of bank loans		(10.0)	–	(10.0)	–
Redemption of loan notes receivable		0.1	0.5	–	–
Finance lease principal payments	34	–	(0.6)	–	–
Purchase of own shares by employee benefit trusts		(15.0)	(8.4)	–	–
Equity dividends paid to shareholders	11	(33.4)	(31.7)	(33.4)	(31.7)
Loans granted to Group companies		–	–	(13.0)	(10.5)
Repayment of loans to Group companies		–	–	5.4	0.1
Repayment of loans from Group companies		–	–	–	(5.3)
Net cash used in financing activities		(48.3)	(40.2)	(41.0)	(47.4)
Net (decrease)/increase in cash and cash equivalents		(7.3)	42.8	(0.4)	(2.6)
Cash and cash equivalents and bank overdraft at beginning of year		237.3	201.5	(2.4)	0.3
Exchange movements		5.4	(7.0)	0.2	(0.1)
Cash and cash equivalents and bank overdraft at end of year	25, 26	235.4	237.3	(2.6)	(2.4)

The notes on pages 135 to 199 are an integral part of these Financial Statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2015

Group	Note	Attributable to owners of the parent				Total £m	Non- controlling interests £m	Total equity £m
		Ordinary shares £m	Share premium account £m	Merger reserve £m	Retained earnings £m			
Balance at 1 April 2013		0.5	62.4	8.9	74.7	146.5	(0.2)	146.3
Profit for the year		-	-	-	96.0	96.0	0.3	96.3
Remeasurements of net post-employment benefit liabilities		-	-	-	(63.5)	(63.5)	-	(63.5)
Income tax on items that will not be reclassified		-	-	-	6.4	6.4	-	6.4
Cash flow hedges		-	-	-	(2.3)	(2.3)	-	(2.3)
Net differences on exchange		-	-	-	(21.6)	(21.6)	-	(21.6)
Other comprehensive expense for the year		-	-	-	(81.0)	(81.0)	-	(81.0)
Total comprehensive income for the year		-	-	-	15.0	15.0	0.3	15.3
Dividends to owners of the parent	11	-	-	-	(31.7)	(31.7)	-	(31.7)
Share-based payments	32	-	-	-	6.7	6.7	-	6.7
Tax credit relating to share-based payments		-	-	-	1.9	1.9	-	1.9
Employee benefit trusts		-	-	-	(8.4)	(8.4)	-	(8.4)
Total contributions by and distributions to owners of the parent, recognised directly in equity		-	-	-	(31.5)	(31.5)	-	(31.5)
Acquisition of non-controlling interest		-	-	-	-	-	0.1	0.1
Balance at 31 March 2014		0.5	62.4	8.9	58.2	130.0	0.2	130.2
Profit for the year		-	-	-	85.7	85.7	-	85.7
Remeasurements of net post-employment benefit liabilities		-	-	-	6.0	6.0	-	6.0
Income tax on items that will not be reclassified		-	-	-	(1.5)	(1.5)	-	(1.5)
Cash flow hedges		-	-	-	3.6	3.6	-	3.6
Net differences on exchange		-	-	-	20.7	20.7	-	20.7
Other comprehensive income for the year		-	-	-	28.8	28.8	-	28.8
Total comprehensive income for the year		-	-	-	114.5	114.5	-	114.5
Dividends to owners of the parent	11	-	-	-	(33.4)	(33.4)	-	(33.4)
Share-based payments	32	-	-	-	8.6	8.6	-	8.6
Tax credit relating to share-based payments		-	-	-	0.1	0.1	-	0.1
Employee benefit trusts		-	-	-	(15.0)	(15.0)	-	(15.0)
Total contributions by and distributions to owners of the parent, recognised directly in equity		-	-	-	(39.7)	(39.7)	-	(39.7)
Balance at 31 March 2015		0.5	62.4	8.9	133.0	204.8	0.2	205.0

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

The notes on pages 135 to 199 are an integral part of these Financial Statements.

Parent Company Statement of Changes in Equity

For the year ended 31 March 2015

	Note	Attributable to owners of the parent					Non-controlling interests £m	Total equity £m
		Ordinary shares £m	Share premium account £m	Merger reserve £m	Retained earnings £m	Total £m		
Company								
Balance at 1 April 2013		0.5	62.4	8.9	95.9	167.7	–	167.7
Profit for the year	13	–	–	–	43.7	43.7	–	43.7
Total comprehensive income for the year		–	–	–	43.7	43.7	–	43.7
Dividends to owners of the parent	11	–	–	–	(31.7)	(31.7)	–	(31.7)
Share-based payments	32	–	–	–	6.7	6.7	–	6.7
Total contributions by and distributions to owners of the parent, recognised directly in equity		–	–	–	(25.0)	(25.0)	–	(25.0)
Balance at 31 March 2014		0.5	62.4	8.9	114.6	186.4	–	186.4
Profit for the year	13	–	–	–	34.7	34.7	–	34.7
Total comprehensive income for the year		–	–	–	34.7	34.7	–	34.7
Dividends to owners of the parent	11	–	–	–	(33.4)	(33.4)	–	(33.4)
Share-based payments	32	–	–	–	8.6	8.6	–	8.6
Total contributions by and distributions to owners of the parent, recognised directly in equity		–	–	–	(24.8)	(24.8)	–	(24.8)
Balance at 31 March 2015		0.5	62.4	8.9	124.5	196.3	–	196.3

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

The notes on pages 135 to 199 are an integral part of these Financial Statements.

Notes to the Financial Statements

For the year ended 31 March 2015

1 Accounting policies

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

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

Basis of preparation

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements, are disclosed under critical accounting policies and are incorporated by reference in the Business Review (on pages 46 to 47).

Changes in accounting policy and disclosure

New and amended standards adopted by the Group

There were no standards adopted by the Group for the first time for the financial year beginning on 1 April 2014 that had a material impact on the Group.

The following IFRS and international accounting standards (IASs) and IFRIC interpretations have been adopted by the Group for the first time for the financial year beginning on 1 April 2014 and do not have a material impact on the Group:

- IFRS 10, *Consolidated financial statements*
- IFRS 11, *Joint arrangements*
- IFRS 12, *Disclosure of interests in other entities*
- IFRIC 21, *Levies*
- Amendments to the following standards:
 - IFRS 10, IFRS 12 and IAS 27: *Investment entities*
 - IAS 32, *Offsetting financial assets and financial liabilities*
 - IAS 36, *Recoverable amount disclosures for non-financial assets*
 - IAS 39, *Novation of derivatives and continuation of hedge accounting*

IFRS 10, *Consolidated financial statements*. Under IFRS 10, subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group has power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The adoption of IFRS 10 has had no significant effect on the Consolidated Financial Statements.

IFRS 11, *Joint arrangements*. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures, depending on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Before 1 April 2014, the Group's interests in jointly controlled entities were accounted for using the equity method. Under IFRS 11, some of the Group's jointly controlled entities have been assessed to be joint operations.

The Group has applied the new policy for its interests in joint operations in accordance with the transition provisions of IFRS 11. The Group recognised its investment in the assets and liabilities relating to the joint operation, by disaggregating them from the carrying amount of the investment used in applying the equity method.

In respect of its interests in joint operations, the Group recognises its share of assets, liabilities, revenues and expenses. The Group accounts for the assets, liabilities, revenues and expenses in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

The Group has an interest in several joint arrangements. Under IAS 31, some of these joint arrangements were assessed as jointly controlled entities and were equity accounted. The Group has reassessed the classification of all its joint arrangements under IFRS 11.

Notes to the Financial Statements

continued

Based on the facts and circumstances of each joint arrangement, it was assessed that the Group has rights to the assets and obligations for the liabilities in certain of its joint arrangements and they have therefore now been classified as joint operations.

Following the adoption and application of IFRS 11, *Joint arrangements*, the Consolidated Income Statements and the Consolidated Statements of Comprehensive Income for the year ended 31 March 2014 have not been restated, as the restatement was not material. The Consolidated Balance Sheet as at 31 March 2014 and the Consolidated Statements of Changes in Equity balances as at 1 April 2013 and 31 March 2014 have also not been restated, as the impact on these was not considered material.

In addition, the Group has reviewed its reporting of joint operations and joint ventures, and has amended its definition of revenue for segmental reporting purposes to exclude the Group's share of revenue from joint ventures. As a consequence of the adoption of IFRS 11 and the review of revenue reporting, the segmental results and assets of the operating segments for the year ended 31 March 2015 have been prepared in accordance with IFRS 11 and this amended definition of revenue. The segmental results and assets for the comparative year ended 31 March 2014 have not been restated, as the changes were not considered material.

IFRS 12, *Disclosure of interests in other entities*. IFRS 12 sets out the disclosure requirements in the financial statements in respect of IFRS 10 and IFRS 11. The key additional disclosure, above those already required under existing standards, is that additional information is required on the nature, risks and financial effects of the Company's interest in other entities, particularly where there are special purpose entities (SPEs) or other entities that are not consolidated. Further disclosure is required about the significant judgements and assumptions made in determining the classification of the investments. The Group did not hold any material interests in joint ventures and associates and therefore no additional disclosure has been provided.

IFRIC 21, *Levies*. IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation. The adoption of IFRIC 21 has had no significant effect on the Consolidated Financial Statements for earlier periods or for the year ended 31 March 2015.

New standards and interpretations not yet adopted by the Group

The following accounting standards, interpretations and amendments have been issued by the IASB but had either not been adopted by the European Union or were not yet effective in the European Union for the financial year beginning 1 April 2014:

- IFRS 9, *Financial instruments*
- IFRS 14, *Regulatory deferral accounts*
- IFRS 15, *Revenue from contracts with customers*
- Amendments to the following standards:
 - IFRS 10 and IAS 28: *Sale or contribution of assets between an investor and its associate or joint venture*
 - IFRS 10, IFRS 12 and IAS 28: *Investment entities: Applying the consolidation exemption*
 - IFRS 11, *Accounting for acquisitions of interests in a joint operation*
 - IAS 1, *Disclosure initiative*
 - IAS 16 and IAS 38: *Clarification of acceptable methods of depreciation and amortisation*
 - IAS 16 and IAS 41: *Agricultural: Bearer plants*
 - IAS 19, *Defined benefit plans: Employee contributions*
 - IAS 27, *Equity method in separate financial statements*

The Group is currently assessing the impact of the new standards, amendments and interpretations that are not yet effective. The Group does not currently believe adoption of these would have a material impact on the consolidated results or financial position of the Group.

The directors have made initial assessments of the impact of IFRS 15 and do not expect any material quantitative impact to the Group. The Group will carry out a systematic review of all existing major contracts to ensure that the impact and effect of the new standard is fully understood and changes to the current accounting procedures are highlighted and acted upon in advance of the effective date.

The Group has chosen not to adopt any of the above standards and interpretations earlier than required.

Notes to the Financial Statements

continued

Going concern

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

Basis of consolidation

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

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

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

Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income.

The excess of the consideration transferred over the fair value of the identifiable net assets acquired is recorded as goodwill. If the cost of the acquisition is lower than the fair value of net assets of the subsidiary acquired, the difference is recognised directly in the Income Statement. Goodwill is reviewed on finalisation of fair values and any adjustments required to the accounting are recorded within 12 months of the acquisition date.

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

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

Joint arrangements

The Group applies IFRS 11 to all joint arrangements. Under IFRS 11 a joint arrangement is an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The Group classifies its interests in joint arrangements as either joint ventures or joint operations.

Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and the carrying amount is increased or decreased thereafter to recognise the Group's share of the post-acquisition profits or losses. Losses of a joint venture in excess of the Group's interest in the joint venture are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture. Distributions received from an investee reduce the carrying amount of the investment.

Notes to the Financial Statements

continued

Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control have the rights to the assets and obligations for the liabilities relating to the arrangement, or that other facts and circumstances indicate that this is the case. The Group's share of assets, liabilities, revenue, expenses and cash flows are combined with the equivalent items in the Financial Statements on a line-by-line basis.

Employee benefit trusts (EBTs)

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

Foreign currency transactions and translation

Functional and presentation currency

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

Transactions and balances

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

Group companies

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

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

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

Segment reporting

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

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

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

Revenue

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

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

Notes to the Financial Statements

continued

Underlying profit

Underlying operating profit is profit before exceptional items, amortisation and impairment of intangible assets recognised on acquisition and material transaction costs associated with acquisitions, and relates to continuing operations.

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.

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

Revenue is recognised on the majority of the Group's contracts on a percentage completion basis when the outcome of a contract or project can be reasonably foreseen. Under the percentage completion method, the percentage of the total forecast revenue reported at any point in time is calculated based upon the proportion of total costs incurred to date as a percentage of total forecast costs or, in some cases, based upon the estimated physical per cent complete of the total work to be performed under the contract. In some cases, a margin provision is then made, depending on how far progressed each project is and the risk profile of the project. 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.

Interest income

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

Dividend income

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

Pre-contract costs

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

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

Exceptional items

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

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

Notes to the Financial Statements

continued

Retirement benefit schemes

The Group operates various post-employment schemes, including both defined contribution (DC) and defined benefit (DB) pension plans.

A DC 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 DB plan is a pension plan that typically defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

For the DB plan, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the Consolidated Balance Sheet with a charge or credit recognised in other comprehensive income in the period in which it occurs. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. DB pension costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements)
- administrative expenses
- net interest expense or income
- remeasurement.

The net retirement benefit liabilities recognised in the Consolidated Balance Sheet represent the actual deficit in the Group's defined benefit plan.

For DC plans, the Group pays contributions into a separate entity. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in the future payments is available.

Share-based payments

The Group operates a number of equity and cash settled share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) or cash (phantom allocations) of the Group.

In accordance with IFRS 2, *Share-based payments*, the cost of share-based payments awarded 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 the case of equity settled awards, the credits associated with the amounts charged to the Income Statement are included in retained earnings/accumulated losses until the awards are exercised. In the case of cash settled awards, the credits associated with the amounts charged to the Income Statement are held as a liability in the Balance Sheet until the awards are transferred, at which point a cash amount (based on the Company's share price at the vesting date) is paid to the employee. Where awards are settled by the new issue of shares, any proceeds received in respect of share options are credited to share capital and share premium. Where awards are settled in shares held by the EBTs, any proceeds are credited to retained earnings/accumulated losses.

Share awards are granted by the Company to employees of its subsidiaries. The Company charges to cost of investment in subsidiaries an amount equivalent to the equity settled element of the annual IFRS 2 charge, with an equivalent credit to reserves in accordance with IFRIC 11, *Group and treasury share transactions*.

Notes to the Financial Statements

continued

Income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income.

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

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle balances on a net basis.

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

Deferred tax assets of £3.5m (2014: £3.7m) have not been recognised due to the uncertainty of timing of utilisation.

Research and development (R&D)

All R&D expenditure is written off to the Income Statement as incurred. In the UK, the Group has early adopted the new UK R&D expenditure credit regime with effect from 1 April 2013. These credits have characteristics more akin to government grants than income taxes and therefore are offset against the relevant expenditure in the Income Statement rather than via the tax charge.

The credits are recognised to the extent that there is reasonable assurance that they will be received, albeit that the claim process takes place sometime after the original expenditure was incurred. In the Balance Sheet, the debtor is included within current other receivables.

Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the fair value of the consideration given for a business over the Company's interest in the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquired business.

Goodwill is stated at cost less accumulated impairment. Prior to adoption of IFRS from 1 April 2004, goodwill was amortised over its estimated useful economic life. Amortisation ceased on 1 April 2004 and the carrying value of existing goodwill was frozen at that date and is subject to impairment reviews.

For the purpose of impairment testing, goodwill acquired in a business acquisition is allocated to each of the 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 impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill that arose prior to 1 April 1997 was written off to retained earnings/accumulated losses. Profit or loss on disposal of the underlying businesses to which this goodwill related will not include goodwill previously recorded as a deduction from equity.

Notes to the Financial Statements

continued

Acquired customer relationships

Acquired customer relationships consist of intangible assets arising on the consolidation of recently acquired businesses, that are separable from goodwill, in accordance with IFRS 3, *Business combinations*, and IAS 38, *Intangible assets*, and do not fall within the Group's other classes of intangible assets. These comprise principally existing customer relationships which may give rise to future orders (customer relationships), and existing order books (backlog orders).

Acquired customer relationships are recognised at fair value at the acquisition date and have a finite useful life. Amortisation of customer relationships is calculated using the straight line method to allocate the cost of customer relationships over their estimated useful lives of between one and 20 years. Acquired customer relationships are stated at cost less accumulated amortisation and impairment.

Backlog orders are recognised at fair value at the acquisition date and amortised over their estimated useful lives of up to three years. Backlog orders are stated at cost less accumulated amortisation and impairment.

Software licences

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. These costs are amortised using the straight line method to allocate the cost of the software licences over their useful lives of between two and five years. Software licences are stated at cost less accumulated amortisation.

Corporate information systems

In accordance with IAS 38, *Intangible assets*, the Group's corporate information systems are treated as an intangible asset. Costs included are those directly attributable to the design, construction and testing of new systems (including major enhancements and internally generated costs) from the point of inception to the point of satisfactory completion where the probable future economic benefits arising from the investment can be assessed with reasonable certainty at the time the costs are incurred. Maintenance and minor modifications are expensed in the Income Statement as incurred. The corporate information systems recognised as assets are amortised using the straight line method to allocate the cost of the corporate information systems over their estimated useful life of six years. Corporate information systems are stated at cost less accumulated amortisation.

Trade names and trademarks

Trade names and trademarks have arisen on the consolidation of recently acquired businesses and are recognised at fair value at the acquisition date. Where trade names and trademarks are considered to have a finite useful life, amortisation is calculated using the straight line method to allocate the cost of trade names and trademarks over their estimated useful lives. Where trade names and trademarks are considered to have an indefinite useful life, they are not subject to amortisation; they are tested annually for impairment and when there are indications that the carrying value may not be recoverable, as detailed within the impairment of non-financial assets section below. Trade names and trademarks are stated at cost less accumulated amortisation and impairment.

Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and impairment. Cost comprises purchase price after discounts and rebates plus all directly attributable costs of bringing the asset to working condition for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to write off the cost less residual value of each asset over its estimated useful life, as follows:

Freehold buildings	– 10 to 50 years
Short term leasehold property	– over the life of the lease
Plant, machinery and vehicles	– three to 12 years.

The assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within administrative expenses in the Consolidated Income Statement.

Notes to the Financial Statements

continued

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 largely independent cash flows (CGUs). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

Financial assets

Classification

The Group classifies its financial assets into the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

The fair value of financial instruments traded in active markets is based on quoted market prices at the Balance Sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the mid market price. These instruments are included in Level 1, see note 19.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2, see note 19.

The fair value of financial instruments for an asset or liability that are not based on observable market data (that is, unobservable inputs) are Level 3 financial instruments, see note 19.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets except where the maturity is greater than 12 months after the Balance Sheet date, in which case they are included as non-current assets. The Group's loans and receivables comprise trade and other receivables, cash and cash equivalents, and other receivables in the Balance Sheet. Other receivables include loan notes receivable.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Notes to the Financial Statements

continued

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the Income Statement. Financial assets are derecognised when the right to receive cash flows from the investments has expired or has been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.

Trade receivables are recognised at original invoice amount less provision for impairment which, due to their short term nature, approximates to their fair value. Other receivables include loan notes receivable, which are measured at amortised cost using the effective interest method less any provision for impairment. This valuation approximates to their fair value.

Gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss are presented in the Income Statement in the period in which they arise.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the Consolidated Income Statement.

Interest on available-for-sale financial assets calculated using the effective interest method is recognised in the Income Statement as part of finance income.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Impairment of financial assets

Assets carried at amortised cost

The Group assesses at each Balance Sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtor, or a group of debtors, is experiencing significant financial difficulty, default or delinquency in payments, the probability that they will enter bankruptcy or financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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. The carrying amount of the asset is reduced and the amount of the loss is recognised in the Consolidated Income Statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the Consolidated Income Statement.

Assets classified as available-for-sale

The Group assesses at each Balance Sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. The Group uses the criteria referred to above. If any evidence of impairment exists, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the Consolidated Income Statement.

Notes to the Financial Statements

continued

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 fair value. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 21. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the Consolidated Income Statement.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast cash flow that is hedged takes place).

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast cash flow is ultimately recognised in the Consolidated Income Statement. When a forecast cash flow is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Consolidated Income Statement.

Lease obligations

Finance leases

Lease arrangements that transfer substantially all the risks and rewards of ownership to the lessee are treated as finance leases. Assets held under finance leases are capitalised within property, plant and equipment at the lease's commencement and depreciated over the shorter of the lease term and the useful life of the asset. A liability is recognised for the present value of the minimum lease payments within current and/or non-current liabilities as appropriate. Rental payments are apportioned between capital and interest expense to achieve a constant rate of interest charge on the outstanding obligation.

Operating leases

Where the Group acts as lessee in an operating lease arrangement, the lease payments are charged as an expense to the Income Statement on a straight line basis over the lease term. Lease incentives received are also recognised on a straight line basis over the lease term.

Where the Group acts as lessor in an operating lease arrangement, rental income from operating leases is accounted for on a straight line basis over the period of the lease. Lease incentives provided are also recognised over the lease term on a straight line basis.

Notes to the Financial Statements

continued

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised at fair value.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Consolidated Income Statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Share capital

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

Provisions for other liabilities and charges

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Vacant property provisions are recognised when the Group has committed to a course of action that will result in the property becoming vacant. The provision is calculated based on projected discounted cash flows to the end of the lease, after making assumptions for void and rent free periods. The pre-tax rate used reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's Financial Statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.

Disposal groups held for sale

Disposal groups are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

2 Segmental information

The CODM has been identified as the CEO and the Group finance director. The CEO and the Group finance director review the Group's internal reporting to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Group's operating segments for management purposes reflect predominantly its key geographical markets. The segments are: United Kingdom and Europe, North America, Middle East, Asia Pacific and Energy. Details of the business activities and the economic environment in which each segment operates are given in the Business Review (on pages 25 to 44).

The CEO and the Group finance director assess the performance of the operating segments based on operating profit before interest and tax. Information provided to the CEO and the Group finance director is measured in a manner consistent with that in the Financial Statements.

The Group has interests in several joint arrangements. As detailed in note 1, under IAS 31, some of these joint arrangements were assessed as jointly controlled entities and were equity accounted. The Group has assessed the classification of all its joint arrangements following the adoption of IFRS 11, *Joint arrangements*. Some of these jointly controlled entities have now been classified as joint operations and the Group has accounted for its share of assets, liabilities, revenues and expenses of these joint operations. In addition, the Group has reviewed its reporting of joint operations and joint ventures, and has amended its definition of revenue for segmental reporting purposes to exclude the Group's share of revenue from joint ventures. As a consequence of the adoption of IFRS 11 and the review of revenue reporting, the segmental results and assets of the operating segments have been prepared to reflect these changes. The segmental results and assets for the comparative year ended 31 March 2014 have not been restated, as the impacts were not considered material.

Notes to the Financial Statements

continued

a) Group business segments

Revenue and results

	External revenue £m	Inter segment trade £m	Revenue £m	Operating profit/(loss) £m	Operating margin %	Share of post-tax (loss)/profit from joint ventures £m
2015						
United Kingdom and Europe	872.4	31.4	903.8	60.7	6.7	(0.4)
North America	340.4	1.0	341.4	20.0	5.9	–
Middle East	238.2	(21.5)	216.7	22.5	10.4	–
Asia Pacific	102.1	7.6	109.7	9.8	8.9	–
Energy	200.5	(18.5)	182.0	20.4	11.2	0.5
Total for segments	1,753.6	–	1,753.6	133.4	7.6	0.1
Group items:						
Joint ventures reported above	–	–	–	(0.1)	–	–
Unallocated central items	3.0	–	3.0	(14.8)	–	–
Total for Group	1,756.6	–	1,756.6	118.5	6.7	0.1

	External revenue £m	Inter segment trade £m	Revenue £m	Operating profit/(loss) £m	Operating margin %	Share of post-tax profit/(loss) from joint ventures £m
2014						
United Kingdom and Europe	976.5	21.8	998.3	62.6	6.3	0.2
North America	379.0	1.9	380.9	19.1	5.0	0.1
Middle East	177.9	(9.5)	168.4	14.4	8.6	–
Asia Pacific	100.8	(0.3)	100.5	8.0	8.0	–
Energy	183.5	(13.9)	169.6	15.1	8.9	(0.5)
Total for segments	1,817.7	–	1,817.7	119.2	6.6	(0.2)
Group items:						
Joint ventures reported above	(64.6)	–	(64.6)	0.2	–	–
Unallocated central items	(3.0)	–	(3.0)	(5.7)	–	2.6
Total for Group	1,750.1	–	1,750.1	113.7	6.5	2.4

Unallocated central items comprise £6.9m of intangible asset amortisation relating to the acquisition of The PBSJ Corporation (PBSJ), Confluence Project Management Pte. Ltd. (Confluence), Nuclear Safety Associates, Inc. (NSA), Houston Offshore Engineering, LLC (HOE) and Terramar AS (Terramar) (see note 15); impairment of goodwill for the European aerospace business of £2.8m (see note 14); £4.4m of external fees in relation to the pursuit of an unsuccessful acquisition (see note 10); £1.5m of deferred payment arising on the acquisition of HOE (see note 9); release of £3.0m provision relating to the previously disposed of Asset Management business and £2.2m settlement of longstanding enquiries by the Department of Justice and the Securities and Exchange Commission (see note 35).

Unallocated items for the year ended 31 March 2014 include a £3.0m provision relating to the previously disposed of Asset Management business and £2.7m of intangible asset amortisation relating to the acquisitions of PBSJ and Confluence (see note 15).

Notes to the Financial Statements

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

	2015 £m	2014 £m
Operating profit	118.5	113.7
Net profit on disposal of businesses	0.4	10.5
Income from other investments	2.2	1.2
Share of post-tax profit from joint ventures	0.1	2.4
Profit before interest and tax	121.2	127.8
Finance income	4.8	4.2
Finance costs	(19.3)	(17.8)
Net finance costs	(14.5)	(13.6)
Profit before tax	106.7	114.2
Income tax expense	(21.0)	(17.9)
Profit for the year	85.7	96.3
Profit attributable to:		
Owners of the parent	85.7	96.0
Non-controlling interests	–	0.3
	85.7	96.3

Balance Sheet

	Total segment assets £m	Total segment liabilities £m	Net assets/ (liabilities) £m	Investments in joint ventures £m	Capital expenditure £m	Depreciation, amortisation and impairment £m
2015						
United Kingdom and Europe	521.8	(293.7)	228.1	3.7	30.0	15.2
North America	300.6	(77.2)	223.4	–	2.5	4.1
Middle East	152.0	(94.0)	58.0	–	2.0	1.4
Asia Pacific	61.6	(41.9)	19.7	–	0.7	0.7
Energy	141.1	(30.2)	110.9	0.1	45.3	1.0
Total for segments	1,177.1	(537.0)	640.1	3.8	80.5	22.4
Group items:						
Unallocated central items	24.3	(459.4)	(435.1)	–	–	9.7
Total for Group	1,201.4	(996.4)	205.0	3.8	80.5	32.1

	Total segment assets £m	Total segment liabilities £m	Net assets/ (liabilities) £m	Investments in joint ventures £m	Capital expenditure £m	Depreciation, amortisation and impairment £m
2014						
United Kingdom and Europe	544.1	(280.8)	263.3	4.2	12.1	11.4
North America	287.7	(71.4)	216.3	0.6	3.4	4.7
Middle East	102.1	(51.2)	50.9	–	0.7	1.3
Asia Pacific	59.0	(43.1)	15.9	–	6.6	1.5
Energy	74.4	(28.1)	46.3	(0.6)	0.7	0.6
Total for segments	1,067.3	(474.6)	592.7	4.2	23.5	19.5
Group items:						
Unallocated central items	12.9	(475.4)	(462.5)	–	–	2.7
Total for Group	1,080.2	(950.0)	130.2	4.2	23.5	22.2

Assets and liabilities are allocated based on the operations of the segments and the physical location or territory of the asset or liability.

Notes to the Financial Statements

continued

Group cash balances; derivative financial instruments; financial assets at fair value through profit or loss; centrally managed joint ventures; and corporate assets are not considered to be segment assets as they are managed centrally. Consequently they are shown within unallocated central items.

Similarly, post-employment benefit liabilities; bank loans and private placement debt; derivative financial instruments; central tax provisions; and corporate liabilities are not considered to be segment liabilities as they are managed centrally. Consequently they are shown within unallocated central items.

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

b) Group geographical segments

External revenue is measured by location of operation. There was no material difference between geographic revenue by location of operation and by location of customer.

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

	Revenue		Non-current assets	
	2015 £m	2014 £m	2015 £m	2014 £m
UK	921.7	949.4	98.8	96.3
US	373.4	388.9	231.4	175.2
Other	461.5	411.8	46.6	38.7
Total for Group	1,756.6	1,750.1	376.8	310.2

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

c) Major customers

In 2015 revenue of approximately £191.0m is derived from one single external customer, which represents over 10% of the Group's total revenue. This revenue is attributable to the United Kingdom and Europe operating segment.

In 2014 revenue from the UK Government represents approximately £181.1m of the Group's total revenue and is included within the UK and Europe and Energy operating segments.

3 Joint ventures

Aggregate financial information for all individually immaterial joint ventures.

Income Statement – continuing operations

	2015 £m	Group 2014 £m
Share of post-tax profit from joint ventures	0.1	2.4

Balance Sheet

	2015 £m	2014 £m
Investments in joint ventures	3.8	4.2

The Group's principal joint ventures are detailed in note 40.

Notes to the Financial Statements

continued

4 Operating profit – analysis of costs by nature

	Note	2015 £m	Group 2014 £m
Operating profit is arrived at after charging/(crediting):			
Amortisation and impairment of intangibles	15	13.0	7.5
Impairment of goodwill	14	2.8	–
Deferred acquisition payments	9	1.5	–
Depreciation of property, plant and equipment	16	16.3	14.7
Employee benefit costs	5	940.8	924.3
Impairment of trade receivables/(reversal of impairment)			
– increase in provisions	23	14.4	11.3
– release of provisions	23	(10.4)	(10.0)
Loss on sale of property, plant and equipment		–	0.4
Loss on sale of intangible assets		0.1	0.1
Net foreign exchange (gains)/losses		(1.1)	0.8
Payments under operating leases		56.3	53.2
Receipts under operating leases		(4.0)	(3.4)
Research and development expenditure credit (RDEC)		(5.0)	–

Company operating profit was arrived at after generating £nil of realised profit on disposal of investments (2014: £nil).

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:

	2015 £m	Group 2014 £m
Statutory audit of the Company and Group Financial Statements	0.3	0.3
The audit of the Financial Statements of Group companies pursuant to legislation:		
– UK	0.4	0.4
– Non-UK	0.6	0.7
Audit related assurance services	0.1	0.1
Total audit services	1.4	1.5
Taxation compliance services	1.0	0.8
Taxation advisory services	–	0.1
Other	1.2	0.1
Total other services	2.2	1.0
Total	3.6	2.5

Included in other non audit services are £1.1m of costs in relation to an unsuccessful acquisition pursuit (see note 10).

The fee for the statutory audit of the Company's Annual Financial Statements was £0.1m (2014: £0.1m). £0.4m of other services were provided to the Company by the Group's auditor (2014: none).

Notes to the Financial Statements

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5 Employee benefit costs

	Monthly average		2015 Number	Year end 2014 Number
	2015 Number	2014 Number		
Number of full time equivalent people (including executive directors, but excluding agency staff) employed by the Group				
By segment:				
United Kingdom and Europe	9,064	9,002	9,286	8,858
North America	2,792	2,970	2,731	2,836
Middle East	2,039	1,982	2,168	2,061
Asia Pacific	1,381	1,167	1,352	1,322
Energy	1,550	1,331	1,723	1,365
Corporate	81	78	80	77
Total for Group	16,907	16,530	17,340	16,519

Aggregate employee benefit costs of those people amounted to:

	Note	2015 £m	Group 2014 £m
Wages and salaries, including restructuring costs		819.4	804.2
Social security costs		64.2	64.6
Defined benefit current service cost	29	2.2	2.1
Charge for defined contribution schemes	29	39.8	37.9
Other post-employment benefit costs	29	3.9	5.3
Share-based payments	32	11.3	10.2
		940.8	924.3

Wages and salaries include £3.5m of restructuring costs (2014: £3.5m) 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 38.

6 Net finance costs

	Note	2015 £m	Group 2014 £m
Interest payable on borrowings		3.3	3.4
Unwinding of discount on vacant property	28	0.1	0.1
Unwind of discount on contingent consideration	19	0.1	-
Net finance costs on net post-employment benefit liabilities	29	14.3	12.6
Other finance costs		1.5	1.7
Finance costs		19.3	17.8
Interest receivable on short term deposits		(1.1)	(1.0)
Interest income on financial assets at fair value through profit or loss		(0.6)	(0.1)
Interest receivable on loan notes		(2.5)	(3.1)
Other finance income		(0.6)	-
Finance income		(4.8)	(4.2)
Net finance costs		14.5	13.6

Company net finance costs were £1.3m (2014: £2.6m).

Notes to the Financial Statements

continued

7 Income tax expense

a) Analysis of charge in the year

	Note	2015 £m	Group 2014 £m
Current income tax			
– current tax on profits for the year		28.1	7.1
– adjustment in respect of prior years		(0.3)	(2.0)
Deferred income tax	18		
– origination and reversal of temporary differences		(6.5)	9.7
– effect of changes in tax rates		(0.3)	3.1
Income tax charged to Income Statement		21.0	17.9
Adjust for:			
– taxation on net profit on disposal of businesses		(0.1)	1.5
– taxation on exceptional items		0.5	–
– taxation on impairment of goodwill		–	–
– taxation on amortisation of acquired intangibles		2.5	0.8
– taxation on deferred acquisition payments		0.6	–
Underlying income tax expense		24.5	20.2
Profit before tax per Income Statement		106.7	114.2
Adjust for:			
– net profit on disposal of businesses		(0.4)	(10.5)
– exceptional items		4.4	–
– impairment of goodwill		2.8	–
– amortisation and impairment of acquired intangibles		6.9	2.7
– deferred acquisition payments		1.5	–
Underlying profit before income tax		121.9	106.4
Effective income tax rate		19.7%	15.7%
Underlying effective income tax rate		20.1%	19.0%

b) Factors affecting income tax rate

The income tax rate for the year is lower (2014: lower) than the standard rate of corporation tax in the UK of 21% (2014: 23%).

The differences are explained below:

	2015 %	Group 2014 %
UK statutory income tax rate	21.0	23.0
Increase/(decrease) resulting from:		
Expenses not deductible for tax purposes	0.8	0.3
Adjustment in respect of overseas tax rates	2.6	2.5
Effect of share-based payments	0.7	0.1
Tax on joint ventures	–	(0.9)
Research and development tax credits	(1.1)	(6.0)
Losses not previously recognised for tax	(4.2)	(5.5)
Effect of change in tax rates	(0.3)	2.7
Other	0.2	(0.5)
Effective income tax rate	19.7	15.7

Notes to the Financial Statements

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The underlying income tax rate for the year is lower (2014: lower) than the standard rate of corporation tax in the UK of 21% (2014: 23%). The differences are explained below:

	2015 %	Group 2014 %
UK statutory income tax rate	21.0	23.0
Increase/(decrease) resulting from:		
Expenses not deductible for tax purposes	0.3	1.0
Adjustment in respect of overseas tax rates	3.0	3.4
Effect of share-based payments	0.6	0.1
Tax on joint ventures	–	(1.0)
Research and development tax credits	(1.0)	(6.4)
Losses not previously recognised for tax	(3.7)	(3.3)
Effect of change in tax rates	(0.2)	2.9
Other	0.1	(0.7)
Underlying effective income tax rate	20.1	19.0

The main rate of corporation tax in the UK as at 31 March 2015 was 21%. Legislation to reduce the main rate of corporation tax to 20% was substantively enacted on 2 July 2013 and is effective from 1 April 2015.

c) Income tax on components of other comprehensive income

The tax (charge)/credit relating to components of other comprehensive income is as follows:

	Post-employment benefit liability £m	Cash flow hedges £m	Group Total £m
2015			
At 1 April	55.9	0.9	56.8
Deferred income tax	(5.5)	–	(5.5)
Current income tax	4.0	(0.9)	3.1
At 31 March	54.4	–	54.4
2014			
At 1 April	49.5	0.2	49.7
Deferred income tax	6.4	–	6.4
Current income tax	–	0.7	0.7
At 31 March	55.9	0.9	56.8

8 Net profit on disposal of businesses

	2015 £m	2014 £m
Group		
(Loss)/profit on disposal of businesses		
WS Atkins – Polska Sp. z o.o.	(0.1)	–
UK highways services	0.5	13.0
UK highways services transaction costs released	–	0.6
Transfer of ongoing operations of Peter R. Brown Construction, Inc.	–	(3.1)
Net profit on disposal	0.4	10.5

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WS Atkins – Polska Sp. z o.o.

On 11 September 2014 the sale of the Group's Polish business, WS Atkins – Polska Sp. z o.o., to Multiconsult AS was completed. Multiconsult AS is a Norwegian multidisciplinary consultancy and design business. The business was sold for a net cash consideration of €3.5m (£2.8m).

While the assets and liabilities of the Polish business represent a disposal group, the business has not been reported as a discontinued operation at 31 March 2015 as it does not represent a major line of business.

The Polish business has been reported in the United Kingdom and Europe operating segment (note 2).

	2015 £m
Net consideration received or receivable at date of disposal	
Initial cash consideration	2.8
Disposal consideration	2.8
Assets and liabilities at date of disposal	
Intangible assets	–
Property, plant and equipment	0.1
Deferred income tax assets	0.7
Trade and other receivables	2.1
Cash and cash equivalents	4.9
Trade and other payables	(5.5)
Net assets	2.3
Profit on disposal before costs	0.5
Disposal costs incurred	(0.6)
Loss on disposal	(0.1)

UK highways services

On 27 February 2013 contracts were exchanged to dispose of the Group's UK highways services business, which formed part of the UK highways and transportation business, to Skanska Construction UK Limited (Skanska), a wholly owned subsidiary of Skanska AB. The business was sold for a cash consideration of £16.0m (subject to certain completion adjustments), together with a deferred conditional amount of £2.0m.

The profit on disposal of these items was included in the Consolidated Income Statement for the year ended 31 March 2014.

During the year ended 31 March 2015 a portion of the available deferred consideration was received, totalling £0.5m.

At 31 March 2013, disposal costs of £3.8m were provided for, comprising transaction costs of £2.4m and restructuring costs of £1.4m. Following the conclusion of this transaction in October 2013, £0.6m of the restructuring costs were not required and were subsequently released at 31 March 2014.

The profit on disposal before tax recognised at 31 March 2015 and 31 March 2014 is shown below.

	2015 £m	2014 £m
Net consideration received or receivable at date of disposal		
Initial cash consideration	–	16.0
Deferred consideration received	0.5	–
Disposal consideration	0.5	16.0
Assets and liabilities at date of disposal		
Property, plant and equipment	–	5.1
Share of joint venture net assets	–	0.2
Inventories	–	1.0
Borrowings	–	(4.7)
Net assets	–	1.6
Profit on disposal before costs	0.5	14.4
Disposal costs incurred	–	(1.4)
Profit on disposal	0.5	13.0

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Ongoing operations of Peter R. Brown Construction, Inc.

On 30 August 2013 the transfer of the ongoing operations of Peter R. Brown Construction, Inc. (Peter Brown) to Moss & Associates, LLC (Moss) was completed. The business was transferred for a cash consideration payable to Moss of US\$4.0m (£2.6m). The loss on disposal before tax was US\$4.8m (£3.1m) and is shown below.

The disposal of Peter Brown was not reported as a discontinued operation at 31 March 2014 as it did not represent a major line of business.

The Peter Brown business has been reported in the North America operating segment (note 2).

	US\$m	2014 £m
Net consideration paid or payable at date of disposal		
Initial cash consideration	(4.0)	(2.6)
Disposal consideration	(4.0)	(2.6)
Assets and liabilities at date of disposal		
Trade and other receivables	0.3	0.2
Net assets	0.3	0.2
Loss on disposal before costs	(4.3)	(2.8)
Disposal costs incurred	(0.5)	(0.3)
Loss on disposal	(4.8)	(3.1)

9 Business combinations

Terramar AS (Terramar)

On 17 November 2014 the Group acquired the entire share capital of Terramar, one of Norway's leading project management consultancies. Terramar has been involved in the planning and implementation of some of Norway's most high profile projects. The company has 65 employees providing project management services across infrastructure, health, urban development and communications.

Terramar has unique project management skills and a well-established client base in both the public and private sector in Norway.

The acquisition will raise our skills in project management and our presence in Norway, bringing the capacity, skills and knowledge to enable us to bid for major projects.

The initial accounting for this business combination has been determined provisionally and the Group has therefore accounted for the combination using provisional values. Adjustments to these provisional values will be made within one year of the date of acquisition relating to facts and circumstances that existed at the acquisition date.

The goodwill of £9.3m arising from the acquisition is attributable to the extensive complementary skills which enable the combined operation to provide an enhanced offering to clients and create a broader local presence in Norway. The goodwill recognised is not expected to be deductible for income tax purposes.

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The following table summarises the consideration paid for Terramar and the fair value of assets acquired and liabilities assumed at the acquisition date:

Consideration at 17 November 2014

	NOKm	£m
Initial cash consideration	135.1	12.8
Total consideration	135.1	12.8

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

	NOKm	£m
Acquired customer relationships (included in Intangible assets)	24.0	2.3
Software licences (included in Intangible assets)	0.1	–
Property, plant and equipment	0.2	–
Net retirement benefit asset	1.0	0.1
Trade and other receivables	36.4	3.4
Cash and cash equivalents	31.6	3.0
Trade and other payables	(46.7)	(4.4)
Income tax liabilities	(3.0)	(0.3)
Deferred income tax liabilities	(6.2)	(0.6)
Total identifiable net assets	37.4	3.5
Goodwill	97.7	9.3
Total consideration	135.1	12.8

Acquisition-related costs of £0.1m have been charged to administrative expenses in the Consolidated Income Statement for the year ended 31 March 2015.

The fair value of trade and other receivables is £3.4m and includes trade receivables of £3.0m. The gross contractual amount for trade receivables due is £3.0m, £nil of which is expected to be uncollectable.

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

The revenue and profit before tax included in the Group Consolidated Statement of Comprehensive Income since 17 November 2014 contributed by Terramar were £6.1m and £0.2m respectively.

Had Terramar been consolidated from 1 April 2014, the Group's Consolidated Income Statement would show revenue of £1,762.3m and profit before tax of £107.6m.

Houston Offshore Engineering, LLC (HOE)

On 1 October 2014 the Group acquired the entire share capital of HOE, a leading oil and gas offshore engineering business based in Houston, Texas, USA. HOE employs a team of 150 specialists with vast experience in the design of offshore deep water floating production platforms. The company also brings to the Group a well-established project and client base in the international oil and gas market. HOE's key disciplines include platform structures and systems, naval architecture and marine engineering, power, electrical and instrumentation engineering, piping and topsides engineering. The company works through all stages of the project design and construction lifecycle, from concept through front end engineering design and detailed engineering, project delivery, procurement and construction support, transport and installation.

The initial accounting for this business combination has been determined provisionally and the Group has therefore accounted for the combination using provisional values. Adjustments to these provisional values will be made within one year of the date of acquisition relating to facts and circumstances that existed at the acquisition date.

The goodwill of £14.7m 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 reach to new markets in North America. The goodwill recognised is expected to be deductible for income tax purposes.

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The following table summarises the consideration paid for HOE and the fair value of assets acquired and liabilities assumed at the acquisition date:

Consideration at 1 October 2014

	US\$m	£m
Initial cash consideration	57.8	35.6
Completion working capital adjustment	0.6	0.4
Total consideration	58.4	36.0

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

	US\$m	£m
Acquired customer relationships (included in Intangible assets)	16.4	10.1
Trade names and trademarks (included in Intangible assets)	10.0	6.2
Software licences (included in Intangible assets)	0.2	0.1
Property, plant and equipment	3.1	1.9
Trade and other receivables	10.3	6.4
Cash and cash equivalents	1.0	0.6
Trade and other payables	(6.4)	(4.0)
Total identifiable net assets	34.6	21.3
Goodwill	23.8	14.7
Total consideration	58.4	36.0

Acquisition-related costs of £0.6m have been charged to administrative expenses in the Consolidated Income Statement for the year ended 31 March 2015.

In addition, US\$14.6m (£9.0m) cash was paid into escrow and will be paid out to the vendors if they remain employed by the Group for the three years following the acquisition. This amount is being amortised over the retention period as a post-acquisition employment expense. During the year ended 31 March 2015, £1.5m has been charged to administrative expenses in the Consolidated Income Statement.

The fair value of trade and other receivables is £6.4m and includes trade receivables of £2.9m. The gross contractual amount for trade receivables due is £2.9m, £nil of which is expected to be uncollectable.

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

The revenue and profit before tax included in the Group Consolidated Statement of Comprehensive Income since 1 October 2014 contributed by HOE were £10.0m and £0.7m respectively.

Had HOE been consolidated from 1 April 2014, the Group's Consolidated Income Statement would show revenue of £1,767.0m and profit before tax of £106.5m.

Nuclear Safety Associates, Inc (NSA)

On 4 September 2014 the Group acquired the entire share capital of NSA, a 130 people engineering and technical services firm, for a debt-free cash consideration of US\$14.0m (approximately £8.5m) with a further US\$1m (approximately £0.6m) deferred for two years.

Contingent consideration is payable in cash to the former owners of NSA based on revenue and operating profit targets for the first three years from acquisition, followed by operating margin growth levels for the next two years. The Group prepares detailed forecasts on the acquisition of a business and updates these on a quarterly basis as part of its normal operating processes. These forecasts use management's evaluation of the revenue, costs and expected margins, based on past experience. The fair value of the contingent consideration arrangement of £2.5m (US\$4.0m) was calculated by estimating probable future cash flows payable and discounting these at a discount rate of 9.3%. This is a Level 3 fair value measurement. The potential undiscounted amount of all future payments that the Group could be required to make under this arrangement is between US\$0 and US\$10.2m (approximately £6.2m).

NSA brings expertise in nuclear safety, design engineering and professional security services and has a well-established project and client base in the US nuclear market.

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The acquisition enhances the Group's presence in North America, the world's largest nuclear market, and its safety and security skills will strengthen the Group's international nuclear offering.

The initial accounting for this business combination has been determined provisionally and the Group has therefore accounted for the combination using provisional values. Adjustments to these provisional values will be made within one year of the date of acquisition relating to facts and circumstances that existed at the acquisition date.

The goodwill of £6.5m 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 reach to new markets in North America. The goodwill recognised is expected to be deductible for income tax purposes.

The following table summarises the consideration paid for NSA and the fair value of assets acquired and liabilities assumed at the acquisition date:

Consideration at 4 September 2014

	US\$m	£m
Initial cash consideration	14.0	8.5
Completion working capital adjustment	(0.2)	(0.1)
Fair value of deferred consideration	0.9	0.5
Fair value of contingent consideration	4.0	2.5
Total consideration	18.7	11.4

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

	US\$m	£m
Acquired customer relationships (included in Intangible assets)	6.4	3.9
Trade names and trademarks (included in Intangible assets)	0.4	0.2
Trade and other receivables	3.3	2.0
Cash and cash equivalents	0.5	0.3
Trade and other payables	(2.6)	(1.5)
Total identifiable net assets	8.0	4.9
Goodwill	10.7	6.5
Total consideration	18.7	11.4

Acquisition-related costs of £0.7m have been charged to administrative expenses in the Consolidated Income Statement for the year ended 31 March 2015.

The fair value of trade and other receivables is £2.0m and includes trade receivables of £1.5m. The gross contractual amount for trade receivables due is £1.7m, £0.2m of which is expected to be uncollectable.

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

The revenue and profit before tax included in the Group Consolidated Statement of Comprehensive Income since 4 September 2014 contributed by NSA were £7.1m and £0.4m respectively.

Had NSA been consolidated from 1 April 2014, the Group's Consolidated Income Statement would show revenue of £1,762.4m and profit before tax of £106.8m.

Confluence Project Management Pte. Ltd. (Confluence)

On 3 October 2013 the Group acquired the entire share capital of Confluence, a Singapore-based project management business, for a debt-free cash consideration of Singapore \$17.0m (approximately £8.4m). Confluence is an international consultancy employing around 200 people, offering services in the areas of project and construction management, and has operations in Asia Pacific, the Middle East and India.

Confluence's teams in Singapore, Hong Kong, Abu Dhabi and India have integrated with the Group's existing operations in Asia Pacific and the Middle East. The acquisition complements the Group's Faithful+Gould project and cost management consultancy business and, in particular, augments its presence in the commercial, retail and hospitality sectors.

At 31 March 2014, the fair value of acquired assets, liabilities and goodwill for this business combination were 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 position has now been finalised.

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The goodwill of £5.7m arising from the acquisition was allocated to the Asia Pacific segment. None of the goodwill is expected to be deductible for income tax purposes.

The goodwill is attributable to the extensive complementary skills which enable the Group's combined operations to provide an enhanced offering to clients in Asia Pacific and the Middle East, which will augment its presence in the commercial, retail and hospitality sectors in particular.

The following table summarises the consideration paid for Confluence and the fair value of assets acquired and liabilities assumed at the acquisition date.

Consideration at 3 October 2013

	SGDm	£m
Cash	17.0	8.4
Additional payment for assets	2.1	1.1
Total consideration	19.1	9.5

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

	SGDm	£m
Acquired customer relationships (included in Intangible assets)	3.0	1.5
Property, plant and equipment	0.2	0.1
Non-current other receivables	0.5	0.2
Trade and other receivables	8.0	4.0
Cash	5.7	2.8
Trade and other payables	(8.6)	(4.2)
Other post-employment benefit liabilities	(0.9)	(0.4)
Deferred income tax liabilities	(0.4)	(0.2)
Total identifiable net assets	7.5	3.8
Goodwill	11.6	5.7
Total consideration paid	19.1	9.5

Acquisition-related costs of £0.6m have been charged to administrative expenses in the Consolidated Income Statement for the year ended 31 March 2014.

The fair value of trade and other receivables is £4.0m and includes trade receivables with a fair value of £3.2m. The gross contractual amount for trade receivables due is £3.3m, £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 Consolidated Statement of Comprehensive Income since 3 October 2013 to 31 March 2014 contributed by Confluence was £8.7m. Confluence also contributed profit before tax of £0.8m over the same period.

Had Confluence been consolidated from 1 April 2013, the Consolidated Income Statement for the year ended 31 March 2014 would show revenue of £1,759.1m and profit before tax of £115.1m.

10 Exceptional items

Exceptional items are disclosed separately on the face of the Consolidated Income Statement and in the notes to the Financial Statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are items of income or expense that have been shown separately due to the significance of their nature or amount.

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

	2015 £m	Group 2014 £m
Exceptional external fees in relation to unsuccessful acquisition pursuit	4.4	–

The exceptional external fees are included within administrative expenses in the Group's Consolidated Income Statement.

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11 Dividends

	2015 pence	2014 pence	Company and Group	
			2015 £m	2014 £m
Final dividend paid for the year ended 31 March 2014 (2013)	23.25	22.00	22.7	21.4
Interim dividend paid for the year ended 31 March 2015 (2014)	11.00	10.50	10.7	10.3
Dividends recognised in the year	34.25	32.50	33.4	31.7
Interim dividend paid for the year ended 31 March 2015 (2014)	11.00	10.50	10.7	10.3
Final dividend proposed for the year ended 31 March 2015 (2014)	25.50	23.25	24.8	22.7
Dividends relating to the year	36.50	33.75	35.5	33.0

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 2015, one employee benefit trust (EBT) had an agreement in place to waive dividends in excess of 0.01 pence per share on 213,461 ordinary shares (2014: 213,461). A separate EBT also had an agreement in place as at 31 March 2015 to waive future dividends in their entirety on 2,730,695 ordinary shares (2014: 2,311,202). These arrangements reduced the dividends paid in year by £0.8m (2014: £0.8m).

As at 31 March 2015, 4,341,000 ordinary shares (2014: 4,341,000) were held by the Group as treasury shares on which no dividends are paid. These shares reduced the dividends paid in year by £1.5m (2014: £1.4m).

12 Earnings per share (EPS)

Basic EPS is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of shares in issue during the year, excluding shares held by the EBTs which have not unconditionally vested to the employees and shares held in treasury.

Diluted EPS is the basic EPS after allowing for the dilutive effect of the conversion into ordinary shares of the number of options outstanding during the year. The options relate to discretionary employee share plans.

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below:

		2015 Number (000)	Group 2014 Number (000)
Number of shares			
Weighted average number of shares used in basic and underlying basic EPS		97,573	97,547
Effect of dilutive securities – share options		2,785	2,704
Weighted average number of shares used in diluted and underlying diluted EPS		100,358	100,251
	Note	£m	£m
Earnings			
Profit for the year attributable to owners of the parent		85.7	96.0
Exceptional external fees (net of tax)	10	3.9	–
Goodwill impairment (net of tax)		2.8	–
Amortisation of acquired intangibles (net of tax)		4.4	1.9
Deferred acquisition payments (net of tax)		0.9	–
Net profit on disposal of businesses (net of tax)	8	(0.3)	(12.0)
Underlying earnings		97.4	85.9

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	2015 pence	2014 pence
Basic earnings per share	87.8	98.4
Diluted earnings per share	85.4	95.8
Underlying basic earnings per share	99.8	88.1
Underlying diluted earnings per share	97.1	85.7

13 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 £34.7m (2014: £43.7m), which included £40.9m (2014: £45.4m) of dividend income from subsidiary companies.

The Company's individual Income Statement and Statement of Comprehensive Income were approved by the Board on 9 June 2015.

14 Goodwill

	Note	2015 £m	Group 2014 £m
Cost at 1 April		212.1	220.2
Additions	9	30.5	5.7
Difference on exchange		13.3	(13.8)
Cost at 31 March		255.9	212.1
Aggregate impairment at 1 April		8.1	8.8
Impairment charge for the year		2.8	–
Difference on exchange		0.6	(0.7)
Aggregate impairment at 31 March		11.5	8.1
Net book value at 31 March		244.4	204.0

Impairment test for goodwill

Goodwill is not amortised but is tested for impairment in accordance with IAS 36, *Impairment of assets*, at least annually or more frequently if events or changes in circumstances indicate a potential impairment.

Goodwill is allocated to the Group's CGU, or group of CGUs, that management has identified in order to carry out impairment tests.

The following is a summary of goodwill allocation by CGU or group of CGUs, summarised at the operating segment level:

	2015 £m	Group 2014 £m
United Kingdom and Europe	49.2	45.1
North America	144.7	131.0
Asia Pacific	5.6	5.5
Energy	44.9	22.4
Total	244.4	204.0

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

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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 the Board, which is based on past performance and management's expectations of market developments. The key assumptions in the budget relate to revenue and profit margins. Budgeted revenue is based on management's knowledge of actual results from prior years, along with the existing committed and contracted workload, as well as management's future expectations of the level of work available within the market. Profit margins are based on current margins being achieved in conjunction with economic conditions in the market or country of operation.

The cash flow projections from that budget are extrapolated for the next four years using an estimated growth rate and projected margin for all CGUs, or groups of CGUs, except for the North America operating segment. The Group's formal five year plan is used for the North America segment as it provides a better indication of the future performance of the operation. The growth rates used to extrapolate the budgets are between 1.9% and 3.8% and are based on the economic environment for the country or region in which the CGU operates. As required by IAS 36, cash flows beyond the five year period are extrapolated based on the long term average growth rate for the primary country in which the CGU operates of between 1.8% and 3.8%. These growth rates are derived from the International Monetary Fund's World Economic Outlook published Gross Domestic Product (GDP) growth rates. Projected margins reflect the historical and budgeted performance of the CGU. The projections do not include the impact of future restructuring projects to which the Group is not yet committed.

The cash flows have been discounted using the CGUs specific pre-tax discount rates of between 8.9% and 16.0%. The discount rates have been calculated using the capital asset pricing model to determine the cost of equity and are adjusted for risks specific to the CGU. The discount rates are revised annually using updated market information.

Assumptions

The growth rate and discount rate assumptions used for the internal value in use calculations are as follows:

	2015	Group 2014
Five year growth rate	1.9% – 3.8%	1.7% – 5.4%
Post five year growth rate	1.8% – 3.8%	1.8% – 5.3%
Pre-tax discount rate	8.9% – 16.0%	6.7% – 17.9%

Impairment loss

Following the downturn in the European aerospace market, the carrying amount of goodwill arising on the acquisition in 2007 of the Dutch consultancy Atkins BV (formerly Nedtech Engineering BV) was reviewed during the period and, as a consequence has been reduced to its recoverable amount based on value in use calculations through the recognition of an impairment loss of £2.8m. This impairment charge relates solely to goodwill and has been recognised in the Consolidated Income Statement within administrative expenses as an unallocated central item.

At the year end, the recoverable amount of the Group's CGU covering the European aerospace market was £3.4m which was determined using an internal value in use calculation, a key input to which is the Group's 2016 budget that has been extrapolated for the next four years using an estimated growth rate and projected margin. The growth rate and discount rate assumptions used for this calculation are as follows:

	2015	Group 2014
Five year growth rate	1.9%	2.0%
Post five year growth rate	1.8%	2.0%
Pre-tax discount rate	9.6%	11.2%

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Sensitivities

Goodwill of £144.7m (2014: £131.0m) allocated to the North America operating segment includes £137.1m of goodwill arising on the acquisition of PBSJ. This goodwill has been allocated to the North America group of CGUs and is considered significant in comparison with the Group's total carrying amount of goodwill. The recoverable amount of this group of CGUs has been determined using an internal value in use calculation, key inputs to which are the Group's 2016 budget and the formal five year plan for the North America segment, which covers the period to 2019. The other assumptions used for this value in use calculation are the long term growth rate and the discount rate as follows:

	2015	2014
Post five year growth rate	2.0%	2.2%
Pre-tax discount rate	14.0%	13.5%

Given the materiality of goodwill allocated to the North America group of CGUs, sensitivity analysis has been performed on the key assumptions used in the value in use calculations. The recoverable amount of the North America group of CGUs calculated based on value in use exceeds its carrying value by £87.5m. The two assumptions to which these value in use calculations are most sensitive are projected profit margin and the discount rate. Specific sensitivity analysis with regard to these assumptions shows that, with respect to the profit margin it would need to fall by 215 basis points before any impairment would be triggered, and similarly the pre-tax discount rate would need to increase from 14.0% to 18.6%.

Sensitivity analysis has been performed on the key assumptions used in the value in use calculation for the Group's CGU covering the European aerospace market. The recoverable amount of the European aerospace market group of CGUs calculated based on value in use exceeds its carrying value by £0.9m. The two assumptions to which these value in use calculations are most sensitive are projected profit margin and the discount rate. Specific sensitivity analysis with regard to these assumptions shows that, with respect to the profit margin, it would need to fall by 120 basis points before any impairment would be triggered, and similarly the pre-tax discount rate would need to increase from 9.6% to 12.2%.

For the CGUs other than those disclosed above, management has considered the level of headroom resulting from the impairment tests. Where appropriate, further sensitivity analysis has been performed by changing the base case assumptions applicable to each CGU. The analysis has indicated that no reasonably possible change in any individual key assumption would cause the carrying amount of any CGU to exceed its recoverable amount. As at 31 March 2015 and 2014, based on these valuations, the recoverable value of the remaining goodwill required no impairment.

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15 Other intangible assets

		Acquired customer relationships	Corporate information systems	Trade names and trademarks	Software licences	Group
	Note	£m	£m	£m	£m	Total £m
Cost at 1 April 2013		45.1	0.2	5.8	25.2	76.3
Additions		–	–	–	4.3	4.3
Acquisition of subsidiary undertakings	9	1.5	–	–	–	1.5
Disposals		(2.0)	–	(4.6)	(2.3)	(8.9)
Difference on exchange		(3.8)	–	–	(0.8)	(4.6)
Cost at 31 March 2014		40.8	0.2	1.2	26.4	68.6
Additions		–	–	1.0	4.4	5.4
Acquisition of subsidiary undertakings	9	16.3	–	6.4	0.1	22.8
Disposals		–	–	–	(2.0)	(2.0)
Divestment of subsidiary undertakings		–	–	–	(0.1)	(0.1)
Difference on exchange		5.1	–	0.6	0.5	6.2
Cost at 31 March 2015		62.2	0.2	9.2	29.3	100.9
Accumulated amortisation and impairment at 1 April 2013		15.9	0.2	5.8	14.8	36.7
Amortisation charge for the year		2.7	–	–	4.8	7.5
Disposals		(2.0)	–	(4.6)	(2.2)	(8.8)
Difference on exchange		(1.5)	–	–	(0.7)	(2.2)
Accumulated amortisation and impairment at 31 March 2014		15.1	0.2	1.2	16.7	33.2
Amortisation charge for the year ¹		6.2	–	0.8	6.0	13.0
Disposals		–	–	–	(1.9)	(1.9)
Divestment of subsidiary undertakings		–	–	–	(0.1)	(0.1)
Difference on exchange		1.9	–	0.1	0.4	2.4
Accumulated amortisation and impairment at 31 March 2015		23.2	0.2	2.1	21.1	46.6
Net book value at 31 March 2015		39.0	–	7.1	8.2	54.3
Net book value at 31 March 2014		25.7	–	–	9.7	35.4

¹ Included in the amortisation of trade names and trademarks for 31 March 2015 is £0.7m in respect of acquired intangibles.

Included within acquired customer relationships are costs of £4.9m (2014: £4.9m) in respect of backlog orders, arising from the acquisition of PBSJ on 1 October 2010. At 31 March 2015, the net book value of these backlog orders is £nil (2014: £nil) and they are fully amortised.

The remaining amortisation life of the other assets included within acquired customer relationships is 14.5 years.

Included within acquired customer relationships are costs of £1.2m in respect of backlog orders, arising from the acquisition of NSA on 4 September 2014. At 31 March 2015, the net book value of these backlog orders is £0.2m and their remaining amortisation life is 0.1 years.

Included within acquired customer relationships are costs of £4.1m in respect of backlog orders, arising from the acquisition of HOE on 1 October 2014. At 31 March 2015, the net book value of these backlog orders is £1.5m and their remaining amortisation life is 0.25 years.

The amortisation charge for the year of £13.0m (2014: £7.5m) is included in administrative expenses in the Consolidated Income Statement.

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16 Property, plant and equipment

	Note	Freehold land and buildings £m	Short term leasehold property £m	Plant, machinery and vehicles £m	Group Total £m
Cost at 1 April 2013		21.2	30.1	69.2	120.5
Additions		–	1.7	11.8	13.5
Acquisition of subsidiary undertakings	9	–	–	0.1	0.1
Disposals		(0.3)	(1.1)	(6.4)	(7.8)
Difference on exchange		(0.5)	(1.1)	(3.9)	(5.5)
Cost at 31 March 2014		20.4	29.6	70.8	120.8
Additions		0.1	4.0	15.8	19.9
Acquisition of subsidiary undertakings	9	–	0.8	1.1	1.9
Disposals		–	(1.4)	(7.1)	(8.5)
Divestment of subsidiary undertakings		–	–	(0.3)	(0.3)
Difference on exchange		1.0	1.3	3.1	5.4
Cost at 31 March 2015		21.5	34.3	83.4	139.2
Accumulated depreciation at 1 April 2013		8.2	19.3	42.3	69.8
Depreciation charge for the year	4	0.4	3.3	11.0	14.7
Disposals		–	(0.7)	(6.2)	(6.9)
Difference on exchange		(0.1)	(0.6)	(2.8)	(3.5)
Accumulated depreciation at 31 March 2014		8.5	21.3	44.3	74.1
Depreciation charge for the year	4	0.5	3.3	12.5	16.3
Disposals		–	(1.3)	(7.1)	(8.4)
Divestment of subsidiary undertakings		–	–	(0.2)	(0.2)
Difference on exchange		0.1	0.9	2.8	3.8
Accumulated depreciation at 31 March 2015		9.1	24.2	52.3	85.6
Net book value at 31 March 2015		12.4	10.1	31.1	53.6
Net book value at 31 March 2014		11.9	8.3	26.5	46.7

The depreciation charge for the year of £16.3m (2014: £14.7m) is included in administrative expenses in the Consolidated Income Statement.

An independent valuation of the Group's freehold land and buildings was performed by valuers to determine their fair value at 31 March 2015. The market value of freehold land and buildings is estimated at £20.1m (2014: £18.5m).

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

	2015 £m	2014 £m
Cost	0.2	0.3
Accumulated depreciation	(0.2)	(0.2)
Net book value	–	0.1

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17 Investments in subsidiaries

	Company Total £m
Cost at 1 April 2013	195.2
Additions	6.6
Cost at 31 March 2014	201.8
Additions	8.6
Cost at 31 March 2015	210.4
Impairment at 1 April 2013, 31 March 2014	0.8
Impairment charge for the year	2.9
Impairment at 31 March 2015	3.7
Net book value at 31 March 2015	206.7
Net book value at 31 March 2014	201.0

The Group's principal subsidiaries are disclosed in note 39.

18 Deferred income tax

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

	2015 £m	Group 2014 £m
Deferred tax assets:		
– deferred tax assets to be recovered after more than 12 months	75.7	81.2
– deferred tax assets to be recovered within 12 months	1.1	1.5
	76.8	82.7
Deferred tax liabilities:		
– deferred tax liabilities to be settled after more than 12 months	(7.0)	(12.1)
– deferred tax liabilities to be settled within 12 months	(3.1)	(3.4)
	(10.1)	(15.5)
Deferred tax assets (net)	66.7	67.2

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

a) Net deferred tax assets/(liabilities)

	2015 £m	Group 2014 £m
Accelerated depreciation	7.8	7.3
Share-based payments	4.2	4.5
Goodwill	(3.6)	(3.2)
Deferred tax asset on post-employment benefit liabilities	60.6	65.8
Deferred income	(12.2)	(7.9)
Amortisation of acquired intangibles	(10.1)	(10.9)
Other temporary differences	20.0	11.6
Total deferred income tax	66.7	67.2

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b) Analysis of movements during the year

	Note	2015 £m	Group 2014 £m
Deferred tax assets at 1 April		67.2	71.4
Transfers between current and deferred tax		-	0.9
Deferred tax credited/(charged) to the Income Statement	7	6.8	(12.8)
Deferred tax on disposals/discontinued operations		(0.7)	-
Deferred tax on acquisitions	9	(0.6)	(0.2)
Deferred tax (charged)/credited to equity		(6.1)	7.5
Foreign exchange difference on deferred tax		0.1	0.4
Deferred tax assets at 31 March		66.7	67.2

The Finance Act 2013 enacted a reduction to the main rate of UK corporation tax to 21% from 1 April 2014 and 20% from 1 April 2015. As the Finance Act 2013 had been enacted as at the Balance Sheet date, the impact of these reductions has been reflected in the movements in deferred tax as at 31 March 2014 and therefore 31 March 2015. No further reductions to the UK corporation tax rate are currently proposed.

19 Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Board of directors. Group Treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investment of excess liquidity.

These policies are further described within the 'Treasury policies and objectives' section of the Financial Review (page 46).

Where individual sensitivities are disclosed below, all other variables are held constant.

a) Market risk

Financial instruments affected by market risk include borrowings, deposits and derivative financial instruments. The following foreign exchange risk and interest rate risk analyses, required by IFRS 7, *Financial Instruments: Disclosures*, are intended to illustrate the sensitivity to changes in market variables, being primarily the US dollar to sterling and euro to sterling exchange rates and UK interest rates.

The following assumptions were made in calculating the sensitivity analyses:

- changes in the 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.

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The Group's primary exposure to foreign exchange risk on unhedged financial instruments arises mainly in respect of movements between the US dollar (including dollar pegged currencies) and sterling and between the euro and sterling.

At 31 March 2015, if sterling had strengthened by a reasonably possible change of 10% against the US dollar, post-tax profit for the year would have been higher by approximately £0.4m (2014: £0.3m lower) and equity would have been £0.4m higher (2014: £0.3m lower). If sterling had weakened by a reasonably possible change of 10% against the US dollar, post-tax profit for the year would have been lower by approximately £0.5m (2014: £0.4m higher) and equity would have been £0.5m lower (2014: £0.4m higher).

At 31 March 2015, if sterling had strengthened by a reasonably possible change of 10% against the euro, post-tax profit for the year would have been lower by approximately £0.4m (2014: £0.7m) and equity would have been £0.4m lower (2014: £0.7m). If sterling had weakened by a reasonably possible change of 10% against the euro, post-tax profit for the year would have been higher by approximately £0.5m (2014: £0.8m) and equity would have been £0.5m higher (2014: £0.8m).

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 is managed through borrowings denominated in the relevant foreign currencies.

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 2015 had been 10 basis points higher/lower, post-tax profit for the year would have been approximately £0.2m (2014: £0.1m) higher/lower.

iii) Price risk

Price risk is the risk that a decline in the value of assets adversely impacts the profitability of the Group.

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the Consolidated Balance Sheet as financial assets at fair value through profit or loss. To manage this risk, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with limits set by the Group.

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, as well as credit exposures to customers, including outstanding receivables and committed transactions, with the maximum exposure to the risk equivalent to 100% of the carrying value disclosed in the Group's Balance Sheet at 31 March. The Group does not hold any collateral as security. The Group's policy is that cash and investments should not be concentrated with any one counterparty.

For trade and other receivables, concentration of credit risk is very limited due to the Group's broad customer base. An assessment of credit quality of the customer is made where appropriate using a combination of external rating agencies, past experience and other factors. In circumstances where credit information is unavailable or poor, the risk is mitigated primarily by the use of advance payments resulting in positive cash flows. Exposure and payment performance are monitored closely both at individual project and client level, with a series of escalating debt recovery actions taken where necessary. In view of current economic circumstances, additional management attention remains focused on the recovery of debtors. There is no recent history of default.

c) Liquidity risk

The Group funds its activities through cash generated from its operations and, where necessary, borrowings and finance leases. The Group's borrowing facilities include bank facilities and private placement debt. Cash flow forecasting is performed in the operating entities of the Group and aggregated by a central finance department (Group Finance). Group Treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities (note 26) at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans and covenant compliance.

Any surplus cash is invested by Group Treasury in interest bearing current accounts, term deposits and money market deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the forecasts mentioned above.

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The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the Balance Sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

					Group 2015
	On demand or within 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m	Total £m
Finance leases	0.1	–	–	–	0.1
Bank loans ¹	61.1	–	–	–	61.1
Private placement debt ¹	2.5	2.5	5.3	50.2	60.5
Trade payables	66.3	–	–	–	66.3

					2014
	On demand or within 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m	Total £m
Finance leases	0.1	–	–	–	0.1
Bank loans ¹	55.4	–	–	–	55.4
Private placement debt ¹	2.2	2.2	6.7	48.8	59.9
Trade payables	63.1	–	–	–	63.1

					Company 2015
	On demand or within 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m	Total £m
Bank loans ¹	61.1	–	–	–	61.1
Private placement debt ¹	2.5	2.5	5.3	50.2	60.5
Intercompany payables	65.9	–	–	–	65.9

					2014
	On demand or within 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m	Total £m
Bank loans ¹	55.4	–	–	–	55.4
Private placement debt ¹	2.2	2.2	6.7	48.8	59.9
Intercompany payables	76.2	–	–	–	76.2

¹ The contractual cash flows in each year include the borrowings maturing in that year together with forecast contractual interest payments on those borrowings. Interest is estimated using the prevailing rate at the Balance Sheet date. Cash flows in foreign currencies are translated at the spot rates at the Balance Sheet date.

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d) Concentrations of financial instruments

The carrying amounts of the Group's financial assets and liabilities, excluding derivative financial instruments, were denominated in the following currencies:

	Financial assets £m	2015 Financial liabilities £m	Financial assets £m	2014 Financial liabilities £m
Sterling	302.9	157.5	297.7	142.2
US dollar	127.3	7.3	111.9	13.1
UAE dirham	39.5	6.5	28.1	2.4
Qatari riyal	28.3	2.3	17.2	1.2
HK dollar	19.6	0.2	16.8	0.1
China RMB	19.4	0.4	19.6	0.4
Euro	14.5	1.3	18.3	0.8
Saudi Arabian riyal	12.6	0.6	11.4	0.9
Danish krone	6.5	0.2	9.1	0.9
Australian dollar	6.0	0.9	10.1	0.3
Swedish krona	2.7	0.4	5.6	0.5
Other	21.5	–	32.5	1.1
Total	600.8	177.6	578.3	163.9

The carrying value of the financial assets of the Company are denominated in US dollars (£115.1m) and sterling (£54.3m). The carrying value of the financial liabilities of the Company are denominated in US dollars (£111.2m) and sterling (£68.5m).

At 31 March 2014, the carrying value of the financial assets of the Company were denominated in US dollars (£103.6m) and sterling (£62.1m). The carrying value of the financial liabilities of the Company at that date were denominated in US dollars (£100.7m) and sterling (£78.6m).

Financial assets consist of loan notes; trade receivables (net); intercompany receivables (nil in Consolidated Financial Statements); amounts due from joint ventures; financial assets at fair values through profit or loss; cash and cash equivalents.

Financial liabilities consist of trade payables; intercompany payables (nil in Consolidated Financial Statements); and borrowings.

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Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group maintains or adjusts its capital structure through the payment of dividends to shareholders and through its borrowing facilities.

The Group monitors capital on the basis of the ratio of its net debt plus net defined benefit pension deficit net of total deferred tax to underlying earnings before interest, taxes, depreciation, amortisation and impairment (EBITDA). This policy is unchanged from the prior year.

The ratios of net debt plus net defined benefit pension deficit net of total deferred tax to underlying EBITDA as at 31 March 2015 and 2014 were as follows:

	Note	2015 £m	Group 2014 £m
Total borrowings	26	111.3	100.8
Less: cash and cash equivalents	25	(235.4)	(237.3)
Net cash and cash equivalents		(124.1)	(136.5)
Net defined benefit pension deficit	29	298.4	324.2
Net deferred tax asset	18	(66.7)	(67.2)
Net debt plus net defined pension deficit net of total deferred tax		107.6	120.5
Profit before interest and tax		121.2	127.8
Add: depreciation	16	16.3	14.7
Add: amortisation and impairment	15	15.8	7.5
EBITDA		153.3	150.0
Less: net profit on disposal of businesses		(0.4)	(10.5)
Add: exceptional item	10	4.4	–
Add: deferred acquisition payments	10	1.5	–
Underlying EBITDA		158.8	139.5
Ratios of net debt plus net defined benefit pension deficit net of total deferred tax to underlying EBITDA		0.7	0.9

Given the Group's current net funds position, the Board has not formally agreed a target ratio of net debt plus net defined benefit pension deficit net of total deferred tax to underlying EBITDA.

Total capital, as shown below, is calculated as 'equity' as shown in the Consolidated Balance Sheet plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents:

	Note	2015 £m	Group 2014 £m
Total borrowings	26	111.3	100.8
Less: cash and cash equivalents	25	(235.4)	(237.3)
Net funds		(124.1)	(136.5)
Total equity		205.0	130.2
Total capital		80.9	(6.3)

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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:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's assets and liabilities that are measured at fair value at 31 March 2015 and 2014.

	Level 1 £m	Level 2 £m	Level 3 £m	2015 Total £m	Level 1 £m	Level 2 £m	Level 3 £m	2014 Total £m
Assets								
Derivatives used for hedging								
– Foreign exchange contracts	–	2.5	–	2.5	–	0.4	–	0.4
Financial assets at fair value through profit or loss								
Marketable securities								
– Certificates of deposit	–	–	–	–	–	13.1	–	13.1
– Fixed interest securities	20.9	–	–	20.9	4.6	–	–	4.6
– Life insurance policies	–	3.1	–	3.1	–	2.6	–	2.6
– Floating rate notes	5.5	–	–	5.5	6.5	–	–	6.5
– UK treasury bills	3.9	–	–	3.9	4.7	–	–	4.7
Total assets	30.3	5.6	–	35.9	15.8	16.1	–	31.9
Liabilities								
Derivatives used for hedging								
– Foreign exchange contracts	–	0.8	–	0.8	–	4.4	–	4.4
Financial liabilities at fair value through profit or loss								
– Contingent consideration	–	–	2.8	2.8	–	–	–	–
Total liabilities	–	0.8	2.8	3.6	–	4.4	–	4.4

There have been no changes to the classification of the Group's financial instruments carried at fair value between Level 1, Level 2 and Level 3 at 31 March 2015 or 2014.

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. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. The fair value of certificates of deposit is calculated as the present value of the future cash flows, discounted at an appropriate market rate of interest. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the reporting date and yield curves derived from quoted interest rates matching the maturities of the foreign exchange contracts.

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Level 3 financial instruments

The fair value of financial instruments for an asset or liability that are not based on observable market data (that is, unobservable inputs) are Level 3 financial instruments.

Level 3 valuation technique and significant unobservable inputs

The main Level 3 inputs used by the Group in estimating the contingent consideration payment are based on revenue and operating profit targets for the first three years from acquisition, followed by operating margin growth levels for the next two years. The Group prepares detailed forecasts on the acquisition of a business and updates these on a quarterly basis as part of its normal operating processes. These forecasts use management's evaluation of the revenue, costs and expected margins, based on past experience. The fair value of the contingent consideration arrangement of £2.5m was calculated at the acquisition date by estimating probable future cash flows payable and discounting these at a discount rate of 9.3%.

Level 3 inter-relationship between significant unobservable inputs and fair value measurement

The estimated fair value of the Level 3 financial instrument would increase if there was a change in either the annual revenue, annual operating profit or the risk-adjusted discount rate.

Level 3 sensitivity analysis

A reasonable possible change to annual revenue and annual operating profit of 5% and a change of 100bps to the discount rate, holding other inputs constant, would not result in a significant change in the fair value.

	Note	2015 £m	Group 2014 £m
Assumed in a business combination	9	2.5	–
Loss included in net finance costs			
Unwind of discount on contingent consideration	6	0.1	–
Loss included in other comprehensive income			
Net difference on exchange		0.2	–
Balance at 31 March 2015		2.8	–

Specific valuation techniques used to value financial instruments include:

- the fair value of derivatives used for hedging are provided by The Royal Bank of Scotland, HSBC, Barclays and Bank of America Merrill Lynch
- the fair value of all marketable securities, with the exception of life insurance policies, are provided by the financial institutions holding the Group's funds and investments
- the fair value of all life insurance policies are provided by the Group's insurance companies.

Offsetting financial assets and financial liabilities

As at 31 March 2015

	Gross amounts of recognised financial assets/ (liabilities) £m	Gross amounts of recognised financial assets/ (liabilities) set off the Balance Sheet £m	Net amounts of financial assets/ (liabilities) presented in the Balance Sheet £m	Related amounts not set off in Balance Sheet		Net amount £m
				Financial instruments £m	Cash collateral received £m	
Derivative financial assets	2.5	–	2.5	(0.6)	–	1.9
Derivative financial liabilities	(0.8)	–	(0.8)	0.6	–	(0.2)
Cash and cash equivalents	265.1	(29.7)	235.4	–	–	235.4
Credit balance	(29.7)	29.7	–	–	–	–
Total	237.1	–	237.1	–	–	237.1

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As at 31 March 2014

	Gross amounts of recognised financial assets/ (liabilities) £m	Gross amounts of recognised financial assets/ (liabilities) set off the Balance Sheet £m	Net amounts of financial assets/ (liabilities) presented in the Balance Sheet £m	Related amounts not set off in Balance Sheet		Net amount £m
				Financial instruments £m	Cash collateral received £m	
Derivative financial assets	0.4	–	0.4	(0.1)	–	0.3
Derivative financial liabilities	(4.4)	–	(4.4)	0.1	–	(4.3)
Cash and cash equivalents	249.4	(12.1)	237.3	–	–	237.3
Credit balance	(12.1)	12.1	–	–	–	–
Total	233.3	–	233.3	–	–	233.3

20 Financial instruments

Financial instruments by category

	Note	Loans and receivables £m	Assets at fair value through profit and loss £m	Derivatives used for hedging £m	Group 2015
					Total £m
Assets as per Balance Sheet					
Derivative financial instruments	21	–	–	2.5	2.5
Other receivables	22	20.7	–	–	20.7
Trade and other receivables excluding prepayments	23	449.0	–	–	449.0
Financial assets at fair value through profit or loss	24	–	33.4	–	33.4
Cash and cash equivalents	25	235.4	–	–	235.4
Total		705.1	33.4	2.5	741.0
	Note	Other financial liabilities at amortised cost £m	Liabilities at fair value through profit and loss £m	Derivatives used for hedging £m	Total £m
Liabilities as per Balance Sheet					
Borrowings excluding finance lease liabilities	26	(111.2)	–	–	(111.2)
Finance lease liabilities	26	(0.1)	–	–	(0.1)
Derivative financial instruments	21	–	–	(0.8)	(0.8)
Trade and other payables excluding non-financial liabilities	27	(293.2)	(1.0)	–	(294.2)
Other non-current liabilities	30	–	(1.8)	–	(1.8)
Total		(404.5)	(2.8)	(0.8)	(408.1)

Notes to the Financial Statements

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	Note	Loans and receivables £m	Assets at fair value through profit and loss £m	Derivatives used for hedging £m	Group 2014 Total £m
Assets as per Balance Sheet					
Derivative financial instruments	21	–	–	0.4	0.4
Other receivables	22	19.9	–	–	19.9
Trade and other receivables excluding prepayments	23	401.7	–	–	401.7
Financial assets at fair value through profit or loss	24	–	31.5	–	31.5
Cash and cash equivalents	25	237.3	–	–	237.3
Total		658.9	31.5	0.4	690.8

	Note	Other financial liabilities at amortised cost £m	Liabilities at fair value through profit and loss £m	Derivatives used for hedging £m	Total £m
Liabilities as per Balance Sheet					
Borrowings excluding finance lease liabilities	26	(100.7)	–	–	(100.7)
Finance lease liabilities	26	(0.1)	–	–	(0.1)
Derivative financial instruments	21	–	–	(4.4)	(4.4)
Trade and other payables excluding non-financial liabilities	27	(254.7)	–	–	(254.7)
Total		(355.5)	–	(4.4)	(359.9)

	Note	Loans and receivables £m	Company 2015 Total £m
Assets as per Balance Sheet			
Trade and other receivables excluding prepayments	23	169.6	169.6
Cash and cash equivalents		–	–
Total		169.6	169.6

	Note	Other financial liabilities at amortised cost £m	Total £m
Liabilities as per Balance Sheet			
Borrowings	26	(111.2)	(111.2)
Bank overdraft	26	(2.6)	(2.6)
Trade and other payables excluding non-financial liabilities	27	(65.9)	(65.9)
Total		(179.7)	(179.7)

Notes to the Financial Statements

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	Note	Loans and receivables £m	Company 2014 Total £m
Assets as per Balance Sheet			
Trade and other receivables excluding prepayments	23	165.7	165.7
Cash and cash equivalents		–	–
Total		165.7	165.7

	Note	Other financial liabilities at amortised cost £m	Total £m
Liabilities as per Balance Sheet			
Borrowings	26	(100.7)	(100.7)
Bank overdraft	26	(2.4)	(2.4)
Trade and other payables excluding non-financial liabilities	27	(76.2)	(76.2)
Total		(179.3)	(179.3)

21 Derivative financial instruments

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

	Assets £m	2015 Liabilities £m	Assets £m	Group 2014 Liabilities £m
Current	1.3	(0.6)	0.4	(2.7)
Later than one year and no later than two years	0.8	(0.1)	–	(0.7)
Later than two years and no later than five years	0.4	(0.1)	–	(1.0)
Non-current	1.2	(0.2)	–	(1.7)
Total	2.5	(0.8)	0.4	(4.4)

The notional principal amounts of the outstanding foreign exchange contracts at 31 March 2015 and 2014 are as follows:

	Sell £m	2015 Buy £m	Sell £m	Group 2014 Buy £m
Forward contracts to purchase GBP, sell USD	7.5	(6.9)	1.0	(1.0)
Forward contracts to purchase GBP, sell EUR	9.9	(10.8)	7.0	(7.1)
Forward contracts to purchase GBP, sell Other	1.5	(1.7)	1.9	(1.9)
Forward contracts to purchase INR, sell GBP	33.6	(37.8)	33.0	(31.4)
Forward contracts to purchase INR, sell USD	23.7	(25.2)	13.5	(14.5)

The derivatives hedge highly probable forecast transactions denominated in foreign currency. The gains and losses recognised in the hedging reserve in equity on forward foreign exchange contracts as at 31 March 2015 will be recognised in the Consolidated Income Statement in the period or periods during which the hedged forecast transaction affects the Consolidated Income Statement.

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity derivative is more than 12 months and as a current asset or liability if the maturity of the derivative is less than 12 months.

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The amounts disclosed in the table below are the contractual undiscounted cash flows of forward currency contracts at the year end.

	Inflow £m	Outflow £m	2015 Net £m	Inflow £m	Outflow £m	Group 2014 Net £m
Current	39.7	(39.0)	0.7	26.7	(29.1)	(2.4)
Later than one year and no later than two years	22.7	(22.0)	0.7	11.5	(12.1)	(0.6)
Later than two years and no later than five years	15.5	(15.2)	0.3	14.2	(15.1)	(0.9)
Non-current	38.2	(37.2)	1.0	25.7	(27.2)	(1.5)
Total	77.9	(76.2)	1.7	52.4	(56.3)	(3.9)

The Group used derivative instruments to hedge foreign currency receipts and payments on current contracts, as described in note 19. 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 19. The fair value of derivative financial instruments is calculated based on quoted forward currency rates at the Balance Sheet date.

The Group has reviewed all contracts for embedded derivatives and does not have any such instruments that are closely related to the host contract.

22 Other receivables

	Group 2015 £m	Group 2014 £m	Company 2015 £m	Company 2014 £m
Non-current assets:				
Loan notes receivable	19.8	19.9	–	–
Deferred finance costs	0.9	–	0.9	–
	20.7	19.9	0.9	–

During the year the Group reduced interest-bearing loan notes by £0.1m in Connect Plus (M25) Intermediate Limited (2014: reduced by £0.1m), a company in which the Group has a 10% shareholding. Under the terms of the Connect Plus M25 finance agreement, the Group was required to lend Connect Plus (M25) Intermediate Limited £20m over a period from May 2009 to October 2012. This funding was 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 40 and Connect Plus (M25) Intermediate Limited is considered a related party of the Group.

At 31 March 2015 the Group held £19.8m of interest-bearing loan notes in Connect Plus (M25) Intermediate Limited (2014: £19.9m). These loan notes mature in 2039 and have a nominal interest rate of 12% per annum.

None of the other receivables are past due.

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23 Trade and other receivables

	Note	Group 2015 £m	Group 2014 £m	Company 2015 £m	Company 2014 £m
Current assets:					
Trade receivables		335.0	305.8	–	–
Less: Provision for impairment of receivables		(29.2)	(23.9)	–	–
Trade receivables – net		305.8	281.9	–	–
Amounts recoverable on contracts		114.2	93.2	–	–
Amounts due from subsidiary undertakings	38	–	–	169.4	164.2
Amounts due from joint ventures	38	6.4	7.7	–	–
Deferred finance costs		0.2	1.2	0.2	1.2
Other receivables		22.4	17.7	–	0.3
Prepayments and accrued income		27.5	16.4	–	–
		476.5	418.1	169.6	165.7

The directors consider that the carrying amounts of trade and other receivables approximate their fair value.

At 31 March 2015, £153.4m (2014: £156.8m) of Group trade receivables were within normal payment terms and considered to be fully performing.

At 31 March 2015, £121.0m (2014: £96.3m) of Group trade receivables were past due and aged up to six months from invoice date and carried a provision for impairment of £nil (2014: £0.3m). These Group trade receivables of £121.0m (2014: £96.0m) which were past due and aged up to six months from invoice date but not impaired relate to a number of independent customers for whom there is no recent history of default.

Group trade receivables aged beyond six months of invoice date totalled £60.6m (2014: £52.7m) and carried a provision for impairment of £29.2m (2014: £23.6m).

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

	2015 £m	Group 2014 £m
Provision for impairment at beginning of year	(23.9)	(24.3)
Increase in provisions	(14.4)	(11.3)
Release of provisions	10.4	10.0
Receivables written off as uncollectable	0.9	0.1
Difference on exchange	(2.2)	1.6
Provision for impairment at end of year	(29.2)	(23.9)

None of the financial assets that are fully performing were renegotiated during the year. The other classes within trade and other receivables do not contain impaired assets.

At 31 March 2015, £0.5m of the Company's amounts due from subsidiary undertakings were fully provided against (2014: £0.5m), with an in year release of provisions of £nil (2014: £nil), see note 38.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

Notes to the Financial Statements

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24 Financial assets at fair value through profit or loss

In accordance with IFRS 7, disclosure is required for financial instruments that are measured in the Consolidated Balance Sheet at fair value. This requires disclosure of fair value measurements by level.

The Group's financial assets that are measured and recognised at fair value through profit or loss include certificates of deposit, fixed interest securities, life insurance policies, floating rate notes and UK treasury bills. The Group's financial liabilities that are measured and recognised at fair value include derivative financial instruments.

The fair value of the Group's derivative financial instruments are disclosed in note 21.

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

	Level 1 £m	Level 2 £m	2015 Total £m	Level 1 £m	Level 2 £m	Group 2014 Total £m
Certificates of deposit	-	-	-	-	13.1	13.1
Floating rate notes	5.5	-	5.5	6.5	-	6.5
Fixed interest securities	20.9	-	20.9	4.6	-	4.6
UK treasury bills	3.9	-	3.9	4.7	-	4.7
Life insurance policies	-	3.1	3.1	-	2.6	2.6
Marketable securities	30.3	3.1	33.4	15.8	15.7	31.5

A definition of Level 1 and Level 2 financial instruments is included in note 19. There have been no changes to the classification of financial assets between Level 1 and Level 2 financial instruments at 31 March 2015 or 2014.

Changes in fair values of financial assets at fair value through profit or loss include fair value gain of £0.1m (2014: £0.1m loss).

25 Cash and cash equivalents

	Group 2015 £m	Group 2014 £m	Company 2015 £m	Company 2014 £m
Cash at bank and in hand	169.5	187.0	-	-
Short term bank deposits	65.9	50.3	-	-
	235.4	237.3	-	-

The effective interest rate on cash and cash equivalents was 0.6% (2014: 0.5%). Included within cash at bank and in hand is £0.2m (2014: £2.2m) held by the Company's EBTs.

26 Borrowings

	Group 2015 £m	Group 2014 £m	Company 2015 £m	Company 2014 £m
Current				
Bank loans	61.0	55.2	61.0	55.2
Bank overdraft	-	-	2.6	2.4
Finance leases	0.1	0.1	-	-
	61.1	55.3	63.6	57.6
Non-current				
Private placement debt	50.2	45.5	50.2	45.5
	50.2	45.5	50.2	45.5
Total	111.3	100.8	113.8	103.1

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

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

	Group and Company	
	2015	2014
	£m	£m
Repayable:		
Later than one year and no later than two years	–	–
Later than two years and no later than five years	50.2	–
Later than five years	–	45.5
	50.2	45.5

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

	2015			Group 2014		
	Bank loans and private placement debt £m	Finance leases £m	Total £m	Bank loans and private placement debt £m	Finance leases £m	Total £m
Sterling	–	–	–	–	–	–
US dollar	111.2	0.1	111.3	100.7	0.1	100.8
	111.2	0.1	111.3	100.7	0.1	100.8

The Bank loans and private placement debt relate to the Company.

The total present value of minimum lease payments under finance leases fall due as follows:

	2015	Group
	£m	2014
	£m	£m
No later than one year	0.1	0.1
Later than one year and no later than five years	–	–
	0.1	0.1
Future finance charges on finance leases	–	–
Present value of finance lease payables	0.1	0.1

Finance leases are on a fixed repayment basis, with interest rates fixed at the contract date. The average effective borrowing rate for all finance leases was 12.6% (2014: 7.7%) over a weighted average remaining period of 15 months (2014: 26 months).

Borrowing facilities

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

	2015	Group
	£m	2014
	£m	£m
Later than one year and no later than two years	–	–
Later than two years and no later than five years	138.1	141.5

All of the Group's undrawn committed borrowing facilities will be subject to floating rates of interest.

On 30 January 2015 the Group amended and extended its five year revolving credit facility (RCF). This facility matures in January 2020. This arrangement provides the Group with a committed credit facility of £200m. This facility provides the Group with increased and longer-term financial capacity to support its strategy. The total letters of credit in issue under the committed facility at 31 March 2015 were £0.9m (31 March 2014: £3.3m).

The facility includes the following lenders: Bank of America Merrill Lynch International Limited, Barclays Bank plc, HSBC Bank plc, National Westminster Bank plc, National Bank of Abu Dhabi, Abbey National Treasury Services plc and United Overseas Bank Limited.

The Group's borrowing facilities include a number of undertakings and financial covenants. Compliance with these covenants is monitored. As at 31 March 2015, and since, there have been no breaches (2014: none).

In the financial year ended 31 March 2013, the Group raised US\$75m through the successful execution of its debut issue in the US private placement market. The proceeds were used to repay drawn funds under the Group's existing banking facilities. The private placement is due for repayment on 31 May 2019 and carries a nominal interest rate of 4.38%.

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27 Trade and other payables

	Note	2015 £m	Group 2014 £m	2015 £m	Company 2014 £m
Current liabilities:					
Trade payables		66.3	63.1	–	–
Fees invoiced in advance		181.6	155.5	–	–
Amounts due to subsidiary undertakings	38	–	–	65.9	76.2
Social security and other taxation		42.6	41.8	–	–
Contingent consideration on acquisitions		1.0	–	–	–
Deferred consideration on acquisitions		0.6	–	–	–
Accruals and deferred income		174.0	156.6	1.2	1.0
Other payables		44.7	36.1	–	–
		510.8	453.1	67.1	77.2

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

28 Provisions for other liabilities and charges

	2015 Vacant property £m	Group 2014 Vacant property £m
Current	0.8	0.8
Later than one year and no later than two years	1.0	1.1
Later than two years and no later than five years	0.9	1.8
Later than five years	0.7	0.4
Non-current	2.6	3.3
Total	3.4	4.1

	Note	Group Vacant property £m
Balance at 1 April 2014		4.1
Provisions charged to the Income Statement		2.7
Provisions released to the Income Statement		(1.9)
Provisions utilised		(1.6)
Unwinding of discount	6	0.1
Balance at 31 March 2015		3.4

The vacant property provision is discounted and is expected to be utilised over the next 11 years (2014: 12 years). No provision has been released or utilised for any purpose other than that for which it was established.

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29 Post-employment benefit liabilities

The Group's post-employment benefit liabilities are analysed below:

	2015 £m	Group 2014 £m
Net retirement benefit liabilities	298.4	324.2
Other post-employment benefit liabilities	18.2	14.8
	316.6	339.0

a) Net retirement benefit liabilities

The Group, through trustees, operates a number of defined benefit and defined contribution pension schemes.

Defined contribution schemes are those where the Group's obligation is limited to the amount that it contributes to the scheme and the scheme members bear the investment and actuarial risks.

Defined benefit schemes are schemes other than defined contribution schemes where the Group's obligation is to provide specified benefits on retirement.

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, Terramar AS Pension Plan in Norway, and a range of defined contribution schemes or equivalent.

The schemes operate under trust law and are managed and administered by trustees on behalf of the members in accordance with the terms of the trust deed and rules and relevant legislation. Defined benefit contributions are determined in consultation with the trustees, after taking actuarial advice. The trustees are responsible for establishing the investment strategy and ensuring that there are sufficient assets to meet the cost of current and future benefits.

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.

The Railways Pension Scheme invests in a range of pooled investment funds intended to generate a combination of capital growth and income and as determined by the trustee, taking account of the characteristics of the obligations and the trustee's attitude to risk. The majority of the Railways Pension Scheme's assets that are intended to generate additional returns, over the rate at which the obligations are expected to grow, are invested in a single pooled "growth" fund. This fund is invested in a wide range of asset classes and the fund manager RPMI has the discretion to vary the asset allocation to reflect its views on the relative attractiveness of different asset classes at any time. The remaining assets in the Railways Pension Scheme are principally fixed and index-linked bonds.

The Atkins McCarthy Pension Plan was closed to future accrual of benefits for members who do not benefit from a statutory or contractual right to a final salary pension on 31 March 2009. These members transferred to the Personal Retirement Savings Accounts – Ireland (PRSA – Irish Life) scheme with effect from 1 April 2009.

The Terramar AS Pension Plan was closed to new entrants on 1 January 2009. It is a funded pension scheme and is managed by DNB (Norway's largest financial services group). In order to obtain full pension entitlements, the scheme participants are required to complete 30 years of pensionable service prior to them obtaining the right to a life-long retirement pension corresponding to the difference between 66% of the employee's salary at retirement and estimated benefits from the Norwegian National Insurance Scheme. Economic and actuarial assumptions comply with prevailing technical recommendations in Norway.

The defined benefit sections of all pension schemes are mostly closed to new entrants, who are offered membership of the defined contribution section.

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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	
	2015 No.	2014 No.	2015 No.	2014 No.	2015 No.	2014 No.	2015 No.	2014 No.
Members	5	5	180	201	7,630	7,163	897	935
Deferred pensioners	6,859	7,018	300	322	10,684	9,978	1,285	1,350
Pensioners	3,461	3,366	394	356	–	–	–	–
	10,325	10,389	874	879	18,314	17,141	2,182	2,285

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:

	2015	2014
Price inflation		
RPI	3.00%	3.50%
CPI	2.00%	2.50%
Rate of increase of pensions in payment		
Limited Price Indexation (RPI-based)	2.80%	3.20%
Limited Price Indexation (CPI-based)	2.10%	2.50%
Limited Price Indexation to 2.5%	2.50%	2.50%
Fixed	5.00%	5.00%
Rate of increase in salaries		
Atkins Pension Plan	4.50%	5.00%
Railways Pension Scheme (uncapped)	5.25%	5.75%
Railways Pension Scheme (RPI capped)	3.00%	3.50%
Railways Pension Scheme (CPI capped)	2.00%	2.50%
Rate of increase for deferred pensioners		
Atkins Pension Plan	3.00%	3.50%
Railways Pension Scheme	2.00%	2.50%
Discount rate	3.50%	4.50%
Longevity at age 65 for current pensioners		
Men	24.2 years	24.1 years
Women	26.1 years	26.3 years
Longevity at age 65 for future pensioners (current age 45)		
Men	26.5 years	26.3 years
Women	28.4 years	28.6 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 Continuous Mortality Investigation (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.

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The components of the pension cost are as follows:

2015	Note	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
Cost of sales					
Current service cost		0.1	2.1	–	2.2
Administrative expenses		–	0.2	–	0.2
Total charge		0.1	2.3	–	2.4
Net interest expense					
		10.9	2.6	0.1	13.6
Total charge to Income Statement for defined benefit schemes					
		11.0	4.9	0.1	16.0
Charge for defined contribution schemes					
		–	–	39.8	39.8
Total charge to Income Statement					
		11.0	4.9	39.9	55.8
Statement of Comprehensive Income					
Gain on pension scheme assets		225.1	16.3	1.8	243.2
Changes in assumptions		(206.6)	(24.7)	(5.9)	(237.2)
Remeasurements gain/(loss) recognised in other comprehensive income		18.5	(8.4)	(4.1)	6.0
Deferred tax (charged)/credited to equity	18	(3.7)	1.7	0.5	(1.5)
Remeasurements gain/(loss) (net of deferred tax)		14.8	(6.7)	(3.6)	4.5
2014					
	Note	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
Cost of sales					
Current service cost		0.1	2.0	–	2.1
Administrative expenses		–	0.2	–	0.2
Total charge		0.1	2.2	–	2.3
Net interest expense					
		9.4	2.5	0.1	12.0
Total charge to Income Statement for defined benefit schemes					
		9.5	4.7	0.1	14.3
Charge for defined contribution schemes					
		–	–	37.9	37.9
Total charge to Income Statement					
		9.5	4.7	38.0	52.2
Statement of Comprehensive Income					
(Loss)/gain on pension scheme assets		(25.9)	5.2	0.6	(20.1)
Changes in assumptions		(34.5)	(7.7)	(1.2)	(43.4)
Remeasurements loss recognised in other comprehensive expense		(60.4)	(2.5)	(0.6)	(63.5)
Deferred tax credited/(charged) to equity	18	7.1	(0.8)	0.1	6.4
Remeasurements loss (net of deferred tax)		(53.3)	(3.3)	(0.5)	(57.1)

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	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
2015				
Defined benefit obligation	(1,531.0)	(276.2)	(20.0)	(1,827.2)
Fair value of plan assets	1,312.0	205.0	11.8	1,528.8
Retirement benefit liabilities	(219.0)	(71.2)	(8.2)	(298.4)
2014				
Defined benefit obligation	(1,302.1)	(245.3)	(13.1)	(1,560.5)
Fair value of plan assets	1,043.5	184.6	8.2	1,236.3
Retirement benefit liabilities	(258.6)	(60.7)	(4.9)	(324.2)

Other includes the Atkins McCarthy Pension Plan, the Terramar AS Pension Plan and an unfunded pension obligation in relation to a former director, for £1.2m (2014: £1.0m). The Terramar AS Pension Plan had a net retirement asset of £0.1m at 31 March 2015.

The major categories of plan assets as a percentage of total plan assets are as follows:

	Atkins Pension Plan		Railways Pension Scheme	
	%	£m	%	£m
2015				
Equities	41.0	537.4	60.5	124.0
Government bonds	39.3	516.2	14.6	29.9
Corporate bonds	11.0	144.6	14.6	29.9
Property	2.9	37.5	10.0	20.6
Cash	0.4	5.7	0.3	0.6
Other	5.4	70.6	–	–
	100.0	1,312.0	100.0	205.0
2014				
Equities	44.7	466.6	61.3	113.2
Government bonds	31.2	325.2	14.3	26.4
Corporate bonds	12.8	133.8	14.4	26.5
Property	3.8	39.2	9.7	17.9
Cash	1.1	11.5	0.3	0.6
Other	6.4	67.2	–	–
	100.0	1,043.5	100.0	184.6

The assets of the schemes do not include any direct holdings of the Group's financial instruments, nor any property occupied by, or other assets, of the Group.

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Movements in the present value of the defined benefit obligation are as follows:

	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
2015				
Defined benefit obligation at beginning of year	1,302.1	245.3	13.1	1,560.5
Business acquired	–	–	2.7	2.7
Service cost	0.1	2.1	–	2.2
Administrative expenses	–	0.2	–	0.2
Interest cost	57.7	10.9	0.4	69.0
Remeasurements loss recognised in other comprehensive income	206.6	24.7	5.9	237.2
Employee contributions	–	1.5	–	1.5
Benefit payments	(35.5)	(8.5)	(0.2)	(44.2)
Difference on exchange	–	–	(1.9)	(1.9)
Defined benefit obligation at end of year	1,531.0	276.2	20.0	1,827.2
	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
2014				
Defined benefit obligation at beginning of year	1,248.8	230.2	12.2	1,491.2
Service cost	0.1	2.0	–	2.1
Administrative expenses	–	0.2	–	0.2
Interest cost	56.7	10.4	0.3	67.4
Remeasurements loss recognised in other comprehensive expense	34.5	7.7	1.2	43.4
Employee contributions	–	1.5	–	1.5
Benefit payments	(38.0)	(6.7)	(0.3)	(45.0)
Difference on exchange	–	–	(0.3)	(0.3)
Defined benefit obligation at end of year	1,302.1	245.3	13.1	1,560.5

Movements in the fair value of plan assets are as follows:

	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
2015				
Fair value of plan assets at beginning of year	1,043.5	184.6	8.2	1,236.3
Business acquired	–	–	2.8	2.8
Interest return on plan assets	46.8	8.3	0.3	55.4
Employer contributions	32.1	2.8	0.4	35.3
Employee contributions	–	1.5	–	1.5
Benefits paid	(35.5)	(8.5)	(0.2)	(44.2)
Remeasurements gain recognised in other comprehensive income	225.1	16.3	1.8	243.2
Difference on exchange	–	–	(1.5)	(1.5)
Fair value of plan assets at end of year	1,312.0	205.0	11.8	1,528.8
	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
2014				
Fair value of plan assets at beginning of year	1,027.9	173.8	7.5	1,209.2
Interest return on plan assets	47.3	7.9	0.2	55.4
Employer contributions	32.2	2.9	0.4	35.5
Employee contributions	–	1.5	–	1.5
Benefits paid	(38.0)	(6.7)	(0.3)	(45.0)
Remeasurements (loss)/gain recognised in other comprehensive expense	(25.9)	5.2	0.6	(20.1)
Difference on exchange	–	–	(0.2)	(0.2)
Fair value of plan assets at end of year	1,043.5	184.6	8.2	1,236.3

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Movements in the net retirement benefit liabilities are as follows:

	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
2015				
Net retirement benefit liabilities at beginning of year	(258.6)	(60.7)	(4.9)	(324.2)
Business acquired	–	–	0.1	0.1
Service cost	(0.1)	(2.1)	–	(2.2)
Administrative expenses	–	(0.2)	–	(0.2)
Net finance costs	(10.9)	(2.6)	(0.1)	(13.6)
Contributions	32.1	2.8	0.4	35.3
Remeasurements gain/(loss) recognised in other comprehensive income	18.5	(8.4)	(4.1)	6.0
Difference on exchange	–	–	0.4	0.4
Net retirement benefit liabilities at end of year	(219.0)	(71.2)	(8.2)	(298.4)
	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
2014				
Net retirement benefit liabilities at beginning of year	(220.9)	(56.4)	(4.7)	(282.0)
Service cost	(0.1)	(2.0)	–	(2.1)
Administrative expenses	–	(0.2)	–	(0.2)
Net finance costs	(9.4)	(2.5)	(0.1)	(12.0)
Contributions	32.2	2.9	0.4	35.5
Remeasurements loss recognised in other comprehensive expense	(60.4)	(2.5)	(0.6)	(63.5)
Difference on exchange	–	–	0.1	0.1
Net retirement benefit liabilities at end of year	(258.6)	(60.7)	(4.9)	(324.2)

Cumulative remeasurement effects recognised in other comprehensive income are as follows:

	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
2015				
Losses at the beginning of year	(254.5)	(36.7)	(11.8)	(303.0)
Net remeasurement losses recognised in the year:	18.5	(8.4)	(4.1)	6.0
– Loss from change in financial assumptions	(206.6)	(24.7)	(6.1)	(237.4)
– Experience gains	–	–	0.2	0.2
Actuarial loss on defined benefit obligation arising during the year	(206.6)	(24.7)	(5.9)	(237.2)
Return on plan assets greater than discount rate	225.1	16.3	1.8	243.2
Losses at the end of year	(236.0)	(45.1)	(15.9)	(297.0)
	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
2014				
Losses at the beginning of year	(194.1)	(34.2)	(11.2)	(239.5)
Net remeasurement losses recognised in the year:	(60.4)	(2.5)	(0.6)	(63.5)
– Loss from change in financial assumptions	(41.2)	(7.2)	(1.2)	(49.6)
– Experience gains/(losses)	6.7	(0.5)	–	6.2
Actuarial loss on defined benefit obligation arising during the year	(34.5)	(7.7)	(1.2)	(43.4)
Return on plan assets (less)/greater than discount rate	(25.9)	5.2	0.6	(20.1)
Losses at the end of year	(254.5)	(36.7)	(11.8)	(303.0)

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The return on plan assets is as follows:

	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
2015				
Expected return on plan assets	46.8	8.3	0.3	55.4
Experience gain on plan assets	225.1	16.3	1.8	243.2
Actual return on plan assets	271.9	24.6	2.1	298.6
	Atkins Pension Plan £m	Railways Pension Scheme £m	Other £m	Total £m
2014				
Expected return on plan assets	47.3	7.9	0.2	55.4
Experience (loss)/gain on plan assets	(25.9)	5.2	0.6	(20.1)
Actual return on plan assets	21.4	13.1	0.8	35.3

History of experience gains and losses:

	2015 Total	2014 Total	2013 Total	2012 Total	2011 Total
Experience gain/(loss) on scheme assets	£243.2m	£(20.1)m	£106.4m	£83.8m	£(2.5)m
Percentage of scheme assets	15.9%	(1.6)%	8.8%	7.8%	(0.3)%
Experience gain/(loss) on scheme liabilities	£0.2m	£6.2m	£(1.9)m	£4.4m	£43.8m
Percentage of defined benefit obligation	(0.0)%	(0.4)%	0.1%	(0.3)%	(3.4)%
Defined benefit obligation	£(1,827.2)m	£(1,560.5)m	£(1,491.2)m	£(1,329.8)m	£(1,282.1)m
Fair value of plan assets	£1,528.8m	£1,236.3m	£1,209.2m	£1,078.7m	£944.3m
Net retirement benefit liabilities	£(298.4)m	£(324.2)m	£(282.0)m	£(251.1)m	£(337.8)m

The Group completed its last triennial valuation as at 31 March 2013 of the Atkins Pension Plan and is therefore due to complete its next triennial valuation as at 31 March 2016. The Group considers that the contribution rates set at the recent valuation date are sufficient to eliminate the deficit over the agreed period.

The nature of the funding regime in the UK creates uncertainty around the size and timing of cash that the Company will be required to pay to the pension schemes.

The Group agreed a new repayment plan that ends in March 2025. One-off payments of £32m were made for the years ended 31 March 2014 and 31 March 2015. Payments for the year ending 31 March 2016 and onwards will escalate by 2.5% per annum from the £32m level.

The Group expects employer contributions to be paid during the financial year to 31 March 2016 to be around £35.8m, of which £32.8m is in relation to the funding of the actuarial deficit, and employee contributions paid to be around £1.5m. Expected benefit payments made directly by the Group to pensioners in the financial year to 31 March 2016 are £nil.

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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 8.5%
Inflation	increase/decrease 0.5%	increase/decrease 5.0%	increase/decrease 8.5%
Real rate of increase in salaries	increase/decrease 0.5%	increase/decrease 2.0%	increase/decrease 1.5%
Longevity	increase 1 year	increase 3.0%	increase 2.0%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the Consolidated Balance Sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The effect of the change in inflation on liabilities assumes a corresponding change in salary increases and inflation-related pension increases.

b) Other post-employment benefit liabilities

The Group operates unfunded schemes within certain of its non-UK businesses, including gratuity schemes, Key Employee Supplemental Option Plans (KESOP) and post-retirement medical benefit schemes.

Members of the gratuity schemes are entitled to receive a cash gratuity on leaving the business which is dependent on their length of employment and final salary. Valuation of the gratuity obligation is carried out in line with the principles of IAS 19, *Employee benefits*.

The Group operates a KESOP providing some key officers and employees in its North American business (the business) with post-retirement benefits, known as the Supplemental Income Program (SIP). The SIP is an unfunded plan that provides participants with retirement income for a specified period of between 5 and 15 years upon retirement, death or disability. The plan fixes a minimum level for retirement benefits to be paid to participants based on the participant's position in the business, their age and length of service at retirement. Additionally, certain executive agreements have been amended to provide post-retirement medical benefits to those employees and their spouses, at a level substantially similar to those medical and hospitalisation benefits paid and provided to senior executives currently employed by the business. The insurance benefits will be provided without any further or additional services from the employee to the business and they will be paid for and provided for as long as the employee and their spouse shall live.

	Note	2015 £m	Group 2014 £m
Other post-employment obligations at beginning of year		14.8	13.6
Acquisition of subsidiary undertakings	9	–	0.4
Current service cost and other comprehensive income		3.9	3.8
Past service cost and other comprehensive income		–	1.5
Interest cost		0.7	0.6
Net measurement (gain)/loss recognised in the year		(0.1)	0.1
Benefit payments		(3.2)	(3.8)
Difference on exchange		2.1	(1.4)
Other post-employment obligations at end of year		18.2	14.8

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The main assumptions used for the IAS 19 valuation of other post-employment benefits are listed in the table below.

	2015	2014
Gratuity scheme		
Discount rate	5.00%	5.00%
Salary inflation	3.00%	3.00%
Average remaining service period	2 years	2 years
KESOP scheme		
Discount rate	1.10%	1.05%
Medical plan		
Discount rate	3.55%	4.00%
Healthcare cost trend rate for next year	7.50%	7.50%
Rate of decline of cost trend rate	5.00%	5.00%
Year that rate reaches ultimate trend rate	2023	2022

c) Post-employment benefit liabilities – risks

Through its defined benefit pension plans and other post-employment benefit liabilities, the Group is exposed to a number of investment and actuarial risks, the most significant of which are detailed below:

Asset volatility

The retirement benefit plan liabilities are calculated using a discount rate set with reference to corporate bond yields. If plan assets underperform this yield, this will create a deficit. Both the UK and Irish plans hold a significant proportion of equities, which are expected to outperform corporate bonds in the long term while exposing the Group to greater volatility and valuation risk in the short term. The government bonds represent investments in UK Government securities only.

Life expectancy

The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant in the UK and Irish plans, where inflationary increases result in higher sensitivity to changes in life expectancy. The Atkins Pension Plan has had interest and inflation rate hedging in place for some time, but due to the relative immaturity of the longevity hedging market, to date the Group has held off implementing a longevity hedging programme. As a consequence, the Plan remains fully exposed to any future improvements in mortality beyond those already assumed by the Actuary.

Changes in bond yields

A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

Inflation risk

Some of the Group pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). Whilst some of the Plan's assets are real in nature and so loosely correlated with inflation (e.g. equities, index-linked gilts), some of the Plan's assets are not expected to move in line with inflation (e.g. fixed-interest gilts). Therefore an increase in inflation is likely to also increase the deficit.

The Group does not use derivatives or hedging, other than interest and inflation rate hedging, to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2015 consists of equities and bonds, although the Group also invests in property, cash and investment (hedge) funds. The Group believes that equities offer the best returns over the long term with an acceptable level of risk. The majority of equities are in a globally diversified portfolio of international blue chip entities. A breakdown of the major categories of plan assets as a percentage of total plan assets for the two UK schemes is detailed above.

Expected maturity analysis of other post-employment benefit liabilities are as follows:

At 31 March 2015	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
KESOP (US\$m)	0.3	0.2	0.2	–	0.7
Post-retirement medical benefit schemes (US\$m)	0.1	0.1	0.3	0.4	0.9

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An approximate analysis of the maturity of the obligations for the two main defined benefit schemes is given in the table below:

	Atkins Pension Plan		Railways Pension Scheme	
	2015 %	2014 %	2015 %	2014 %
Proportion relating to active members	0.0	0.0	37.0	37.0
Proportion relating to deferred members	64.0	61.0	15.0	16.0
Proportion relating to pensioners	36.0	39.0	48.0	47.0
Total	100.0	100.0	100.0	100.0

The weighted average duration of the defined benefit obligation is 20 years (2014: 20 years) for the Atkins Pension Plan, 16 years (2014: 16 years) for the Railways Pension Scheme, between 25 and 30 years (2014: between 25 and 30 years) for the McCarthy Pension Plan and between 25 and 35 years for the Terramar AS Pension Plan.

Expected future benefit payments from the Atkins Pension Plan are mostly in respect of pension payments that are either linked to price inflation or receive fixed pension increases. These projected benefit payments are expected to be made from the Plan over the next 80 or so years. The payments are expected to rise over the next 30 years, when they will peak, before beginning to decline.

The Group expects pension benefits to be paid by the schemes during the financial year to 31 March 2016 to be approximately £45.6m.

30 Other non-current liabilities

	Deferred contingent consideration £m	Deferred bid costs recovered £m	2015		Group 2014	
			Total £m	Deferred contingent consideration £m	Deferred bid costs recovered £m	Total £m
Deferred PPP/PFI bid costs recovered and deferred contingent consideration, maturing:						
Later than one year and no later than two years	0.9	0.1	1.0	–	0.1	0.1
Later than two years and no later than five years	0.9	0.1	1.0	–	0.2	0.2
Later than five years	–	1.2	1.2	–	1.2	1.2
	1.8	1.4	3.2	–	1.5	1.5

31 Ordinary shares

	No. shares	2015 £m	Group and Company	
			No. shares	2014 £m
Issued, allotted and fully paid ordinary shares of 0.5p each				
At 1 April and at 31 March	104,451,799	0.5	104,451,799	0.5

At the 2014 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 12 June 2014) for a period ending on the earlier of the next AGM or 30 September 2015, 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 29 July 2015 proposes that shareholders approve a resolution updating and renewing this authority. Shares in the Company may also be purchased by Atkins' EBTs.

As at the date of this report there were 4,341,000 ordinary shares of 0.5 pence each (nominal value £21,705) held as treasury shares. No shares were purchased during the year ended 31 March 2015 (2014: nil). The 4,341,000 treasury shares, which represent approximately 4.2% (2014: 4.2%) of the total of the called up share capital as at the date of this report, have not been cancelled and represent a deduction from shareholders' equity.

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32 Share-based payments

Long Term Incentive Plans

WS Atkins plc Long-term Growth Unit plan (LGU) August 2012 onwards

A share plan for senior executives where units are granted at a base price which is based on the six month average share price calculated at the date of grant. The vesting of units occurs in three equal tranches on the fourth, fifth and sixth anniversaries of the date of grant. Vesting is subject to the Remuneration Committee's assessment of the Group's progress against its strategy.

On exercise, the value of each Unit is equal to the increase, if any, in the average share price of one notional Company share between the grant date and the exercise date. Any such gain will normally be calculated using the six month average share price. Any gain on exercise will usually be settled in equity except in the US, where awards are granted as market value options and are scaled back on exercise to be equivalent in value to the gain that would have been received under a non-US award. No more than 50% of a participant's total number of units subject to a single grant may be exercised in any 12 month rolling period.

As a general rule, units granted to participants who leave employment prior to vesting will be forfeited. In the event a participant leaves as a result of a qualifying reason, they receive a pro rata entitlement.

WS Atkins plc Long Term Incentive Plan (LTIP) August 2012 onwards

A share plan for senior executives used to grant awards that are settled in equity or, in limited circumstances, in cash. Subject to the Company's growth in diluted EPS over the performance period. Full vesting is triggered if the EPS growth in the three-year performance period is 12% per annum or higher. If the increase is less than 5% per annum, there will be no vesting. If the increase is 5% per annum, vesting will be at 25%, and a sliding scale operates between 5% and 12% per annum EPS growth.

As a general rule, awards granted to participants who leave employment prior to vesting will be forfeited. In the event a participant leaves as a result of a qualifying reason, they receive a pro rata entitlement.

Subject to vesting, participants are entitled to receive the benefit of dividends declared following grant, without interest.

Atkins Long Term Incentive Plan (LTIP) September 2006 to July 2011

A share plan for senior executives and key employees used to grant awards to employees that are settled in equity or, in limited circumstances, in cash. Different performance targets were used for different categories of management. Grants made to executive directors and senior employees had 50% of the grant subject to the Company's total shareholder return (TSR) performance relative to the constituents of the FTSE 250 index (excluding investment trusts) at the start of the performance period. Full vesting of this portion of the grant took place if the Company was ranked in the upper quartile and 30% vesting was achieved with a median ranking, with pro rata vesting for intermediate performance. No vesting occurred for a ranking below median.

The remaining 50% of grants made to executive directors and senior employees was subject to the Company's real growth in underlying EPS over the performance period. Full vesting was triggered if the increase in real EPS growth above UK RPI in the three-year performance period was 10% per annum or higher. If the increase above UK RPI was less than 4% per annum, there was no vesting. If the increase was 4% per annum above RPI, vesting was at 30%, and a sliding scale operated between 4% and 10% per annum. All awards have now vested.

Awards granted to other participants are subject solely to the EPS condition. As a general rule, awards granted to participants who left employment prior to vesting will be forfeited. In the event a participant left as a result of a qualifying reason, they received a pro rata entitlement. All awards have now vested.

Subject to vesting, participants are entitled to receive the benefit of dividends declared following grant without interest.

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Deferred Share Plans

Atkins Deferred Bonus Plan (DBP)

A share plan for senior executives and key employees used to grant awards to employees that are settled in equity or, in limited circumstances, in cash. There was no performance condition but awards were restricted for at least three years from the date of grant. As a general rule, awards granted to participants who left employment prior to vesting were forfeited. In the event a participant left as a result of a qualifying reason, they received their award in full. Subject to vesting, participants are entitled to receive the benefit of dividends declared following grant without interest. All awards have now vested.

Atkins Deferred Share Plan (DSP)

A share plan for senior executives and key employees used to grant awards to employees that are settled in equity or in cash. There is no performance condition but awards are restricted for a set period from the date of grant, fixed by the Remuneration Committee at grant. As a general rule, awards granted to participants who leave employment prior to vesting will be forfeited. In the event a participant leaves as a result of a qualifying reason, they will receive their award in full. Subject to vesting, participants are entitled to receive the benefit of dividends declared following grant without interest. Awards granted to executive directors in relation to the Executive Bonus Scheme are restricted for three years from the date of grant.

The Group's share-based payments charge for the year of £11.3m (2014: £10.2m) 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:

	2015 £m	Group 2014 £m
Total expense recognised for equity settled share-based payment transactions	8.6	6.7
Total expense recognised for cash settled share-based payment transactions	2.7	3.5
	11.3	10.2
Closing balance of liability for cash settled share-based payment transactions	4.9	4.7

As at 31 March 2015 the following awards were outstanding:

	LTIPs		LGU		DBP/DSP	
	No.	Weighted average exercise/transfer price	No.	Weighted average exercise/transfer price	No.	Weighted average exercise/transfer price
Awards outstanding at 1 April 2013	718,335	–	188,429	155.11p ¹	3,332,402	–
Granted	192,512	–	171,112	314.75p ²	1,222,668	–
Exercised/transferred	(52,614)	–	–	–	(1,107,703)	–
Lapsed	(187,911)	–	–	–	(3,270)	–
Forfeited	(33,901)	–	(11,479)	–	(155,112)	–
Awards outstanding at 1 April 2014	636,421	–	348,062	238.71p	3,288,985	–
Granted	155,376	–	121,233	401.05p	948,012	–
Exercised/transferred	(117,665)	–	–	–	(741,211)	–
Lapsed	(48,972)	–	–	–	(2,039)	–
Forfeited	(20,276)	–	(17,875)	–	(113,043)	–
Awards outstanding at 31 March 2015	604,884	–	451,420	291.46p	3,380,704	–

1 During the last financial year, it was discovered that one LGU participant had left on 29 March 2013 which resulted in 21,339 units being forfeited. The units outstanding as at 1 April 2013 have been amended accordingly.

2 A correction of an administrative error has been made in relation to awards granted under the LGU on 24 June 2013. The award levels were originally determined with reference to a five month average share price instead of the approved six month average share price. The number of units shown as granted in the year ended 31 March 2014 has been restated in the above table to reflect the amended award levels based on the six-month average share price.

The weighted average exercise price of LGU awards is calculated by reference to both non-US awards, where the increase in value is delivered in the form of a nil cost option, and US awards, where the awards take the form of market value options.

The weighted average share price at the date of exercise was 1,337.64 pence (2014: 1,100.14 pence).

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A summary of awards outstanding as at 31 March 2015 is as follows:

Scheme	Award date	Exercise/ transfer price	Scheme maturity	Maximum term	Weighted average remaining contractual life	Awards outstanding at 31 March 2015	Awards exercisable at 31 March 2015
LGUs							
LGU (August 2012 onwards non-US)	13/08/2012 to 17/11/2014	0.0p	4 to 6 years	10 years	8.27 years	314,904	–
LGU (August 2012 onwards US)	13/08/2012 to 17/11/2014	667.0p to 1301.0p	4 to 6 years	10 years	8.35 years	136,516	–
LTIPs							
LTIP (August 2012 onwards)	13/08/2012 to 17/11/2014	0.0p	3 years	3 to 10 years	8.25 years	577,926	–
LTIP (September 2006 to July 2012 EPS)	11/09/2006 to 03/08/2007	0.0p	3 years	3 to 10 years	2.09 years	26,958	26,958
DSPs							
DBP	24/06/2005 to 30/11/2007	0.0p	3 years	10 years	1.40 years	26,146	26,146
DSP	29/06/2007 to 17/11/2014	0.0p	1 to 3 years	1 to 10 years	7.88 years	3,354,558	453,846

On 26 June 2014 the Company issued awards over 665,618 shares to employees under the DSP.

On 17 November 2014 the Company issued awards over 282,394 shares to employees under the DSP, 155,376 shares to employees under the LTIP and 121,233 units to employees under the LGU.

At 31 March 2015 the Company's EBTs held a beneficial interest in 2,944,156 shares (2014: 2,524,663 shares) at a nominal value of £0.0m (2014: £0.0m) and market value of £37.6m (2014: £35.1m).

The weighted average fair value of awards granted during the year was 1211.09 pence (2014: 936.34 pence).

The total fair value of awards granted during the year was £14.8m (2014: £14.8m).

Fair value of awards with market performance conditions

WS Atkins plc Long Term Growth Unit plan August 2012 onwards

The Black Scholes Model was used for the purposes of valuing LGU awards granted in the current year. The model calculated the fair value of awards granted, upon which the share-based payments charge is based. The expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term of the award. The assumptions used in the model are as follows:

	LGU 2015		
Exercise price (six month average) at grant date	1329.02p	1329.02p	1329.02p
Risk-free interest rate	1.176%	1.403%	1.554%
Volatility of share price	34.0%	34.0%	34.0%
Share price at grant	1303.00p	1303.00p	1303.00p
Base value (six month average) share price at grant date	1329.02p	1329.02p	1329.02p
Expected term (from grant date)	4 years	5 years	6 years
			LGU 2014
Exercise price (six month average) at grant date	866.51p	866.51p	866.51p
Risk-free interest rate	1.143%	1.626%	1.718%
Volatility of share price	34.0%	34.0%	34.0%
Share price at grant	973.00p	973.00p	973.00p
Base value (six month average) share price at grant date	866.51p	866.51p	866.51p
Expected term (from grant date)	4 years	5 years	6 years

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33 Cash generated from continuing operations

	Note	Group 2015 £m	Group 2014 £m	Company 2015 £m	Company 2014 £m
Profit for the year		85.7	96.3	34.7	43.7
Adjustments for:					
Income tax	7	21.0	17.9	–	–
Finance income	6	(4.8)	(4.2)	(3.3)	(2.6)
Finance costs	6	19.3	17.8	4.6	5.2
Income from other investments		(2.2)	(1.2)	–	–
Share of post-tax profit from joint ventures	3	(0.1)	(2.4)	–	–
Other non-cash costs/(income)		4.8	(3.5)	–	–
Depreciation charges	16	16.3	14.7	–	–
Impairment of investments in subsidiaries	17	–	–	2.9	–
Impairment of goodwill	14	2.8	–	–	–
Net profit on disposal of businesses	8	(0.4)	(10.5)	–	–
Profit on disposal of loan notes		–	–	–	(0.6)
Amortisation of intangible assets	15	13.0	7.5	–	–
Share-based payment charge	32	8.6	6.7	–	–
Loss on disposal of property, plant and equipment		–	0.4	–	–
Loss on disposal of intangible assets		0.1	0.1	–	–
Dividends received		–	–	(40.9)	(45.4)
Movement in provisions	28	(0.7)	(1.8)	–	–
Movement in inventories		–	0.2	–	–
Movement in trade and other receivables	23	(38.8)	20.1	(0.1)	(5.2)
Movement in payables	27	42.6	(29.9)	2.7	9.6
Movement in non-current payables		(1.3)	(0.7)	–	–
Pension deficit funding	29	(32.0)	(32.0)	–	–
Cash generated from continuing operations		133.9	95.5	0.6	4.7

34 Analysis of net funds

	1 April 2014 £m	Cash flow £m	Other non-cash changes £m	Exchange movement £m	At 31 March 2015 £m
Cash and cash equivalents	237.3	(7.3)	–	5.4	235.4
Loan notes receivable	20.3	1.5	–	–	21.8
Financial assets at fair value through profit or loss	31.5	1.3	0.6	–	33.4
Borrowings due no later than one year	(55.2)	–	–	(5.8)	(61.0)
Borrowings due later than one year	(45.5)	–	–	(4.7)	(50.2)
Finance leases	(0.1)	–	–	–	(0.1)
Net funds	188.3	(4.5)	0.6	(5.1)	179.3

Included within loan notes receivable is £2.0m (2014: £0.4m) relating to amounts receivable within less than 12 months from joint venture entities.

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35 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 2015 includes £0.9m letters of credit issued as a result of the acquisition of PBSJ (2014: £3.3m).

During the year ended 31 March 2011, the Group acquired PBSJ (The Company). 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 (DOJ) and to the Securities and Exchange Commission (SEC) and cooperated fully with their review. The DOJ has closed its inquiry into this matter without taking further action, citing the Company's thorough investigation, prompt disclosure and cooperation. The Company has also resolved the SEC's investigation and entered into a deferred prosecution agreement pursuant to which the Company has agreed, among other things, to pay a settlement amount of approximately US\$3.4 million, comprising project profit, interest and civil penalties.

Group companies are from time to time involved in claims and litigation. The Group carries Professional Indemnity insurance cover for such claims.

36 Operating lease arrangements

The Group leases various offices under operating lease arrangements. The leases have various terms, escalation clauses and renewal rights. The Group also leases vehicles, plant and equipment under operating lease arrangements.

At the end of the reporting period, the future aggregate minimum lease payments under non-cancellable operating leases are payable as follows:

Group	Property £m	2015 Vehicles, plant and equipment £m	2014	
			Property £m	Vehicles, plant and equipment £m
No later than one year	46.7	7.3	39.8	6.8
Later than one year and no later than five years	97.3	8.2	90.5	7.7
Later than five years	24.5	–	25.5	–
	168.5	15.5	155.8	14.5

The Company had no operating lease commitments as at 31 March 2015 (2014: none).

At the end of the reporting period, the future minimum lease payments under non-cancellable operating leases are receivable as follows:

Group	2015 Property £m	2014	
		Property £m	Property £m
No later than one year	3.0	1.8	
Later than one year and no later than five years	4.6	3.9	
Later than five years	0.1	0.1	
	7.7	5.8	

The Company had no operating lease receivables as at 31 March 2015 (2014: none).

37 Capital and other financial commitments

	2015 £m	Group	
		2015 £m	2014 £m
Capital expenditure contracted for but not incurred – property, plant and equipment	2.7	6.0	

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38 Related party transactions

Details of the directors' shareholdings, share options and remuneration are given in the Remuneration Report (page 90), which forms part of these Financial Statements.

Transactions with the retirement benefit schemes are shown in note 29.

Details of the Company's principal subsidiaries are shown in note 39 and its principal joint ventures in note 40.

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 (2014: £nil).

a) Group sales and purchases of goods and services

	2015 £m	Group 2014 £m
Sales of goods and services to joint ventures	30.7	61.9
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

	Note	2015 £m	Group 2014 £m
Receivables from joint ventures	23	6.4	7.7

Receivables from joint ventures are shown net of contract-related provisions of £nil (2014: £nil).

Payables to joint ventures	-	-
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c) Group year end balances arising from loans provided to other related parties

	Note	2015 £m	Group 2014 £m
Receivables from related parties	22	19.8	19.9

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 (2014: £nil). The Company did not purchase any goods or services from its subsidiaries during the year (2014: £nil).

e) Company year end balances with subsidiaries

	Note	2015 £m	Company 2014 £m
Receivables from subsidiaries	23	169.4	164.2
Payables to subsidiaries	27	65.9	76.2

Receivables from subsidiaries are shown net of impairment of £0.5m (2014: £0.5m).

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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).

	2015 £m	Group Restated ¹ 2014 £m
Short term employee benefits	7.3	7.6
Post-employment benefits	0.1	0.2
Share-based payments	2.3	2.6
	9.7	10.4

¹ Salaries and other short-term employment benefits restated for the financial year ended 31 March 2014 as the executive directors' cash bonus payments were erroneously excluded.

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.

39 Subsidiary undertakings

The following companies were the principal subsidiary undertakings as at 31 March 2015:

Name	Country of registration/ incorporation	Class and percentage of shares held	Nature of business
Atkins Australasia Pty Ltd ¹	Australia	100% ordinary	Consulting engineers
Atkins Beta Limited	England and Wales	100% ordinary	Investment holding company
Atkins China Limited	Hong Kong	100% ordinary	Consulting engineers
Atkins Consultants (Shenzhen) Co Ltd ¹	China	100% ordinary	Consulting engineers
Atkins Danmark A/S ¹	Denmark	100% ordinary	Consulting engineers
Atkins Gamma Limited	England and Wales	100% ordinary	Investment holding company
Atkins Investments UK Limited	England and Wales	100% ordinary	Investment holding company
Atkins Limited ¹	England and Wales	100% ordinary	Consulting engineers
Atkins North America, Inc ¹	USA	100% ordinary	Consulting engineers
Atkins Nuclear Solutions US ¹	USA	100% ordinary	Consulting engineers
Atkins Sverige AB ¹	Sweden	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
Houston Offshore Engineering, LLC	USA	100% ordinary	Consulting engineers
Terramar AS ¹	Norway	100% ordinary	Project management
WS Atkins & Partners Overseas ¹	Gibraltar	100% ordinary	Consulting engineers
WS Atkins & Partners Overseas Engineering Consultants ¹	Saudi Arabia	100% ordinary	Consulting engineers
WS Atkins (India) Private Limited ¹	India	100% ordinary	Consulting engineers
WS Atkins, Inc ¹	USA	100% ordinary	Consulting engineers
WS Atkins Insurance (Guernsey) Limited ¹	Guernsey	100% ordinary	Insurance
WS Atkins International 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.

Advantage has been taken of section 410 of the Companies Act 2006, and only principal subsidiary undertakings have been shown above.

A full list of subsidiary companies will be filed at Companies House with the Company's Annual Return.

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40 Joint arrangements

Joint ventures

The following represents the principal joint ventures in which the Group participated during the year:

Name	Nature of business	Principal place of business	Proportion of ownership/ interest
AMA Nuclear Limited ¹	A joint venture involved in the Silos Direct-encapsulation Plant project (SDP), which is a key part of a major clean-up programme at the Sellafield nuclear site in Cumbria, UK.	UK	33.3%
Connect Plus Services (unincorporated) ¹	Joint venture undertaking operation and maintenance work on the M25, London's orbital motorway.	UK	32.5%
Engage S.N.C. ¹	A French general partnership providing architect engineering services for the ITER programme, a nuclear fusion reactor in France.	France	25.0%
Nuclear Atkins Assystem Alliance S.N.C. ¹	A French general partnership providing consultancy and engineering services to the international nuclear new-build market, operating internationally from offices in France.	France	50.0%

¹ Owned by a subsidiary undertaking other than WS Atkins plc.

Joint operations

The Group also carries out contracts in joint arrangement with other contractors as our clients seek a single point of responsibility for major projects. The following are the principal joint operations in which the Group participated during the year:

Name	Nature of business	Principal place of business	Proportion of interest
Staffordshire Alliance	An alliance to deliver a programme of three separate projects: Line Speed Improvements North, Stafford Area Re-signalling and Norton Bridge Grade separation under the Stafford Area Improvements Programme, UK.	UK	33.3%
Atkins – TYP SA	A joint operation to provide design services to the FAST consortium for lines 4, 5 and 6 of the Riyadh metro, a rapid transit system under construction in Riyadh, Saudi Arabia.	KSA	50.0%

41 Events occurring after the reporting period

In Portugal, the continuing difficult economic conditions will curtail any meaningful growth in the medium term and we have taken the decision to exit the Portuguese market, where we currently employ 48 staff.

Five year summary

Consolidated Income Statements for years ended 31 March

	2015 £m	2014 £m	2013 £m	2012 £m	2011 £m
Revenue	1,756.6	1,750.1	1,705.2	1,711.1	1,564.3
Cost of sales	(1,049.2)	(1,065.0)	(1,088.6)	(1,097.1)	(975.2)
Gross profit	707.4	685.1	616.6	614.0	589.1
Administrative expenses	(588.9)	(571.4)	(512.6)	(476.8)	(482.1)
Operating profit	118.5	113.7	104.0	137.2	107.0
Profit on disposal of businesses, non-controlling interests and joint ventures	0.4	10.5	4.5	7.2	-
Income from other investments	2.2	1.2	-	-	-
Share of post-tax profit/(loss) from joint ventures	0.1	2.4	3.8	1.9	(1.9)
Profit before interest and tax	121.2	127.8	112.3	146.3	105.1
Finance income	4.8	4.2	3.4	4.1	3.9
Finance costs	(19.3)	(17.8)	(17.7)	(14.9)	(18.0)
Net finance costs	(14.5)	(13.6)	(14.3)	(10.8)	(14.1)
Profit before tax	106.7	114.2	98.0	135.5	91.0
Income tax expense	(21.0)	(17.9)	(13.7)	(28.7)	(18.4)
Profit for the year	85.7	96.3	84.3	106.8	72.6
Profit attributable to:					
Owners of the parent	85.7	96.0	84.6	106.7	72.6
Non-controlling interests	-	0.3	(0.3)	0.1	-
	85.7	96.3	84.3	106.8	72.6
Basic earnings per share					
- continuing operations	87.8p	98.4p	86.8p	109.0p	74.3p
- discontinued operations	-	-	-	-	-
	87.8p	98.4p	86.8p	109.0p	74.3p
Diluted earnings per share					
- continuing operations	97.1p	85.7p	84.7p	106.6p	72.7p
- discontinued operations	-	-	-	-	-
	97.1p	85.7p	84.7p	106.6p	72.7p

Five year summary continued

Consolidated Balance Sheets as at 31 March

	2015 £m	2014 £m	2013 £m	2012 £m	2011 £m
Assets					
Non-current assets					
Goodwill	244.4	204.0	211.4	205.0	192.0
Other intangible assets	54.3	35.4	39.6	46.3	50.3
Property, plant and equipment	53.6	46.7	50.7	51.5	52.8
Investments in joint ventures	3.8	4.2	7.1	3.5	1.5
Deferred income tax assets	76.8	82.7	91.5	84.2	115.3
Derivative financial instruments	1.2	–	0.3	0.3	0.2
Other receivables	20.7	19.9	20.0	18.2	20.1
	454.8	392.9	420.6	409.0	432.2
Current assets					
Inventories	–	–	0.2	1.1	0.8
Trade and other receivables	476.5	418.1	449.2	445.3	433.6
Financial assets at fair value through profit or loss	33.4	31.5	35.9	35.0	34.7
Available-for-sale financial assets	–	–	–	6.1	–
Cash and cash equivalents	235.4	237.3	201.5	167.0	121.5
Derivative financial instruments	1.3	0.4	0.5	0.4	0.2
	746.6	687.3	687.3	654.9	590.8
Assets of disposal group classified as held for sale	–	–	5.8	6.9	–
	746.6	687.3	693.1	661.8	590.8
Liabilities					
Current liabilities					
Borrowings	(61.1)	(55.3)	(59.8)	(105.7)	(48.4)
Trade and other payables	(510.8)	(453.1)	(486.7)	(506.1)	(521.4)
Derivative financial instruments	(0.6)	(2.7)	(1.4)	(1.7)	(0.5)
Current income tax liabilities	(40.2)	(31.6)	(40.5)	(34.3)	(36.2)
Provisions for other liabilities and charges	(0.8)	(0.8)	(1.5)	(3.6)	(6.4)
	(613.5)	(543.5)	(589.9)	(651.4)	(612.9)
Liabilities of disposal group classified as held for sale	–	–	(5.2)	(0.1)	–
	(613.5)	(543.5)	(595.1)	(651.5)	(612.9)
Net current assets/(liabilities)	133.1	143.8	98.0	10.3	(22.1)
Non-current liabilities					
Borrowings	(50.2)	(45.5)	(49.4)	(4.9)	(4.6)
Provisions for other liabilities and charges	(2.6)	(3.3)	(4.4)	(6.8)	(12.7)
Post-employment benefit liabilities	(316.6)	(339.0)	(295.6)	(265.3)	(350.3)
Derivative financial instruments	(0.2)	(1.7)	(1.3)	(2.5)	(0.6)
Deferred income tax liabilities	(10.1)	(15.5)	(20.1)	(18.8)	(20.3)
Other non-current liabilities	(3.2)	(1.5)	(1.5)	(1.6)	(5.3)
	(382.9)	(406.5)	(372.3)	(299.9)	(393.8)
Net assets	205.0	130.2	146.3	119.4	16.3
Capital and reserves					
Ordinary shares	0.5	0.5	0.5	0.5	0.5
Share premium account	62.4	62.4	62.4	62.4	62.4
Merger reserve	8.9	8.9	8.9	8.9	8.9
Retained earnings/(accumulated losses)	133.0	58.2	74.7	47.5	(55.5)
Equity attributable to owners of the parent	204.8	130.0	146.5	119.3	16.3
Non-controlling interests	0.2	0.2	(0.2)	0.1	–
Total equity	205.0	130.2	146.3	119.4	16.3

Five year summary

continued

Consolidated Cash Flow Statements for the years ended 31 March

	2015 £m	2014 £m	2013 £m	2012 £m	2011 £m
Cash generated from operations					
Profit for the year	85.7	96.3	84.3	106.8	72.6
Adjustments for:					
Income tax	21.0	17.9	13.7	28.7	18.4
Finance income	(4.8)	(4.2)	(3.4)	(4.1)	(3.9)
Finance costs	19.3	17.8	17.7	14.9	18.0
Income from other investments	(2.2)	(1.2)	–	–	–
Share of post-tax (profit)/loss from joint ventures	(0.1)	(2.4)	(3.8)	(1.9)	1.9
Other non-cash costs/(income)	4.8	(3.5)	4.5	(2.9)	5.1
Depreciation charges	16.3	14.7	14.6	17.1	15.9
Impairment of goodwill	2.8	–	–	–	–
Profit on disposal of businesses, non-controlling interests and joint ventures	(0.4)	(10.5)	(4.5)	(7.2)	–
Amortisation and impairment of intangible assets	13.0	7.5	14.0	9.5	8.3
Release of deferred income	–	–	(3.1)	(0.2)	(0.3)
Share-based payment charge	8.6	6.7	6.5	6.4	5.7
Pensions settlement and curtailment gain	–	–	(4.4)	(33.3)	–
Loss on disposal of property, plant and equipment	–	0.4	–	0.5	0.2
Loss on disposal of intangible assets	0.1	0.1	–	–	–
Gain on disposal of available-for-sale financial assets	–	–	(0.8)	–	–
Movement in provisions	(0.7)	(1.8)	(4.7)	(5.7)	(3.8)
Movement in working capital	2.5	(10.3)	(26.7)	(34.0)	(37.7)
Pension deficit funding	(32.0)	(32.0)	(21.0)	(26.0)	(31.9)
Cash generated from operations	133.9	95.5	82.9	68.6	68.5
Cash flows from operating activities					
Cash generated from operating activities	133.9	95.5	82.9	68.6	68.5
Interest received	4.9	3.6	2.6	3.9	3.1
Interest paid	(4.8)	(5.6)	(3.2)	(2.5)	(2.4)
Income tax paid	(17.8)	(10.9)	(7.1)	(11.0)	(12.3)
Net cash generated from operating activities	116.2	82.6	75.2	59.0	56.9
Cash flows from investing activities	(75.2)	0.4	(5.4)	(35.9)	(196.5)
Cash flows (used in)/generated from financing activities	(48.3)	(40.2)	(38.8)	22.5	7.3
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	(7.3)	42.8	31.0	45.6	(132.3)
Cash, cash equivalents and bank overdrafts at beginning of year	237.3	201.5	167.0	121.5	260.3
Exchange movements	5.4	(7.0)	3.5	(0.1)	(6.5)
Cash, cash equivalents and bank overdrafts at end of year	235.4	237.3	201.5	167.0	121.5
Financial assets at fair value through profit or loss	33.4	31.5	35.9	35.0	34.7
Loan notes receivable	21.8	20.3	20.0	25.1	20.1
Available-for-sale financial assets	–	–	–	6.1	–
Borrowings due no later than one year	(61.0)	(55.2)	(59.8)	(104.0)	(46.3)
Borrowings due later than one year	(50.2)	(45.5)	(49.3)	–	–
Finance leases	(0.1)	(0.1)	(5.3)	(6.6)	(6.7)
Net funds	179.3	188.3	143.0	122.6	123.3

Investor Information

WS Atkins plc

Registered in England
Company no. 1885586

Company secretary and registered office

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

Financial calendar

Ex-dividend date	9 July 2015
Record date	10 July 2015
Last day to elect for DRIP	22 July 2015
Annual General Meeting	29 July 2015
Final dividend payment date	21 August 2015

Shareholder services

Registrar

Enquiries and notifications concerning dividends, share certificates, transfers and address changes should be sent to the registrar, whose address is:

Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
UK

Telephone: 0871 664 0300 if calling from the UK (calls cost 10p per minute plus any additional network charges) or +44 (0)20 8639 3399 if calling from outside the UK; lines are open 0900 to 1730 Monday to Friday.

You can access and maintain your Atkins shareholding online through our share portal: www.myatkinsshare.com.

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 depository bank.

For the issuance and management of ADRs, and any general ADR questions, please contact:

JPMorgan Chase Bank N.A.
P.O. Box 64504
St. Paul
Minnesota 55164-0504
USA

Investor helpline: 800-990-1135 if calling from the US (toll free) or +1-651-453-2128 if calling from outside the US.

Website: www.adr.com.

Investor relations website

Many commonly asked shareholders' questions are addressed in the investor relations section of our website: www.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.myatkinsshare.com.

International payment service for dividends

Capita Registrars offers shareholders a service to convert sterling dividends into certain local currencies. This service provides faster access to funds and will generally cost less than the fees charged by your local bank. For further information, please contact the registrar (address above).
Telephone: +44 (0)20 8639 3405 if calling from outside the UK or 0871 664 0385 if calling from the UK (calls cost 10p per minute plus any additional network charges); lines are open 0900 to 1730 Monday to Friday.
Email: ips@capita.co.uk or visit the registrar's website: www.international.capitaregistrars.com.

Dividend reinvestment plan (DRIP)

The Company offers a dividend reinvestment plan to shareholders as a cost-efficient way of increasing their shareholding in the Company. Should you wish to participate in the DRIP please contact the registrar on the telephone number given above to request a mandate form and an explanatory booklet. Your completed mandate form must be received by the registrar no later than 22 July 2015 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 020 7291 3310.

Investor Information continued

Giving your shares to charity

If you only have a small number of shares whose value makes it uneconomic to sell them, you may wish to consider donating them to charity through ShareGift, an independent share donation scheme. The relevant share transfer form can be obtained from the registrar. ShareGift is administered by The Orr Mackintosh Foundation Limited, registered charity number 1052686. Further information may be obtained on +44 (0)20 7930 3737 or from www.sharegift.org.

Identity theft

Identity theft is on the increase. Criminals may steal your personal information, putting your Atkins shareholding at risk.

Tips for protecting your Atkins shares:

- ensure all your certificates are kept in a safe place or hold your shares electronically in CREST via a nominee
- keep all correspondence from the registrar that shows your shareholder reference number in a safe place, or destroy your correspondence by shredding it
- if you change address inform the registrar in writing or via our share portal at www.myatkinsshare.com
- know when dividends are paid and consider having your dividend paid directly into your bank account. This will reduce the risk of the cheque being intercepted or lost in the post. If you change your bank account, inform the registrar of the details of your new account. You can do this by post or online using our share portal at www.myatkinsshare.com. Respond to any letters the registrar sends you about this
- if you receive a letter from the registrar regarding a change of address or a dividend instruction but have not recently moved or requested a change to how you receive your dividends please contact them immediately as you may have been a victim of identity theft
- if you are buying or selling shares only deal with brokers registered in your country of residence or the UK.

Share fraud warning

Remember: if it sounds too good to be true, it probably is.

You should be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports.

In recent years, many companies have become aware that their shareholders have received unsolicited telephone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' working in 'boiler rooms' who target UK shareholders, offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. These brokers can be very persistent, extremely persuasive and use sophisticated means to approach and convince investors. The Financial Conduct Authority (FCA) has found that even experienced investors have been caught out by share fraud. It was also discovered that, on average, victims of boiler rooms lose an average of £20,000 to these scams, with as much as £200 million being lost in the UK each year.

If you receive any unsolicited investment advice, you should follow the steps below:

- avoid getting into a conversation, note the name of the person and firm contacting you and then end the call
- check that they are properly authorised by the FCA before getting involved via its register: www.fca.org.uk or call 0800 111 6768
- search the list of unauthorised firms to avoid: www.fca.org.uk/scams
- think about getting independent financial and professional advice before you hand over any money.

Details of any share dealing facilities that the Company endorses will be included in Company mailings.

Protecting your investment

We strongly advise you to deal only with financial services firms that are authorised by the FCA. Keep in mind that authorised firms are unlikely to contact you out of the blue with an offer to buy or sell shares. If you deal with an unauthorised firm, you would not be eligible to receive payment under the Financial Services Compensation Scheme.

For more information visit the FCA website: www.fca.org.uk/consumers/scams or read the FCA Beware of share fraud leaflet.

Reporting a scam

If you are approached about an investment scam, contact the FCA using the share fraud reporting form: www.fca.org.uk/scams. You can also call the FCA Consumer Helpline on 0800 111 6768. Reporting unauthorised organisations who are targeting, or have targeted, UK investors, means the FCA can maintain an up to date list and appropriate action can be considered.

If you have already paid money to share fraudsters you should contact Action Fraud, the UK's national reporting centre for fraud and internet crime, on 0300 123 2040. The service is run by the City of London Police working alongside the National Fraud Intelligence Bureau.

Investor Information continued

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

To help you find the information you're looking for, the key features of our investor relations website are highlighted below.

>

Reports

Our reports can be accessed and/or downloaded from here.

Investor presentations

Links to results presentations, videos, press releases and webcasts.

Shareholders' queries

We provide a number of services to help our shareholders manage their holdings, keep up to date with our progress and communicate with us.

Register for ecomms

You can help us to reduce our environmental impact by opting to receive electronic versions of shareholder communications (ecomms).

We will donate £1 to RedR (Register for Engineers for Disaster Relief) for each shareholder who chooses this method of communication.



Corporate Sustainability

Find out more about our Corporate Sustainability strategy and performance by visiting this section of our website.

Alerts

Receive automated announcements and news by signing up to our alerting service.

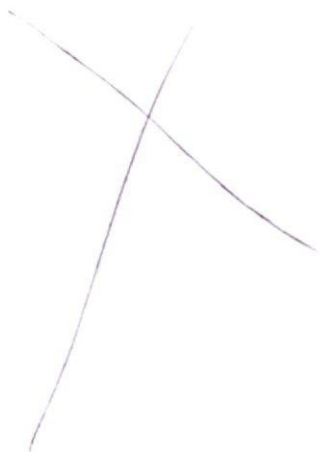
Latest financial news

Access our latest financial press releases here.

Share price

Charts showing share price activity.

Notes



Cautionary statement

This Annual Report has been prepared to provide information to the members of the Company. 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 this Annual Report.

This Annual 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 48 to 53). These and other factors could adversely affect the Group's results, strategy and prospects. Forward looking statements involve risks, uncertainties and assumptions. They relate to events and/or depend on circumstances in the future which could cause actual results and outcomes to differ materially from those currently expected. No obligation is assumed to update any forward looking statements, whether as a result of new information, future events or otherwise. Nothing in this Annual Report should be construed as a profit forecast.

This Annual Report is printed on Cocoon Offset 100% recycled paper made from post-consumer collected waste and manufactured to the certified environmental management system: ISO 14001. It is PCF (Process Chlorine Free), totally recyclable and has biodegradable NAPM recycled certification.

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By printing 1,600 copies of this Report on Cocoon Offset 100% recycled paper the environmental impact was reduced by:

- 2,991.33 kg of landfill
- 62,208 litres of water
- 5,732.37 kWh of energy
- 442.26 kg CO₂ and greenhouse gases
- 4,860 kg of wood

Source: Carbon footprint data evaluated by Labelia Conseil in accordance with the Bilan Carbone® methodology. Calculations are based on a comparison between the recycled paper used versus a virgin fibre paper according to the latest European BREF data (virgin fibre paper) available.

Results are obtained according to technical information and are subject to modification.

APPENDIX F

Sample Insurance Certificate



A low-angle, upward-looking photograph of industrial structures, likely towers or chimneys, against a bright blue sky with light clouds. The structures are made of metal and have various platforms and ladders. A large, stylized yellow graphic, resembling a cross or a four-pointed star, is overlaid on the left side of the image. The overall composition is dynamic and industrial.

APPENDIX G

Resumes of Faithful+Gould Officers and Directors

Faithful+Gould Officer and Director Resumes

Worldwide



CEO - Worldwide Operations – Donald Lawson

Donald has worked for Faithful+Gould for 30 years and has responsibility for its worldwide operations. He chairs the Faithful+Gould Leadership Team (FLT) which coordinates our service delivery to our global clients. He is a Chartered Quantity Surveyor with experience across many sectors including finance, education, energy and the public sector.



CFO – Worldwide Operations – Mark Sowerby

Mark is the chief financial officer for Faithful+Gould worldwide, incorporating UK & Europe, Americas, Middle East and Asia Pacific. Mark is a qualified chartered accountant who joined Atkins in 1996 and has worked in various roles across the Group including finance director for the former asset management business and as Atkins' representative on the boards of various joint ventures.

Americas Senior Leadership Team



President and Managing Director – Reza Amirkhalili

Reza has more than 30 years of experience and practical knowledge in the construction industry. He serves as the president and managing director of Faithful+Gould and is responsible for its Americas region. Reza has spent the past 25 years with Faithful+Gould in various capacities including, estimator, project manager, office managing director, chief operating officer and most recently, executive vice president. Reza is a member of the Faithful+Gould Worldwide Leadership Team. He has experience across all facets of the construction industry from contracting to architectural, civil and structural engineering design and consultancy in various business sectors including facilities and manufacturing.



Senior Vice President, Director of Operations – Paul Lakin

Paul is the director of operations and commercial director for the Americas business with principal responsibilities to manage, direct and oversee operations with a focus on strategic, tactical and short/long-term operations management. He provides leadership, direction and guidance to directors and other operations managers. This includes responsibility for achieving staff productivity goals, as well as for achieving profit objectives for operations.



Senior Vice President, Business Optimization – Tim Horner

Tim is the global Oil & Gas lead for Faithful+Gould, expanding on the success of his operational leadership of the Americas central region. Duties of this role include strategic direction, business planning, key account management and coaching and mentoring of senior personnel in the business in pursuit of individual and business wide goals and objectives. Tim has more than 32 years of experience working in a range of industries including refining and chemicals, oil and gas, and food and beverage in both domestic and international locations. His specialization is in business process analysis and systems optimization.



Senior Vice President, Aviation Sector – Carin Rautenbach

Carin has been leading Faithful+Gould's Aviation sector for the last seven years. Nine years ago, she started a practice within Faithful+Gould to deliver business process consulting and technology solutions to clients embarking upon PMOs and large programs of work. She has experience in a wide range of industries including aviation, rail, ports, hospitality, theme parks, healthcare and education.



Vice President, Corporate Real Estate Sector – Saeid Garebaglow

Saeid is a vice president at Faithful+Gould and director of the firm's Corporate Real Estate sector in the Americas. He has more than 20 years as a real estate professional with global experience in strategic planning, project management, design, facilities operations, portfolio planning and financial management.



Senior Vice President, Energy Sector – Trevor Green

Trevor is a senior vice president and Faithful+Gould's Energy sector lead. He has more than 36 years of international experience in project management support services, cost and commercial management and schedule overview, on a wide variety of industrial projects. He has worked with clients in the oil and gas (upstream and downstream), chemical, nuclear, mining, and power industries, among others. Trevor celebrates 36 years with Faithful+Gould this year and has worked for the business in the United States, UK, Greece, Saudi Arabia, and Canada.

Faithful+Gould Officer and Director Resumes



Senior Vice President, Manufacturing Sector – Jonathan Marshall

Jonathan's responsibilities include business development and operational oversight for our Manufacturing sector in the Americas. He has broad project experience including project controls, project management and construction management as well as operational P&L/office management. Jonathan serves as Faithful+Gould's representative on the Board of Advisors for the Construction Industry Institute (CII).



Senior Vice President, Pharmaceutical Sector – Iain McWhinney

Iain has almost 30 years of experience representing national and international clients on a wide variety of capital projects. His background includes cost, project management, and risk management services for public and private clients in a wide variety of industries. As a senior vice president at Faithful+Gould, Iain leads the firm's efforts to deliver a fully integrated cost management solution. His goal on projects is to understand each client's current and future needs, and to develop innovative options that encourage efficiency and accountability in design. Iain also advises clients on procurement strategy and planning, capital budgeting, earned value analysis, project controls, cost and value management, bid management, contract administration, project risk management and claims avoidance.



Finance Director – Jack Kestner

Jack plays a key role on the Americas senior leadership team (SLT) in strategic decision-making and operations for financial plans and budgets. Jack works closely with the finance team, sector leads and operations managers to help administer and manage all financial tasks. Jack received his Bachelors of Science and MBA in Operations Management and Strategy from Michigan Technological University. He currently resides in the Washington, D.C. metro area.



Vice President, Human Resources – Tracy Nursey

Tracy collaborates with the senior leadership team to drive human resources strategy, initiatives and programs. She works closely with human resource service teams for the Americas region to help administer and manage all human resources tasks and responsibilities. With 10 years of experience, she brings a wealth of knowledge and expertise to this position. Her experience includes serving as trusted advisor to staff; provided training for career development, retention, employee communication and compliance with federal and state employment laws, employee safety risk mitigation and FMLA, ADA and EEO compliance.



Vice President, Marketing and Communications – Christy Ullo

Christy currently serves as vice president, marketing and communications for Faithful+Gould based in New York City. She oversees the execution of marketing, corporate communications and public relations strategy for the firm and is a member of the Americas leadership board. Christy also oversees several global marketing initiatives related to overall brand and strategy through integrated marketing and corporate communications strategy.



Vice President, Quality, Safety, Security and Environment (QSSE) – Mike Burnett

Mike serves as the QSSE director for Faithful+Gould Americas, which includes quality, health and safety, wellness, environment, sustainability and security. Mike supports service delivery, business assurance promotes a consistent and collaborative QSSE approach across Faithful+Gould globally and provides a healthier, safer, more secure and sustainable workplace.

APPENDIX H

Faithful+Gould Energy Team



Faithful+Gould Energy Sector - Areas of Expertise

Faithful+Gould's Energy Sector is comprised of the following subsectors which are led by associated experts:



OIL & GAS

Upstream
Downstream
Midstream
Liquified Natural Gas
Hydrocarbon Chemicals
Property



UTILITIES

Nuclear
Conventional
Transmission & Distribution
Renewables

Faithful+Gould Energy Sector - Organization

Faithful+Gould's Energy Sector is organized in the following to support our areas of expertise:

Trevor Green
Energy Sector Lead



Faithful+Gould Energy Sector Steering Team



Senior Vice President, Energy Sector – Trevor Green

Trevor is a senior vice president and Faithful+Gould's Energy sector lead. He has more than 36 years of international experience in project management support services, cost and commercial management and schedule overview, on a wide variety of industrial projects. He has worked with clients in the oil and gas (upstream and downstream), chemical, nuclear, mining, and power industries, among others. Trevor celebrates 36 years with Faithful+Gould this year and has worked for the business in the United States, UK, Greece, Saudi Arabia, and Canada.



Upstream & Liquefied Natural Gas - Masjood Jafri, Director

Over the last eight years, Masjood has provided multidiscipline engineering consulting services to major players in the energy (Oil & Gas) and transportation (railway) industry. He has extensive experience in forming and leading multi-regional virtual teams to deliver integrated value engineered solutions that often exceed client expectations. His capabilities span across multi-disciplinary project management, proposal/bid management and business development. With strong background in systems engineering, specifically in risks and reliability management, he develops holistic solutions with asset whole life-cycle perspective. He recently led a specialist multidiscipline virtual team to undertake due diligence study for a multibillion LNG plant development in the U.S.



Downstream & Midstream – Luis Centeno, Senior Vice President

Luis has more than 18 years of domestic and international experience in the construction industry. He has broad experience in the Energy (Refining & Chemicals, Marketing, Storage, and Power Generation), Food & Beverage, Pharmaceutical, Manufacturing, Commercial, Education, Hospitality and Residential sectors. Luis' Oil & Gas clients include: ExxonMobil, BP, Chevron, Shell, Tesoro, and Valero. As Vice President for Faithful+Gould, Luis currently manages the Energy sector in the U.S. Central Region and serves as the National Account Manager for ExxonMobil providing also services technical assurance.



Hydrocarbon Chemicals & Conventional Power – Luis Pinto, Vice President

Luis has more than 18 years of progressive experience delivering best practices for capital and turnaround projects within the hydrocarbons and power industries. He has implemented, identified and managed project risks through deep knowledge of financial processes including advanced stages gate value improvement process methodology, cost predictability, profitability measurement techniques and other standard financial modeling and management reporting practices. He also has an extensive background with key aspects of cost management, project planning and execution: estimating assurance, capital, maintenance, and turn around budgeting, forecasting, risk mitigation, project management and financial reporting. Luis is bilingual in English and Spanish and also has conversational Japanese language skills.



Property - Mike Beveridge, Vice President

Mike is a program manager with more than 25 years of experience of major construction and engineering projects. His management experience has covered a wide spectrum of disciplines. With a firm understanding the construction cost and legal / contractual functions, his understanding of engineering and technical issues makes him a valuable team member. He is fully conversant with various construction related software such as MS Project, Excel, and MS Office and has experience working with Primavera planning software and Montecarlo risk analysis software.



Nuclear - Ian Wright, PhD, MBA, MRICS, CPEng AEC, CPEng GEB, ASPMEXP Sir, Vice President

Ian has more than 39 years experience as a commercial manager with extensive experience in cost estimating power, pharmaceutical and hydrocarbon projects. Ian has managed various projects for cost estimation and control. He reviews systems and procedures for quality surveillance and analyzes them to make recommendations for improvement. He has the ability to take feedback and manage compliance audits.



Transmission & Distribution - Stuart Smith, Vice President

Stuart brings international experience and a keen interest in investigating and understanding complex relationships within projects and analyzing their impacts. He offers a proven ability to clearly represent the best interests of the owner. Stuart's primary background is in cost and contract management and he is fully involved in all stages of contract procurement. He has experience in contract negotiations, terms and conditions, change management, accurate cost management and contractor performance. Stuart has a background in hospitality, retail, food and beverage, process manufacturing, semiconductor, aviation, government, nuclear and water projects in both the United States and United Kingdom. He has experience from a multitude of potential scenarios and answers to problems.



Renewables - Scott Maish, PE, LEED AP, PMP, Director

Scott is a project execution leader in the design, construction, and financing of large infrastructure projects within the U.S and internationally. He is highly skilled in interacting with clients and developing strategies to achieve results. He is experienced in managing design firms, general contractors, and project controls personnel. Scott has specific background in design-build delivery, oil and gas facilities, power plants, renewable energy, light rail, commuter rail, airports, heavy industrial and office towers. He also has background in project financial management and the analysis of complex project pursuits such as public-private-partnerships and the privatization of governmental heavy infrastructure assets.

APPENDIX I

Faithful+Gould Technical Information





BMW Manufacturing Plant - Greer, South Carolina



FAITHFUL+GOULD AMERICAS

ABOUT US

Faithful+Gould is a world leading integrated project and program management consultancy. We build long-term partnerships with our clients because we are trusted to deliver. Through intellect, innovation, positive thinking and problem solving, we protect and maximize our clients' interests. We call this Constructive Expertise.

Operating at the forefront of our industry for more than 65 years, we are headquartered in New York, and provide our quality services from strategically located offices across the Americas. We employ approximately 600 collaborative and positive professionals that are unmatched in their commitment to their clients. Our people see the big picture and are driven by our clients' goals. Our relationships are built on trust and understanding and everyone on our team has the responsibility and authority to both find and deliver better ways to get things done.

Our integrated approach delivers business improvements and efficiencies that maximize value and help to transform our clients' visions into reality. Using a comprehensive set of services instead of single disciplines allows us to better focus on the management of the construction process, the designer and the contractor.

Across every environment and every sector, we strive to achieve our clients' goals with quality, environment, safety and health in delivering some of the most demanding projects, in a number of diverse sectors from Energy and Aviation to Manufacturing and Pharmaceuticals.

We believe that building strong relationships with our clients delivers better results. As part of a global company, with a network of offices in the Americas, Asia Pacific, Middle East and the United Kingdom and Europe, we command a great depth of resources that is coupled with our ability to provide the personal service of a local firm.

Faithful+Gould is part of Atkins, one of the world's most respected design, engineering and project management consultancies, which enables us to support our clients' projects from an additional 70 offices across the Americas and by more than 18,000 employees around the world. We share an ethos and approach that makes it easy to combine our different areas of expertise and multiple perspectives to solve our clients' challenges. Together we create a more valuable contribution that leads to effective and successful outcomes for our clients.



OUR CORE SERVICES

- Project Management
- Program Management
- Advisory Services
- Project Assurance
- Project Controls
- Strategic Facility Consulting



OUR SECTORS

- Aviation & Transportation
- Corporate Real Estate
- Education
- Energy
- Government & Defense
- Healthcare & Research
- Hospitality, Arts & Leisure
- Manufacturing
- Pharmaceutical & Biotechnology



QUICK FACTS

- More than 65 consecutive years of construction consulting
- Network of more than 20 offices in the United States, Brazil, Canada and Puerto Rico
- Multidiscipline resource base of approximately 600 employees
- ENR 2015 Top 50 Program Management Firms – ranked #11
- ENR 2015 Top 100 Construction Management-for-Fee and PM Firms – ranked #14



STAY CONNECTED

 FGOULD.COM

 Constructive Expertise

 @fgouldconnect



WORLDWIDE PRESENCE

Our Americas reach encompasses approximately 600 consultants. We're proud of the positive, professional and collaborative culture we have created. That same culture is part of our service delivery to every client across all our locations.

THE AMERICAS



Atlanta
Boston
Calgary
Chicago
Dallas
Denver
Greenville
Houston
Los Angeles
Minneapolis
New Orleans
New York
Orlando
Philadelphia
Phoenix
Portland
Rio de Janeiro
Salt Lake City
San Diego
San Francisco
San Juan
São Paulo
Seattle
Toronto
Washington, D.C.

UPS CampussShip: View/Print Label

- 1. Ensure there are no other shipping or tracking labels attached to your package.** Select the Print button on the print dialog box that appears. Note: If your browser does not support this function select Print from the File menu to print the label.
- 2. Fold the printed label at the solid line below.** Place the label in a UPS Shipping Pouch. If you do not have a pouch, affix the folded label using clear plastic shipping tape over the entire label.
- 3. GETTING YOUR SHIPMENT TO UPS Customers with a Daily Pickup**
Your driver will pickup your shipment(s) as usual.

Customers without a Daily Pickup

Take your package to any location of The UPS Store[®], UPS Access Point[™](TM) location, UPS Drop Box, UPS Customer Center, UPS Alliances (Office Depot[®] or Staples[®]) or Authorized Shipping Outlet near you. Items sent via UPS Return Services[®](SM) (including via Ground) are also accepted at Drop Boxes. To find the location nearest you, please visit the Resources area of CampussShip and select UPS Locations.

Schedule a same day or future day Pickup to have a UPS driver pickup all your CampussShip packages.

Hand the package to any UPS driver in your area.

UPS Access Point[™]
THE UPS STORE
27 N WACKER DR
CHICAGO ,IL 60606

UPS Access Point[™]
THE UPS STORE
201 W LAKE ST
CHICAGO ,IL 60606

UPS Access Point[™]
THE UPS STORE
230 S CLARK ST
CHICAGO ,IL 60604

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KEVIN D AMBROSIO 3126126300 CHICAGO 20 NORTH WACKER DRIVE CHICAGO IL 60606	2 LBS	1 OF 1
SHIP TO: SECRETARY 312.612.6309 PENNSYLVANIA PUBLIC UTILITY COMM. COMMONWEALTH KEYSTON BUILDING 400 NORTH STREET HARRISBURG PA 17120-0200		
	PA 171 9-20 	
UPS NEXT DAY AIR		1
TRACKING #: 1Z 665 F8E 01 9059 1446		
		
BILLING: P/P		
Task #: Z30000046 Task 04 Project #: No		
CS 17.6.06	WNTNV50 69.0A 10/2015	